

JUST.

RETHINK RETIREMENT

**WE HELP
PEOPLE
ACHIEVE
A BETTER
LATER
LIFE**

WE BELIEVE EVERYONE DESERVES A FAIR, FULFILLING AND SECURE RETIREMENT

The Financial Review presents the comparative results of the Group on both a pro forma reporting basis and on a statutory reporting basis. On a statutory basis, the prior period comparative results are for the 18 month period ended 31 December 2016, and include the results of Partnership Assurance Group plc (“Partnership”) only for the nine months following acquisition at the beginning of April 2016. In order to present information that enables a clearer comparison of results for the current year against the prior period, the Group has chosen to present additional pro forma financial information for the 12 months ended 31 December 2016 prepared on the basis that the merger between Just Retirement and Partnership had already taken place as at 1 January 2016. Pro forma information is unaudited. A reconciliation of pro forma financial information to statutory financial information for the period to 31 December 2016 is given at the end of the Financial Review section.

JRP Group was renamed Just Group following a vote at the AGM on 18 May 2017. “Group”, “Company” and “Just” are used interchangeably throughout the report to refer to Just Group plc unless explicitly stated.

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All Just Group plc regulatory announcements, shareholder information and news releases can be found on our Group website, www.justgroupplc.co.uk

Cross linking

Throughout this document we have linked content together in order to provide a more comprehensive report inside the Strategic Report, Governance Report and Financial Statements. These sections, taken together, comprise the Strategic Report in accordance with the UK Companies Act 2006 (Strategic Report and Directors’ Report) Regulations 2013.

KEY SHAREHOLDER INFORMATION

FULL YEAR DIVIDEND

3.72P

2016 (calendar year): 3.5p

FINAL DIVIDEND

2.55P

2016: 2.4p

ANNUAL GENERAL MEETING

17 MAY

2018

KEY PERFORMANCE INDICATORS

NEW BUSINESS OPERATING PROFIT¹**£169.8M**2016: £123.9M², up 37%IN-FORCE OPERATING PROFIT¹**£71.3M**2016: £75.3M², down 5%ADJUSTED OPERATING
PROFIT BEFORE TAX¹**£220.6M**2016: £163.7M², up 35%NEW BUSINESS SALES¹**£2,457.1M**2016: £2,407.9M², up 2%

IFRS PROFIT BEFORE TAX

£181.3M2016: £172.5M², up 5%

IFRS NET ASSETS

£1,740.5M

2016: £1,610.6M, up 8%

EUROPEAN EMBEDDED VALUE¹**£2,142.5M**

£2,047.0M at 31 December 2016

SOLVENCY II CAPITAL COVERAGE
RATIO (ESTIMATED)**141%**

151% at 31 December 2016

ECONOMIC CAPITAL COVERAGE RATIO¹**238%**

216% at 31 December 2016

FINANCIAL STRENGTH AND OTHER INDICATORS

FITCH INSURER FINANCIAL STRENGTH
RATING**A+**

for Just Retirement Limited (2016: not rated)

FITCH ISSUER DEFAULT RATING

A

for Just Group plc (2016: not rated)

MERGER SYNERGIES (RUN RATE)

£52M

delivered, ahead of target and one year ahead of schedule

1. Alternative performance measure (see glossary on page 134 for definition)

New business operating profit, in-force operating profit and adjusted operating profit are reconciled to IFRS profit before tax on page 30.

New business sales are reconciled to gross premiums written in note 7 to the consolidated financial statements on page 99.

European Embedded Value is reconciled to IFRS net assets on page 27.

2. The 2016 KPIs are on a pro forma basis for the year to 31 December 2016. The KPIs on a statutory basis are set out on page 29 and a reconciliation of pro forma comparative measures is on page 33.

Leaders in our markets. We positively disrupt markets where we can become a leader, deliver great outcomes for customers and achieve high-quality returns for shareholders

WE ARE A SPECIALIST IN OUR CHOSEN MARKETS SERVING FOUR DISTINCT GROUPS...



**TRUSTEES AND SCHEME SPONSORS:
PROVIDING MEMBER SECURITY AND
DE-RISKING PENSION LIABILITIES**

Defined benefit pension schemes de-risking their liabilities by securing member benefits with an insurance contract.

ADDRESSABLE MARKET

>£600
BILLION



**INDIVIDUALS: PROVIDING
RETIREMENT INCOME**

People who have built up pension savings throughout their career and want a guaranteed income, flexible income or a combination in retirement.

MARKET VALUE OF DEFINED CONTRIBUTION
PENSION SAVINGS

>£1
TRILLION



**HOMEOWNERS:
ACCESSING PROPERTY WEALTH**

People aged 60+ who want to access wealth locked up in their property.

PROPERTY WEALTH OWNED BY PEOPLE AGED 55+

£2.5
TRILLION



**CORPORATE CLIENTS: SOLVING
PROBLEMS FOR COMPANIES**

We develop scalable retirement-focused solutions for banks, building societies, life assurance companies, pension scheme trustees, other corporate clients and for their customers, clients and members.

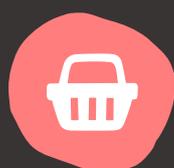
INTEGRATED
RETIREMENT
SERVICES

... WITH PRODUCTS AND SERVICES

Competitive position:  A leader  Developing

SERVICES

BENEFIT AND COMPETITIVE POSITION

MARKETED PRODUCTS¹**DEFINED BENEFIT DE-RISKING SOLUTIONS (“DB”)**

Solutions for pension scheme trustees to reduce the financial risks of operating pension schemes and increase certainty that members’ pensions will be paid in the future.

Just’s innovative approach using individual medical underwriting in this segment delivers better prices for trustees.

**GUARANTEED INCOME FOR LIFE (“GIFL”)**

A solution for individuals/couples who want the security of knowing they will receive a guaranteed income for life.

By using our unrivalled intellectual property, Just provides an individually tailored solution providing customers typically with double digit percentage increases in income compared to standard products.

**FLEXIBLE PENSION PLAN (“FPP”)**

A solution for a customer wanting to retain greater flexibility for their pension savings and enabling irregular withdrawals.

Just’s Flexible Pension Plan has been developed to enable people with modest pension savings access to an affordable service. The FPP can be used in conjunction with GIFL, enabling customers to mix and match to meet their needs.

**CARE PLANS**

A solution for people moving to residential care who want the security of knowing a regular payment will be made to the care provider for the rest of their life.

Just’s Care Plans can be tailored to the individual and offer a tax-efficient solution to making payments to residential care providers.

**LIFETIME MORTGAGES (“LTM”)**

Solutions designed for people who want to release some of the value of their home.

Just currently provides a range of lifetime mortgages enabling people to meet a variety of needs in later life.



¹ Reported in our Insurance segment.

SERVICES

BENEFIT AND COMPETITIVE POSITION

PROFESSIONAL SERVICES²**HUB FINANCIAL SOLUTIONS (“HUB”)**

A regulated financial advice service for people who want a personal recommendation on how to use their pension savings, or when considering releasing some of the value from their home.

HUB has developed an innovative approach that is enabling people with modest pension savings to access an affordable regulated advice service. HUB also delivers face-to-face nationwide advice at a time and place to suit the client.



Support for organisations wanting to deliver whole-of-market shopping around services to source retirement income products for their customers, employees or pension scheme members.



Provides a range of business services tailored to the needs of the organisation, ranging from consultancy and software development to fully outsourced customer service delivery and marketing services.

² Reported in our Other segment. See page 34 to learn more about HUB Financial Solutions.

GROWING MARKETS



A sustainable model in growing markets

I am pleased to introduce Just Group plc's 2017 Annual Report. The Company has once again produced a strong set of results.

The Group has a robust strategy, a strong management team and we enjoy a competitive advantage based on our hard-to-replicate intellectual property. We are focused on some of the most attractive growing markets in the retirement sector and we are confident this growth will continue, given the strong structural drivers supporting it.

Just has a strong social purpose and by providing people with advice, guidance, products and services, we help them achieve security, certainty and peace of mind in later life. We believe everyone deserves a fair, fulfilling and secure retirement.

This is possible because our Board is focused on building a sustainable business and using our capital wisely. This focus ensures we are always able to keep the promises that we have made to our customers.

PROFIT GROWTH CONTINUES

Participating in economically attractive growing markets enables us to be selective in the risks we choose to write and this has enabled us to improve our margins and grow profits, rather than pursue headline sales growth in search of market share.

I am delighted that we have been able to exceed the synergy benefits we targeted from the merger and deliver them one year ahead of plan. The cost efficiency achieved from the merger has contributed significantly to improved margins, as explained in more detail in the Financial Review.

DIVIDEND

Despite the challenging external environment, Just has delivered another strong operating and financial performance, driven in particular by our focus on disciplined pricing and risk selection. The Board proposes a final dividend of 2.55 pence per share, a

total of 3.72 pence per share for 2017 (2016 calendar year: 3.5 pence per share). This is a 6% increase and reflects the Board's confidence in the Group's prospects.

BOARD COMPOSITION AND GOVERNANCE

I take great pride in leading the Board and the Group's governance function, and I am pleased to confirm we have benefited from continuity of membership since the AGM in 2017. Shortly before the AGM we announced that James Fraser and Peter Catterall wished to step down as Non-Executive Directors of the Company and I would like to thank them for their significant contribution to the Group over many years.

My introduction to the Corporate Governance Report provides further information on our robust governance and decision making processes. I would like to thank the entire Board for their significant contribution, commitment and service; and look forward to working with them in 2018 as the Group continues to build on its strategic priorities.

SHAREHOLDERS AND OTHER STAKEHOLDERS

By serving our customers well we aim to generate strong returns for our shareholders, provide rewarding roles for our colleagues and support for communities. The Board engages with our regulators, legislators and wider society to promote the interests of our customers more broadly and we place great importance on working effectively with these groups.

We had an active programme of engagement with shareholders and the investment community in 2017; we listened to their views and provided detailed insight into our markets, how we win new business and the considerable growth opportunities we see for our Group.

A CONFIDENT FUTURE

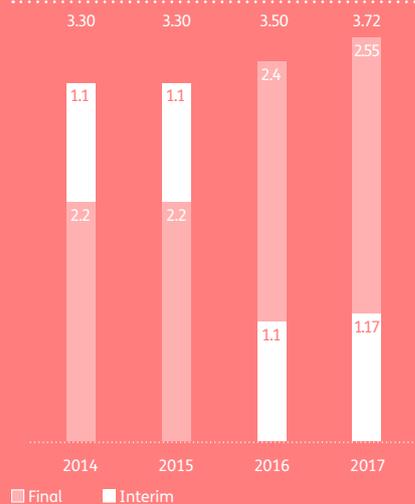
The outlook remains favourable for each of our key businesses. I am excited about the prospects for growth in our markets and the opportunities for Just Group plc. Our results in this period demonstrate our ability to deliver increasing profits, and we look forward to delivering further growth and value for our shareholders.

On behalf of the Board I would like to close by thanking all of our colleagues across the Group in the UK, South Africa and the United States for their hard work, ingenuity and commitment to our mission. Their positive energy and dedication in supporting our customers and business partners has helped our business progress in 2017, and has ensured we are well placed for the future.

Chris Gibson-Smith

CHRIS GIBSON-SMITH
Chairman

**DIVIDEND (CALENDAR YEAR)
FOUR YEAR PROGRESS (PENNY)**



2.55p

Final dividend to be paid on 25 May 2018
(2016: 2.4p)

ANNUAL GENERAL MEETING 2018

10.00am,
17 May 2018,
at etc. venues,
8 Fenchurch Place,
Fenchurch Street,
London
EC3M 4PB

“
I am excited about the prospects for growth in our markets and the opportunities for Just Group plc

DRIVING GROWTH

Changes in consumer expectations, in regulatory intervention and in the competitive landscape are driving growth in our key markets

UK MARKETS

DEFINED BENEFIT DE-RISKING SOLUTIONS Introduction

Defined benefit pension schemes have an obligation to pay a pre-determined monthly retirement income based on an employee's earnings history, tenure of employment and age. Operating these schemes has become unattractive and more costly for employers over the last decade and this has created an opportunity for guaranteed income providers to de-risk, fully or partially, an employer's existing defined benefit obligations to its members.

TAKING THE RISK OUT OF PAYING COMPANY PENSIONS

Defined benefit de-risking can occur via a Buy-in, whereby a pension scheme pays a single premium to an insurance company to purchase an income stream that matches its obligations to its members, but retains legal responsibility for those obligations. An alternative is a Buy-out, where a pension scheme removes its obligations by purchasing individual insurance policies to replicate its obligations to some or all of its pension scheme members, who then become customers of the de-risking provider.

The solutions for de-risking can be medically underwritten, meaning that insurers use individual members' medical and lifestyle information to assess their longevity as opposed to relying on proxies such as the member's age, pension amount and possibly postcode. For some schemes, medically underwritten pricing is typically better value than traditional non-medically underwritten pricing.

Defined benefit pension schemes with fewer members offer the greatest opportunity for medical underwriting to deliver benefits. This potentially occurs if there are a small number of scheme members, with a high proportion of the schemes' liabilities that are assessed by using medical underwriting to have life expectancies below average. Medical underwriting has become well established in the defined benefit de-risking market and its benefits are well understood.

Current market and outlook

There are approximately £2tn in UK defined benefit pension scheme obligations (source: PPF), which is driving high demand for de-risking solutions, with Buy-in transactions forecast over the next decade to be approximately £350bn (source: Hymans Robertson). While insurer capacity will increase in the long term, over the medium term we believe the demand for de-risking solutions exceeds the current supply available from providers. The defined benefit de-risking market is projected to grow further over the next decade with transactions expected to double to over £30bn per year. This level of activity would result in only 2% of total defined benefit pension assets each year being de-risked, providing significant potential upside. The total volume of de-risking transactions in 2017 is expected to exceed £10bn (source: LCP).

The capacity of companies to deliver de-risking solutions is constrained. Defined benefit pension schemes are competing for the same resources as a number of life insurance companies who have explored, or are exploring, selling their large books of Guaranteed Income for Life business.



View the investor presentation to see how Just wins in this market www.justgroupplc.co.uk/DB17

INDIVIDUAL RETIREMENT INCOME MARKET Introduction

Guaranteed Income for Life ("GifL") products are bought by individual customers to convert some or all of their accumulated pension savings into a guaranteed lifetime retirement income. The solution provides people with peace of mind from the security of knowing the income will continue to be paid for as long as the customer and where relevant, for as long as they or, typically, their spouse lives. In the UK, GifLs traditionally offered an income payable without reference to the individual's health or lifestyle, and were differentiated only by reference to a limited number of factors such as age, postcode, premium size and, prior to 31 December 2012, gender.

An individually underwritten GifL takes into account an individual's medical conditions and lifestyle factors to determine their life expectancy. People who are eligible and purchase an individually underwritten GifL typically achieve double digit percentage increases in income compared to purchasing a GifL which is not individually underwritten.

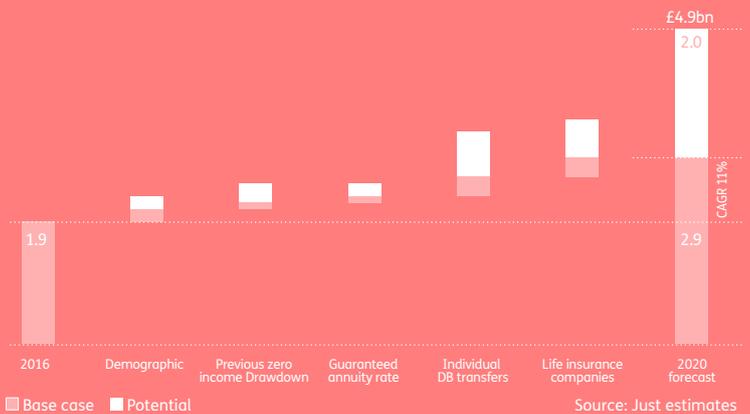
85% OF DEFINED BENEFIT PENSION SCHEMES ARE CLOSED, INCREASINGLY TO FUTURE ACCRUAL AS WELL AS NEW MEMBERS (%)



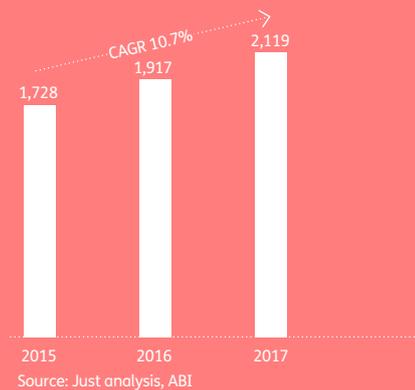
EXPECTED GROWTH IN DB DE-RISKING TRANSACTIONS (£BN)



POTENTIAL EXTERNAL GIFL MARKET SIZE – 2020 (£BN)



EXTERNAL GIFL MARKET (£M)



PROVIDING SECURITY AND PEACE OF MIND

The proportion of people purchasing an individually underwritten GIFL is continuing to increase and our view is this will become the minimum standard for all providers over the next few years.

Pension customers are encouraged to compare the GIFL offer provided by their existing pension company to those offered on what is the open or external market. In March 2018 the FCA introduced rules requiring pension companies to provide customers with an external GIFL quotation showing the best quote available from the external market alongside the quotation from the incumbent firm. This should provide new opportunities for Just Group as we compete in the open market when these customers choose to shop around; this is our addressable market as we do not have an existing base of pension savings customers. The open market increased from 45% in 2016 to over 48% in 2017 of the total GIFL market and over 49% in the final quarter of 2017 (source: ABI).

Continuing developments are driving growth in our addressable market:

- the structural drivers of growth in the retirement income market are strong and assets accumulating in defined contribution (“DC”) pension schemes are projected to increase consistently over the next decade. This growth arises from an increase in the number of people joining workplace pension schemes as a result of the successful state auto enrolment policy and the increase in contribution rates due to be implemented in 2018;
- growth in DC pension assets also arises as companies close down final salary or defined benefit (“DB”) pension schemes and offer their employees DC pensions instead;
- thousands of people are transferring out of DB pension schemes into DC pension schemes to take advantage of Pension Freedoms. When transferring, many people are choosing to secure a guaranteed income for life, by using some of the transfer value to purchase an individually underwritten GIFL; and
- many life and pension companies are choosing to put in place broking solutions to offer their pension savings customers access to the best individually underwritten GIFL deals in the market. Some are choosing to transfer their obligations to provide a guaranteed GIFL rate to their customers to an alternative product provider or broking solution. This grows our addressable market and provides customers with better outcomes. Our Group business HUB Financial Solutions is providing many of these corporate services.

View the investor presentation to see how Just wins in this market www.justgroupplc.co.uk/RI17



Homeowners aged over 55 are estimated to own property wealth of over £2.5 trillion

LIFETIME MORTGAGES

Introduction

A lifetime mortgage (“LTM”) allows homeowners to borrow money secured against the equity in their home without the need to move out. The amount borrowed is repayable together with accrued interest on the death of the homeowner or moving permanently into residential care. This product can be used by retirees to supplement savings, top up retirement income or to settle any outstanding indebtedness.

The typical lifetime mortgage customer is around 70 years old, has a house valued at around £200,000 and agrees a facility to borrow up to 30% of the house value.



ENABLING PEOPLE TO IMPROVE THEIR LATER-LIFE LIVING STANDARDS

People are becoming increasingly positively disposed to accessing some of the equity in their homes to improve the quality of their later lives or to help their family. The compound annual growth rate of the lifetime mortgage market between 2001 and 2017 was 26% and this has attracted new providers to enter the market in the last few years.

Just Group is a leading product provider of lifetime mortgages. Our HUB Financial Solutions business is a leading distribution business providing consumers with regulated advice on equity release solutions from across the market.

Current market and outlook

Homeowners aged over 55 are estimated to own property wealth of over £2.5 trillion (source: ONS). We estimate that the existing industry loan book including interest is just £20bn. The market remains under-penetrated and there is significant headroom for growth.

Just is forecasting that the LTM market will grow to around £6bn by the end of 2021, which is a compound annual growth rate of 18% from 2017. The primary drivers of growth are:

- Households wanting to top-up their retirement income to improve their standard of living in later life;
- An increase in the number of people with outstanding interest only mortgages who are entering retirement and require a solution to settle the debt with the existing mortgage company;
- Strong demographic growth. The number of people aged 65 and over is forecast to increase from around 12 million today to over 18 million in by 2040; and
- An increase in new entrants who spend money on advertising which results in people becoming aware of LTMs combined with people becoming more disposed to using some of their housing equity.



View the investor presentation to see how Just wins in this market www.justgroupplc.co.uk/LTM17

LONG-TERM CARE SOLUTIONS

Introduction

Care Plans, or immediate needs annuities (“INA”), are a segment of purchased life annuities. A Care Plan offers a guaranteed income paid directly to a registered care provider or an individual for the life of the insured, in exchange for an up-front lump sum premium. Under current rules this income is tax free when paid directly to the registered care provider. Care Plans are available to individuals entering care facilities or receiving domiciliary support. As such, Care Plans provide a form of longevity insurance to the individual against the costs of receiving care until their death.

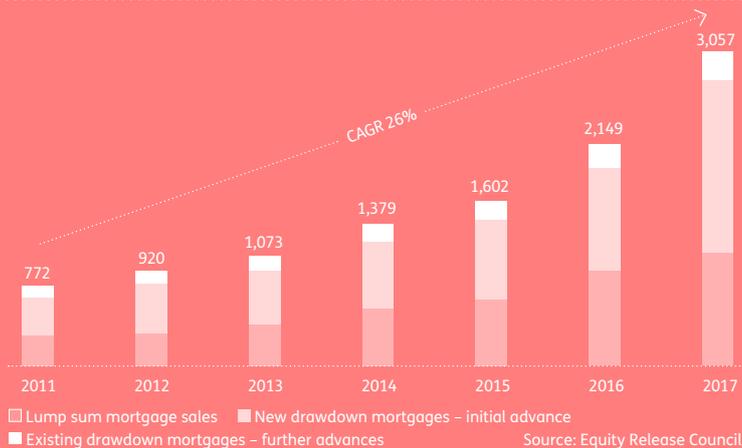
Just has a strong pedigree in the market, having been one of the market leaders for 16 years.

Current market and outlook

There is a substantial market for care in the UK. The drivers of the need for care are strong because:

- there are currently around 1.6m people aged 85 or over in the UK – this is the average age at which people go into care homes. It is expected that this number will more than double over the next two decades suggesting a growth rate in excess of 3%;
- around 33% of women aged 65 and 20% of men aged 65 are likely to enter a care home at some point in the future; and
- there is uncertainty over government policy for long-term social care. The government has withdrawn the cap on care fees that was due to become effective in 2020 and plans to publish a Green Paper on care and support for older people by summer 2018. This will set out how the government proposes to improve care and support for older people and tackle the challenge of an ageing population.

SIX YEARS OF CONSECUTIVE GROWTH OF LIFETIME MORTGAGE SALES IN THE UK (£M)



NUMBER OF PEOPLE (MILLIONS) AGED 65+



**JUST HAVE BEEN LEADERS FOR
16 YEARS**

In UK long-term care

**INTERNATIONAL MARKETS
SOUTH AFRICAN RETIREMENT INCOME MARKET**

South Africa has one of the five largest immediate guaranteed income for life markets in the world, with many structural similarities to the UK including legislative framework, products and distribution. Limited state social security, tax incentives for private retirement provision and increased compulsion to purchase a guaranteed income for life or drawdown solution mean the retirement market is expected to grow significantly over the coming years.

The market is dominated by defined contribution arrangements. The market that could annuitise includes approximately £3bn at-retirement and £18bn in-retirement savings, however currently the great majority of consumers use drawdown plans.

Just has introduced an innovative new product to the South African market which provides the customer with the benefit of a guaranteed income for life solution within a drawdown product.

Prudential regulation is moving from the current regulatory basis to Solvency Assessment and Management ("SAM"). This was delayed from 1 July 2017 to 1 July 2018; SAM is recognised as equivalent to the Solvency II regime.

Additionally, the government-led reform to retirement legislation was introduced in August 2017. This makes trustees of retirement funds responsible for providing default solutions at retirement, with retirement benefit counselling provided by each pension scheme to provide information on default options at retirement.

US CARE MARKET

The US represents an opportunity for our Group in this significant market. Within the care segment, the US has a similar backdrop to the UK with a government-funded safety net but significant volumes of self-funders.

Total annual spending is estimated at \$145bn, of which \$45bn is self-funded. There is widespread acceptance of the need to self-fund, with many wishing to avoid State dependency. There are very limited underwritten guaranteed income for life options available to consumers in the US market.

The target market for our Group's products are US residents in later life receiving, or about to receive, long-term domiciliary or residential care and able to afford a single premium.

We operate a business model with mutually reinforcing strengths which delivers superior outcomes

KEY STRENGTHS



OUR PEOPLE

The combination of Just Retirement and Partnership created an opportunity - which we seized - to create a “best of both worlds” staffing model, backed by a renewal of our culture to also preserve the best of our heritage.



SERVICE

We have a proud and consistent record of Financial Adviser 5 Star service awards. We are rewarded for this with high levels of trust from our distribution channels.



DIGITAL CAPABILITIES

We stay abreast of developing business models, digital capabilities, and ways of working. Project delivery focuses on lean approaches. We have dedicated digital innovation teams looking to keep us at the leading edge of internal and external uses of technology.



DISTRIBUTION

Our multi-channel distribution model maximises our reach into the market and creates an in-built resilience if the fortunes of one channel shift.



MARKET POSITION

We have strong positions in the majority of our markets with attractive market shares underpinned by compelling products and the power of our operating model. This gives us the capability to lead and influence market developments and innovations.



INTELLECTUAL PROPERTY (“IP”)

We continuously invest in our proprietary IP to increase profitability through superior risk selection, lifetime mortgage origination and multi-channel distribution to identify and secure high-value opportunities.

OPERATING MODEL

SCALABLE OPERATING MODEL

Our scalable operating model is focused on growing our addressable market by increasing our access to customers and serving them profitably.

MULTI-CHANNEL DISTRIBUTION

- We maintain a multi-channel approach, giving us market access through intermediaries and partner businesses to distribute our individual and corporate solutions.
- Our focus is on strong long-term and mutually beneficial relationships with financial intermediaries, corporate partners and employee benefits consultants (“EBCs”).
- Our in-house corporate solutions advice and distribution business HUB Financial Solutions provides a range of services to our partners and their customers and employees.
- Our market leadership in retirement income positions HUB Financial Solutions well to win mandates to provide insurance companies with a range of insourced and outsourced services for their customers.

AUTOMATED UNDERWRITING

- Our fully automated underwriting systems offer efficient data capture, fast turnaround times and scalability.
- This differentiates our service delivery, and delivers benefits to financial intermediaries, corporate partners and customers.

LEADING SERVICE, REPUTATION AND BRAND

- The foundations of our service culture and record are our systems, our fair approach, and a culture of ensuring issue resolution rather than speedy closure.
- Our new retail brand, Just, is gaining increasing recognition in corporate, intermediary and retail markets.
- The brand continues to build on our ambition to provide customers with a fair, fulfilling and secure retirement.

GENERATING VALUE



INVESTORS

By managing our resources effectively and creatively we generate profits, which benefit shareholders through dividend payments and shareholder value.

DIVIDENDS PAID IN 2017

£33M



RETAIL CUSTOMERS

We improve our customers' later lives by providing straightforward, good value products, and excellent service.

NUMBER OF CUSTOMERS (DEC 2017)

0.55M



BUSINESS CUSTOMERS

We deliver solutions to solve the challenges and needs of our corporate customers and partners.



OUR PEOPLE

Developing, recognising and rewarding our colleagues secures a skilled and motivated team.

STAFF NUMBERS (DEC 2017)

1,108



COMMUNITIES

We are a significant local employer in our home community of Reigate. Our communities benefit from job creation, our tax payments, and our community outreach activities.

CORPORATION TAX AND NATIONAL INSURANCE PAID IN 2017

£56M



SUPPLIERS

We maintain a significant supply chain, working with businesses of all sizes. As we create value, we help them to create further value and impact.

PAYMENTS MADE TO SUPPLIERS IN 2017

£74M

SUPERIOR RISK SELECTION

We have world-class capabilities in selecting risks that help us focus on creating value for shareholders and delivering better outcomes for customers.

NEXT GENERATION UNDERWRITING SYSTEM: PROGNOSYS™

- PrognosSys™ is a powerful proprietary tool for pricing and reserving that allows the Group to identify and price for the risks we want and provide improved outcomes for customers.
- Whilst it is already market-leading, we continue to invest in PrognosSys™ to ensure continued leadership.
- Recent enhancements are allowing us to fine-tune our offers to healthier customers, offering the personalisation that we originally brought to the medically underwritten market to a far greater number of customers.

EXPERIENCED MEDICAL TEAM AND UNDERWRITERS

- Our in-house medical team is made up of epidemiologists, doctors and bio-statistical modellers. This team enables us to develop superior pricing and reserving processes and stay as up to date as possible with latest medical and longevity developments.
- We benefit from a deep understanding of the whole spectrum of lifestyle, medical and behavioural factors and their impact on life expectancy.
- Our experienced underwriters enable us to apply our proprietary IP in our pricing and reserving.

UNRIVALLED PROPRIETARY DATA

- Our extensive database means we understand the likely impact of medical and lifestyle information on life expectancy.
- We have combined Just and Partnership datasets, creating an unrivalled breadth and depth of resource for our analysis.
- We now hold over 2.6 million person-years of medical and mortality data. The insight this gives us into customer lifestyle and medical outcomes is a significant competitive advantage.

STRONG FINANCIAL MODEL

The Group creates value by taking on those risks which we believe can be fairly rewarded.

CAPITAL EFFICIENT MODEL

- Our synergistic suite of products results in an efficient and balanced use of capital.
- Just Retirement Limited, the Group's principal life assurance company, uses an internal model to calculate our capital requirements more accurately than a standard model and approval is only granted to companies who have met the Prudential Regulation Authority's ("PRA") requirements.
- Partnership Life Assurance Company Limited is currently in the process of seeking approval from the PRA for authorisation to use an internal model.

FINANCIAL RISK MANAGEMENT

- Our operating model is complemented by a conservative approach to risk management.
- We have strong experience of delivering accurate longevity estimates coupled with prudent reserving.
- The majority of longevity risk for both DB and GfL business is held by high quality international reinsurers.

INVESTMENT MANAGEMENT

- Our investment policy enables us to provide attractive returns to customers and to optimise risk-adjusted returns for shareholders, while ensuring that cash flows from assets under management are sufficient to meet payment obligations to our DB and GfL portfolios.
- We follow an enhanced buy-and-maintain investment strategy whereby we purchase assets with attractive risk-reward characteristics and hold them to maturity to capture the full risk premium, particularly the illiquidity premium. We replace assets where this makes sense, taking into account frictional costs.
- The majority of our financial asset portfolio is held in investment grade, fixed income securities such as government and corporate bonds. The Group also invests in lifetime mortgages, private placements, commercial property mortgages and infrastructure loans.

OUR CUSTOMERS ARE THE FOCUS

Our customers are the focus of everything that we do. Investing in our resources enables us to provide products and services to help them achieve a fair, fulfilling and secure retirement



CUSTOMERS

At Just, all our activities start by understanding how we can best meet the needs of our target customers. Whether we are designing new services or new products, our customers are the focus of everything that we do. We invest our resources to enable our customers to achieve a fair, fulfilling and secure retirement.



DISTRIBUTION PARTNERS

Distribution plays a key role in our ability to reach, attract and retain customers. Building out and diversifying our distribution network helps ensure that we fully capitalise on the opportunities available to us in each of our markets. Just has a highly effective multi-channel distribution strategy which is one of our key strengths.

Our DB sales are made via employee benefits consultants (“EBCs”) who advise pension schemes’ trustees and we have developed strong relationships in this area. We distribute our individual retail products through a number of channels, including generalist and specialist financial intermediaries and emerging channels accessed via our HUB business such as life insurance companies, banks, building societies, pension schemes and affinity partners. Our consistent record in achieving the highest accolades in industry service awards demonstrates the strength and quality of our relationships with those to whom we provide services.



Our colleagues ensure we continue to respond effectively to the changing external environment. Their resilience and enthusiasm were critical to the Group achieving the excellent set of results we have reported

In 2017 we have continued to develop new corporate partnerships and extend our services to current business customers to broaden our distribution reach. This has helped our corporate partners to develop improved outcomes for their at- and in-retirement customers. We continue to invest in our HUB business and we have achieved success, winning mandates to deliver services to other life insurance companies to provide regulated advice, and guidance services, together with access to Just's products and those sourced from the external market.

 **REINSURERS**

These include the Group's key relationships with Hannover Ruck SE, RGA Global Reinsurance Company Ltd, RGA International Reinsurance Company DAC and SCOR Life Global Life (UK Branch), as well as strong working relationships with Achmea Reinsurance Company N.V., Pacific Life Re Ltd, General Reinsurance AG (London branch), Hannover Life Reassurance Bermuda Ltd, Nomura Reinsurance SIC Ltd and Partner Reinsurance Company Ltd.

This diverse group of counterparties helps to ensure strong risk mitigation and competitive terms.

 **GOVERNMENT AND REGULATORS**

Regulators and policymakers are important stakeholders for Just. We believe that an important part of our role in the retirement income market is to engage positively with government and regulators to encourage effective competition and consumer protection that results in achieving better customer outcomes. We engage regularly with ministers, government officials, regulators and other policymakers directly and through trade bodies. As a leader in the markets we serve, we are well placed to share our customer and market insights to contribute to progressive policy development.

 **SUPPLIERS**

The Group generally manages its own customer-facing systems and processes, and uses professional partners to provide specialist services. This continues to allow us to flex and adapt our services to meet evolving customer demands.

The Group outsources certain operational and administrative functions where appropriate. This includes the administration of pension payments for our DB business, some sections of our Guaranteed Income for Life business and some lifetime mortgage books acquired from our heritage Partnership business. The relationships with the suppliers of these services are managed through dedicated teams.

 **OUR COLLEAGUES**

It is our colleagues at Just who continue to deliver the strategy for the business and will drive future success. We focus on recruiting the right people, helping them to understand our values and their role, and then giving them the training and support to develop a high-performance culture.

Our approach to colleagues focuses on staff engagement, well-being, personal development and commitment to the highest level of performance, with a particular focus on reviewing our corporate working policies to enhance their daily working lives.

DEVELOPMENT
Developing our colleagues is central to our overall business strategy and this commitment is set out in our Learning and Development Policy. Our development activities focus on the organisational initiatives that have the biggest impact.

DIVERSITY
We are committed to valuing diversity and promoting equality of opportunity for our Group colleagues. We ensure that they are selected and promoted on the basis of merit and ability, regardless of age, gender, race, religion, sexual orientation or disability. We aim to create and promote a safe and healthy environment where diversity is valued and colleagues have a sense of well-being. We will not tolerate discrimination on any grounds, whether it relates to age, disability, sex, gender re-assignment, pregnancy, maternity, race, sexual orientation, religion or belief, and to marital/civil partnership status.

BENEFITS
We value the contribution our colleagues make to the business, so in return we offer a wide range of policies and benefits designed to attract, develop and retain the best and most talented individuals.

FOCUSED ON GROWING PROFITS



We are focused on growing profits and in 2017 have delivered increasing new business margins and profits

INTRODUCTION

I am pleased to present my CEO Statement for 2017. This year marks the first full year's results post-merger (for the combined two predecessor businesses, now reporting as Just Group plc), and I am immensely proud of all we have achieved. We have demonstrated that we can adapt and respond to the changing retirement and regulatory landscapes to meet the needs of our customers, deliver improved margins, sustainable growth in profits and, in doing so, created value for our shareholders.

PERFORMANCE REVIEW

We compete in attractive growth markets and our strategy is focused on growing profits not headline sales. Expanding markets enable us to achieve profitable growth as selecting the most attractive risks is easier when there is more business to choose from. During 2017 we have improved margins and delivered significant growth in new business operating profit and adjusted operating profit. New business operating profit was £169.8m for 2017, an increase of 37% compared to the prior year, and adjusted operating profit before tax grew in the same period by 35% and was £220.6m. IFRS profit before tax for 2017 was £181.3m, an increase of 5% compared to 2016.

In addition, we have delivered synergy benefits of £52m on a run rate basis from the merger which is in excess of both our original target of £40m and our revised target of £45m. This has contributed materially to the Group's new business profitability.

Our product range across Retirement Income, Drawdown and Lifetime Mortgages is well established and presents a comprehensive offering to at-retirement and in-retirement customers. During the year, Retirement Income sales rose by 4% to £1,889.9m.

Once again we are proud to have been awarded Financial Adviser 5 Star service awards in both the Life & Pensions and Mortgages categories, for the 13th and 10th consecutive years respectively. This is a great achievement and a well-deserved reflection of the Just customer experience that we have been working so hard to deliver each and every day.

CAPITAL AND DIVIDENDS

During the year the Group's primary insurance subsidiary, Just Retirement Limited ("JRL"), achieved an inaugural Insurer Financial Strength credit rating of A+, and in addition JRL and Just Group plc achieved Issuer Default Ratings of single A.

Furthermore, the Group improved its liquidity options by agreeing a £200m revolving credit facility with three banks, which remains undrawn.

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We have demonstrated that we can adapt and respond to the changing retirement and regulatory landscapes, to meet the needs of our customers, deliver improved margins, sustainable growth in profits and, in doing so, created value for our shareholders

The Group's Solvency Capital Requirement coverage ratio was estimated at 141% at 31 December 2017 (31 December 2016: 151%), as expected due to the transitional measures for technical provisions ("TMTP") recalculation and strong new business volumes written during the year, with the majority of our own funds comprised of Tier 1 capital. Our economic capital ratio at 31 December 2017 was 238% (31 December 2016: 216%).

Since year end our capital position has been strengthened further by our successful issue of £230m 7 year Tier 3 capital at a 3.5% coupon in February 2018.

The PRA continues to publish industry-wide consultation papers and supervisory statements setting out its expectations for certain aspects of prudential regulation. There is a possibility that the implementation of one or more of these could result in a change to the regulatory capital position of the Group. We maintain frequent dialogue with regulators to ensure we implement the emerging policies appropriately.

The Board has proposed a final dividend of 2.55p per share, a total of 3.72p per share for 2017. This is an increase of 6% from 2016.

COLLEAGUES

In each of our markets we have teams focused on delivering for our customers. It is the hard work, creativity and determination of these teams that enable Just to succeed. Our colleagues ensure we continue to respond effectively to the changing external environment and their resilience and enthusiasm were critical to the Group achieving the excellent set of results we have reported. My thanks go to all our colleagues across the Group for their hard work and support throughout the year and for their determination to make a positive difference to our customers' lives.

AND FINALLY...

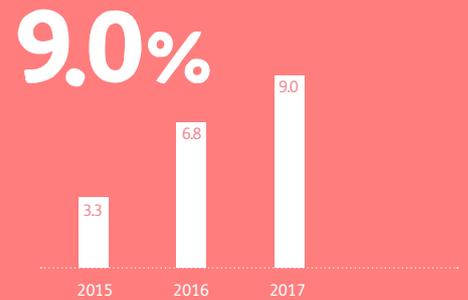
We have delivered what we set out to achieve during the year, including the implementation of our new brand, Just. The rollout of the new brand has provided the opportunity to bring together the best of our predecessor companies and has encouraged our talented colleagues across the Group to create new ways of achieving our mission to deliver a fair, fulfilling and secure retirement for our customers. The outlook remains favourable for each of our key businesses. We have demonstrated our ability to grow profits and position the Group to select the most attractive risks so that we may grow sustainably and deliver value to our shareholders, outstanding service to our customers and opportunities for our people.

Note
Except where stated, commentary in the CEO's Statement relates to the period 1 January 2017 to 31 December 2017 and comparisons to the pro forma period 1 January 2016 to 31 December 2016. Pro forma comparisons are shown in the right hand side column if not included in the body of the statement.



RODNEY COOK
Group Chief Executive Officer

IFRS NEW BUSINESS MARGIN (%)



IFRS PROFIT BEFORE TAX

£181.3M

2016: pro forma £172.5m, up 5%

NEW BUSINESS OPERATING PROFIT

£169.8M

2016: pro forma £123.9M

ADJUSTED OPERATING PROFIT BEFORE TAX

£220.6M

2016: pro forma £163.7M

RETIREMENT INCOME SALES

£1,889.9M

2016: pro forma £1,818.7M

LIFETIME MORTGAGE ADVANCES

£510.0M

2016: pro forma £559.3M

Awarded further recognition for outstanding service in 2017



Life & Pensions



Mortgages



We aim to deliver consistent growth in revenues and profits through risk and margin selection in our current markets combined with growth into new markets and strong internal cost and capital discipline

When we succeed in addressing all of our strategic objectives we will be achieving consistent growth in shareholder value and be addressing an ever greater number of later life needs. We will also be laying progressively stronger foundations to pursue our fifth objective to diversify and build businesses outside of our current core, meeting more needs and generating more valuable growth.

Our strategic choices are also made with a view to reducing the principal risks our business faces and making our business more resilient.

Key: Principal risks and uncertainties (see page 20)

- A** Market environment
- B** Pricing assumptions
- C** Regulatory changes
- D** Economic environment
- E** Operational processes and systems
- F** Brands and reputation

GROW OUR MARKETS AND BROADEN OUR DISTRIBUTION REACH

We increase sales in our markets by working to grow market demand; we capture our share of these growing markets by ensuring growth in distribution reach and customer access

WHY THIS IS IMPORTANT

We have a fundamental belief that our products meet needs that, if unaddressed, create risks to the quality of later life that our customers may experience. So it's important to grow markets and reduce the experience of those risks. Of course, larger markets create more sales opportunities for us and more value for shareholders. And a combination of distribution reach and larger markets means greater opportunity for us to select the risks we want to address.

HOW WE ACHIEVE THIS

In our UK DB De-risking business we continue to drive growth in the small and medium transaction segment of the DB de-risking market. Our innovative medical underwriting solutions enable us to provide more options for pension scheme trustees.

We support growth in the UK Gifl, LTM and care markets through market and distributor education and regulatory engagement. We expand our distribution reach through the active pursuit of new partner business relationships.

- A** **C** **E** **F**

GIVE CUSTOMERS A DISTINCTLY 'JUST' EXPERIENCE EVERY TIME

We align our customer experience with our brand promise across all channels and businesses

WHY THIS IS IMPORTANT

Our brand embodies fairness, a strong social purpose and our desire to improve retirement for customers by providing them with simple-to-use products and services. It expresses our ambition to present ourselves differently, provide outstanding service to our customers and support people with the broader challenges of later life.

HOW WE ACHIEVE THIS

We have defined our customer experience principles and framework to ensure that our products and services live up to the brand promise we live by.

We are working hard to ensure that our post-merger culture embraces the brand promise and customer perspective. For instance, in our call centres, no one is measured against call-handling time. Such measures undermine willingness to spend time on the phone to fully address customer needs.

We measure, share and celebrate great customer feedback.

- A** **E** **F**



MAKE SMART RISK CHOICES

We identify and price for the business we want. We ensure new business complements our balance sheet and provides the best balance of risk, reward and capital usage

WHY THIS IS IMPORTANT

Efficient deployment of our capital is key to optimising the amount of business that we write, at what margin, and with what capital use. In addition, we seek to ensure that the synergies between our businesses are maximised through careful matching of – amongst other factors – the likely duration of mortgages, DB and GIfl solutions.

HOW WE ACHIEVE THIS

We combine customer insight, market knowledge and unrivalled medical IP to target the business and customer segments that are most attractive. Our distribution reach gives us access into our target segments and significant business flows from which to pick our preferred risks.

Strong relationships with high quality reinsurers allow us to mitigate risks cost-effectively.



FOCUS ON STRONG FINANCIAL MANAGEMENT

We ensure that we spend money wisely, avoid waste and deliver value for the business. We consider the capital impact and return of all our decisions

WHY THIS IS IMPORTANT

We have a firm target to achieve capital self-sufficiency, which we will only achieve with the careful application of our available capital and a focus on ensuring that expenses are aligned to the scale and needs of the business. Careful stewardship of our finances makes money available to fund our existing business and diversification ambitions.

HOW WE ACHIEVE THIS

Having delivered the synergy benefits of the merger, we are continuing to use the strict governance demanded in this delivery to focus on our on-going operating costs. A strong cost-benefit approach is embedded into all our investment decision making.

The evolution of our new culture includes a strong emphasis on avoiding waste.

We use our internal model to drive a disciplined approach to pricing our services and to continuously improve our capital management activities.



DIVERSIFY OUR BUSINESS AWAY FROM ANY SINGLE BUSINESS LINE OR MARKET

We grow outside our core businesses by leveraging our insights, capabilities and intellectual property. We diversify to grow and also to reduce dependency on any one business line, distributor or market

WHY THIS IS IMPORTANT

Our current markets have growth potential, but we already have substantial market shares and a focus on profitable new business over growth for the sake of it. So identifying new markets helps us access profitable and potentially higher growth potential.

Just as importantly, new markets are a means to diversify away from any concentration in market, regulatory or balance sheet risk.

With diversification we can seek to develop businesses that have a lower new business strain on capital, meaning growth is not constrained by our balance sheet.

HOW WE ACHIEVE THIS

We are selective in pursuing a limited number of diversification prospects. Our focus is on opportunities in which our existing assets and capabilities create advantage, maximise potential, and minimise downside risk. We closely monitor progress and act fast when expectations are not met.



DELIVERING PROFIT

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We are a pioneer in medically underwritten Guaranteed Income for Life solutions and have collected more details, of more customers, for longer than our competitors

HUGH MCKEE

**MANAGING DIRECTOR,
UK RETAIL BUSINESS**

Delivering profit from sustainable advantage

Our focus on effective use of capital leads to attention on margin over market share. As a result our IFRS new business margin has increased from 6.8% pro forma in 2016 to 9.0% in 2017.

The Guaranteed Income for Life category has been an important driver of this improvement, and a key factor in doing this is the unique and granular data that allows us to make accurate risk selections.

We are a pioneer in medically underwritten GifL and have collected more details, of more customers, for longer, than our competitors. This brings unique insight to our pricing and risk-selection decisions, enabling us to be selective in the business we write, and offering better rates than competitors, while achieving attractive margins.

By closely aligning our operational processes and underwriting approach we are able to optimise outcomes for both customers and shareholders, a win-win that provides a great return on the investments we have made over many years in these key components of our business model.

WHY WE WIN



RISK SELECTION

We have long, broad and deep datasets driving a detailed understanding of risks and the ability to micro-segment our markets, helping us to target where to compete for attractive margin.



GROW MARKETS

As a market leader we have a strong voice with commentators and market participants. We use this to grow our core markets, for instance in helping financial intermediaries understand GifL, Care, Equity Release and defined benefit de-risking markets and increase their activity in these areas.



DIGITAL SOLUTIONS

We are hands-on where it creates value, for instance in customer contact, but look to streamline where possible. Our highly automated underwriting, with low processing cost and fast turnaround, both manages our expenses and improves outcomes for our customers.



CUSTOMER

Our focus on service not only creates customer fans and wins awards, but is a key aspect of the trust that corporate partners and distributors have in using us and recommending their customers to us.

IFRS NEW BUSINESS MARGIN

9.0%

2016 pro forma: 6.8%

STRONG RISK CULTURE

Through our strong risk culture, we are confident of making better decisions to achieve business success

Purpose

We use risk management to make better informed business decisions that generate value for shareholders while delivering appropriate outcomes for our customers and providing confidence to other stakeholders. Our risk management processes are designed to ensure that our understanding of risk underpins how we run the business.

Risk framework

Our risk management framework is developed in line with our risk environment and best practice. The framework, owned by the Group Board, covers all aspects of risk management, including risk governance, reporting and policies. Our appetite for different types of risk is embedded across the business to create a culture of confident risk taking.

Risk evaluation and reporting

We evaluate risks in our operating environment and decide how best to manage them within our risk appetite. Management regularly reviews its risks and produces reports to provide assurance that material risks in the business are being mitigated. The Risk function, led by the Group Chief Risk Officer (“GCRO”), challenges the management team on the effectiveness of its risk evaluation and mitigation. The GCRO provides the Group Board’s Risk and Compliance Committee with his independent assessment of the principal risks to the business and emerging risk themes.

Financial risk modelling is used to assess the amount of each risk type against our risk appetite. This modelling is aligned to both our economic capital and regulatory capital metrics to allow the Board to understand the capital requirements for our principal risks. By applying stress and scenario testing, we gain insights into how risks might impact the Group in different circumstances.

Own Risk and Solvency Assessment

The Group’s Own Risk and Solvency Assessment (“ORSA”) further embeds comprehensive risk reviews into our Group management structure. Our annual ORSA report is a key part of our business cycle and informs strategic decision making. ORSA updates are prepared each quarter to keep the Board apprised of the Group’s evolving risk profile.

RISK	CHANGE IN THE PERIOD	DESCRIPTION AND IMPACT	MITIGATION AND MANAGEMENT ACTION	RISK OUTLOOK
<p>RISK A</p> <p>RISKS FROM OUR CHOSEN MARKET ENVIRONMENT</p> <p>Strategic objective</p> <p>1 2 3 4 5</p>	▶	<p>The Group operates in a market where changes in pensions legislation can have a considerable effect on our strategy and could reduce our sales and profitability or require us to hold more capital.</p> <p>The Group has developed propositions to enable customers to have more flexible retirement solutions. Customers' need for a secure income in retirement continues and the Group expects that demand for guaranteed income for life solutions will continue.</p>	<p>Our approach to legislative change is to participate actively and engage with policymakers, and this will not change.</p> <p>The Group offers a range of retirement options, allowing it to remain agile in this changing environment, and has flexed its offerings in response to market dynamics. We believe we are well placed to adapt to changing customer demand, supported by our brand promise, innovation credentials and financial strength.</p> <p>The most influential factors in the successful delivery of the Group's plans are closely monitored to help inform the business. The factors include market forecasts and market share, supported by insights into customer and competitor behaviour.</p>	▶
<p>RISK B</p> <p>RISKS FROM OUR PRICING ASSUMPTIONS</p> <p>Strategic objective</p> <p>1 2 3 4 5</p>	▶	<p>Writing long-term DB de-risking, GifL and equity release business requires a range of assumptions to be made based on market data and historical experience, including customers' longevity, corporate bond yields, interest rates, property values and expenses. These assumptions are applied to the calculation of the reserves needed for future liabilities and solvency margins using recognised actuarial approaches.</p> <p>The Group's assumptions on these risk factors may be materially inaccurate, requiring them to be recalibrated. This could affect the level of reserves needed, with an impact on profitability and the Group's solvency position.</p>	<p>To manage the risk of our longevity assumptions being incorrect, the Group has the benefit of extensive underwritten mortality data to provide insights and enhanced understanding of the longevity risks that the Group chooses to take.</p> <p>Longevity and other decrement experience is analysed to identify any outcomes materially different from our assumptions and is used for the regular review of the reserving assumptions for all products.</p> <p>Some longevity risk exposure is shared with reinsurance partners, who perform due diligence on the Group's approach to risk selection. There is a related counterparty risk of a reinsurer not meeting its repayment obligations. This risk is typically mitigated through the reinsurer depositing the reinsurance premiums back to the Group or into third party trusts and by collateral arrangements.</p> <p>For equity release, the Group underwrites the properties against which it lends using valuations from expert third parties. The Group's property risk is controlled by limits to the initial loan-to-property value ratio, supported by product design features, limiting specific property types or regions, and monitoring of the exposure to adverse house price movements.</p>	▶

STRATEGIC OBJECTIVES (SEE PAGE 16)

- 1 Grow our markets and broaden our distribution reach
- 2 Give customers a distinctly 'Just' experience every time
- 3 Make smart risk choices
- 4 Focus on strong financial management
- 5 Diversify our business away from any single business line or market

RISK OUTLOOK

- ▶ Stable
- ▲ Increasing
- ▼ Decreasing

RISK	CHANGE IN THE PERIOD	DESCRIPTION AND IMPACT	MITIGATION AND MANAGEMENT ACTION	RISK OUTLOOK
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RISK C

RISKS FROM REGULATORY CHANGES

Strategic objective

- 1
- 2
- 3
- 4
- 5



The financial services industry continues to see a high level of regulatory activity and intense regulatory supervision. This reflects in part an increasing concern about the effect of the economic environment on the ability of insurers to continue to be able to meet policyholder obligations. The regulatory agenda for the coming year covers many areas directly relevant to the Group.

Further to the implementation of Solvency II, the PRA has published and continues to publish supervisory statements that set out its expectations for certain aspects of prudential regulation. This includes to date statements relating to illiquid assets, matching adjustments and transitional provisions. There is a risk that the implementation of one or more of these statements could result in a negative impact on the regulatory capital position of the Group.

The Financial Conduct Authority (“FCA”) is developing a strategy to address the challenges for financial services of the ageing UK population and is pursuing reviews and initiatives pertinent to the retirement and mortgage markets.

The EU General Data Protection Regulation (“GDPR”) comes into effect on 25 May 2018. Although many of the GDPR’s requirements are already present in the UK Data Protection Act 1998 (“DPA”), its requirements are more prescriptive and the rights of consumers are clearer and easier to enforce.

The Solvency II risk margin is particularly sensitive to movements in interest rates, which can increase its volatility. The matching adjustment to meet Solvency II requirements makes management of liquidity within the Group more complex.

The ultimate terms of the UK’s exit from the EU could have significant consequences for the regulation and legislation that apply to Just’s operations.



We monitor and assess regulatory developments on an on-going basis and engage fully with the regulators. Our aims are to implement any required changes effectively, and to deliver better outcomes for our customers and competitive advantage for the business.

Just has an approved partial internal model to calculate a Group Solvency Capital Requirement, and intends to progress an internal model major change application for Partnership Life Assurance Company Limited to use the Group internal model.

The Group has recalculated its transitional measure on technical provisions (“TMTP”) in accordance with the Solvency II directive which allows for a recalculation of the TMTP every 24 months.

We will continue to engage with the PRA to understand and seek to influence its developing views on prudential regulation. The Group is also engaging with industry bodies to ensure an appropriate implementation of supervisory statements.

We actively seek to participate in all regulatory initiatives which may affect or provide future opportunities for the Group. We aim to champion outcomes that are positive for consumers by ensuring their retirement needs are understood. We develop our strategy by giving consideration to planned political and regulatory developments and allow for contingencies should outcomes differ from our expectations.

We manage sensitive personal data in accordance with existing DPA requirements and are adjusting our existing practices and processes to meet the requirements of the new regime.

RISK	CHANGE IN THE PERIOD	DESCRIPTION AND IMPACT	MITIGATION AND MANAGEMENT ACTION	RISK OUTLOOK
<p>RISK D</p> <p>RISKS FROM THE ECONOMIC ENVIRONMENT</p> <p>Strategic objective</p> <p>1 2 3 4 5</p>	<p>▶</p>	<p>The premiums paid by the Group’s customers are invested to enable future benefits to be paid. The economic environment and financial market conditions have a significant influence on the value of assets and liabilities and on the income the Group receives. An adverse economic environment could increase the risk of credit downgrades and defaults in our corporate bond portfolio.</p> <p>The lack of clarity regarding the UK’s future trading arrangements with the EU has introduced material uncertainty for the UK’s macro-economic outlook in the medium and long term. It is too early to be clear on the long-term implications of departure from the EU for the UK economy and indeed the wider economic impacts on the rest of Europe and the world. Market conditions may become more volatile.</p> <p>In an environment of low interest rates, investors may be more willing to accept higher credit and liquidity risk to improve investment returns. These conditions could make it difficult to source sufficient assets to offer attractive DB de-risking and GfL terms. Low credit spreads similarly affect the income that can be made available, although margins from our equity release portfolio help offset this risk.</p> <p>Most defined benefit pension schemes link member benefits to inflation through indexation. As the Group’s Defined Benefit De-risking business volumes grow, its exposure to inflation risk increases.</p> <p>A fall in residential property values could reduce the amounts received from equity release redemptions and may also affect the relative attractiveness of the equity release product to customers. The regulatory capital needed to support the possible shortfall in the redemption of equity release mortgages also increases if property values drop. Uncertainty following the UK’s withdrawal from the EU could result in property values stagnating or even falling in some, or all, UK regions. Conversely, significant future rises in property values could increase early mortgage redemptions, leading to an earlier receipt of anticipated cash flows and reinvestment risk.</p> <p>Market risks may affect the liquidity position of the Group by, for example, having to realise assets to meet liabilities during stressed market conditions or to service collateral requirements due to the changes in market value of financial derivatives.</p>	<p>Economic conditions are actively monitored and alternative scenarios modelled to better understand the potential impacts of significant economic changes on the amount of capital required to be held to cover risks, and to inform management action plans.</p> <p>It is anticipated that the UK’s withdrawal from the EU will have limited direct impact on the Group as it is predominantly UK-based with no services provided into other countries of the EEA, and its customers and policyholders are predominantly UK-based. However, the Group remains exposed to the indirect impact that the UK’s withdrawal may have on the UK economy as a whole, including its residential housing market. Any changes to the regulatory environment as a result of the UK’s withdrawal are being monitored.</p> <p>The Group’s strategy is to buy and hold high-quality, lower-risk assets in its investment portfolio to ensure that it has sufficient income to meet outgoings as they fall due. Portfolio credit risk is managed by specialist fund managers executing a diversified investment strategy in investment grade assets within counterparty limits.</p> <p>In a low interest rate environment, improved returns are sought by diversifying the types, geographies and industry sectors of investment assets. Such diversification creates an exposure to foreign exchange risk, which is controlled using derivative instruments. Swaps and swaptions are used to reduce exposures to interest rate volatility. The credit exposure to the counterparties with whom we transact these instruments is mitigated by collateral arrangements.</p> <p>The Group’s exposure to inflation risk through the Defined Benefit De-risking business is managed with inflation hedges.</p> <p>Liquidity risk is managed by ensuring that assets of a suitable maturity and marketability are held to meet liabilities as they fall due. Sufficient liquid assets are maintained so the Group can readily access the cash it needs should business cash inflows unexpectedly reduce.</p> <p>There is little short-term volatility in the Group’s cash flows, which can be reliably estimated in terms of timing and amount. Regular cash flow forecasts predict liquidity levels both short term and long term and stress tests help us understand any potential periods of strain. The Group’s liquidity requirements have been comfortably met over the past year and forecasting confirms that this position can be expected to continue for both investments and business operations.</p>	<p>▲</p>

RISK	CHANGE IN THE PERIOD	DESCRIPTION AND IMPACT	MITIGATION AND MANAGEMENT ACTION	RISK OUTLOOK
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RISK E

RISKS ARISING FROM OPERATIONAL PROCESSES AND IT SYSTEMS

Strategic objective

- 1
- 2
- 3
- 4
- 5



The Group relies on its operational processes and IT systems to conduct its business, including the pricing and sale of its products, measuring and monitoring its underwriting liabilities, processing applications and delivering customer service and maintaining accurate records. These processes and systems may not operate as expected, may not fulfil their intended purpose or may be damaged or interrupted by human error, unauthorised access, natural disaster or similarly disruptive events. Any failure of the Group's IT and communications systems and/or third party infrastructure on which it relies could lead to costs and disruptions that could adversely affect its business as well as harm its reputation.

As witnessed in 2017, large organisations are increasingly becoming targets for cyber-crime, particularly those organisations that hold customers' personal details. The Group is no exception and a cyber-attack could affect customer confidence, or lead to financial losses.

The Group maintains a suite of risk management tools to help identify, measure, monitor, manage and report its operational risks including those arising from operational processes and IT systems. These include a risk management system, risk and control assessments, risk event management, loss reporting, scenario analysis and risk reporting through the ORSA.

The Group maintains plans and controls to minimise the risk of business disruption and information security related events. Detailed incident and crisis management plans also exist to ensure effective responses. These are supported by specialist third parties for our workplace recovery centre.

Our approach to information security is under constant review as the cyber-threat landscape evolves. Due diligence is performed on all partners to ensure that they work to the same high security standards as the Group. The Group continues to invest in its information security control environment but we recognise that the speed of change in cyber-threats means that a risk exposure remains.



RISK F

RISKS TO THE GROUP'S BRANDS AND REPUTATION

Strategic objective

- 1
- 2
- 3
- 4
- 5



We believe everyone deserves a fair, fulfilling and secure retirement. Our aim is to help people to rethink retirement to achieve this. Our Just brand reflects the way we intend to conduct our business and treat our customer and wider stakeholder groups.

There is a risk that the Group's brands and reputation could be damaged if the Group is perceived to be acting, even unintentionally, below the standards we set for ourselves. Damage to our brand or reputation may adversely affect our underlying profitability, through reducing sales volumes, restricting access to distribution channels and attracting increased regulatory scrutiny.

Additionally, the Group's brands and reputation could be threatened by external risks such as regulatory intervention or enforcement action, either directly or as a result of contagion from other companies in the sectors in which we operate.

The Group actively seeks to differentiate its business from competitors by investing in brand-enhancing activities. Fairness to customers and high service standards are at the heart of the Just brand, and we encourage our colleagues to take pride in the quality of service they provide to our customers. Engaging our colleagues in the Just brand and its associated values has been, and remains, a critical part of our internal activity. The Group maintains a system of internal control, and associated policies and operational procedures, that defines the standards we expect of all colleagues.



STRONG PERFORMANCE



Strong performance reflecting the Group's continued focus on margin and the benefits of synergies achieved post-merger

The Financial Review presents the results of the Group on both statutory and pro forma reporting bases.

Just Retirement merged with Partnership to form Just Group at the beginning of April 2016, and the accounting reference date was subsequently changed from 30 June to 31 December. On a statutory basis, the prior period comparative results are therefore the 18 month period ended 31 December 2016, and include the results of Partnership Assurance Group plc ("Partnership") only for the nine months following the merger.

In order to present information that enables a clearer comparison of results for 2017, the Group has chosen to present additional pro forma financial information for the 12 months ended 31 December 2016 prepared on the basis that the merger between Just Retirement and Partnership had already taken place as at 1 January 2016. Pro forma information is unaudited. A reconciliation of pro forma financial information to financial information for the 18 months to 31 December 2016 is given at the end of this section.

Within the Financial Review, the Group has presented a number of alternative performance measures ("APMs"), used in addition to IFRS statutory performance measures. The Board believes that the use of APMs gives a more representative view of the underlying performance of the Group. The APMs used by the Group are: new business operating profit, in-force operating profit, underlying operating profit, adjusted operating profit, new business sales, adjusted earnings per share, Group European embedded value and economic capital coverage ratio. Further information on APMs can be found in the glossary on page 134 together with a reference to where the APM has been reconciled to the nearest statutory equivalent.

ADJUSTED OPERATING PROFIT BEFORE TAX

£221M

2016: pro forma £164m, up 35%

ADJUSTED OPERATING PROFIT

Adjusted operating profit is presented in the table opposite with comparative information on a pro forma basis representing the operating profit for the year ended 31 December 2016 for both Just Retirement and Partnership as if they had been merged throughout that period. The underlying assumptions have been aligned to be consistent across both Group companies.

Adjusted operating profit before tax

The increase in adjusted operating profit before tax of 35%, from £163.7m on a pro forma basis for the year ended 31 December 2016, to £220.6m for the year to 31 December 2017, is mainly a reflection of the Group's continued focus on margin over volume, as well as the benefits of the merger synergies. There has also been a net positive contribution in the current year from the review of the assumptions underlying the calculation of the Group's insurance liabilities. These have partly been offset by a small increase to the losses and expenses incurred by the Group's non-insurance entities and holding companies, and increased reinsurance and finance costs.

New business operating profit

New business operating profit has increased by 37% on a pro forma basis. This mainly reflected the increased margin achieved which has risen from 6.8% to 9.0%. The volume of Retirement Income sales rose by 4% compared to the prior period, demonstrating our prioritisation of margin rather than volume. The margin improvement was achieved through risk selection, pricing discipline, lower unit costs from synergy savings, and more efficient asset-liability management. In addition, the investment returns within our new business margin assumptions benefited from sustained attractive lifetime mortgage spreads.

In-force operating profit

The in-force operating profit was slightly lower than in the prior period, mainly as a result of tightening corporate bond spreads.

Underlying operating profit

The increase in underlying operating profit reflects movements in new business operating profit and in-force operating profit as explained above.

Operating experience and assumption changes

The favourable operating experience variances and assumption changes were as a result of number of changes.

In relation to expense reserves, the delivery of integration synergies has reduced the running per-policy costs, which has led to the release of c.£90m of maintenance expense reserves.

The operating experience variances actually experienced in the year amounted to a negative variance of £15m, being mainly driven by early mortgage mortality.

In relation to mortality, a review has been completed on the mortality basis of our mortgage and non-medically underwritten defined benefit books to reflect the slower rate of longevity improvement in the general population. The strain arising from our mortgage mortality assumption changes was partly offset by mortality releases from our non-medically underwritten DB reserves and leading to a net charge of £30m.

ADJUSTED OPERATING PROFIT – PRO FORMA BASIS COMPARATIVES

	Year ended 31 December 2017 £m	Pro forma year ended 31 December 2016 Unaudited £m	Change %
New business operating profit	169.8	123.9	37
In-force operating profit	71.3	75.3	(5)
Underlying operating profit	241.1	199.2	21
Operating experience and assumption changes	34.6	2.6	1,231
Other Group companies' operating results	(15.1)	(12.4)	22
Reinsurance and finance costs	(40.0)	(25.7)	56
Adjusted operating profit before tax¹	220.6	163.7	35

1 see page 30 for reconciliation to IFRS profit before tax.

NEW BUSINESS SALES – PRO FORMA BASIS COMPARATIVES

	Year ended 31 December 2017 £m	Pro forma year ended 31 December 2016 Unaudited £m	Change %
Defined Benefit De-risking Solutions ("DB")	997.8	943.4	6
Guaranteed Income for Life Solutions ("GIFL")	820.5	778.1	5
Care Plans ("CP")	71.6	97.2	(26)
Retirement Income sales	1,889.9	1,818.7	4
Drawdown	51.2	25.2	103
Total Retirement sales	1,941.1	1,843.9	5
Protection	6.0	4.7	28
Lifetime Mortgage ("LTM") loans advanced	510.0	559.3	(9)
Total new business sales	2,457.1	2,407.9	2

These items, when combined with some other smaller negative items of less than £10m, resulted in a net income statement benefit of £35m in operating experience and assumption changes.

Other Group companies' operating results

The operating result for other Group companies changed from a loss of £12.4m on a pro forma basis for the year to 31 December 2016 to a loss of £15.1m for the year to 31 December 2017. During the year the Group brought the JRS and TOMAS businesses together as HUB Financial Solutions, which is expected to improve the efficiency of these business activities. This line item also includes expenses relating to the Group's holding companies.

Reinsurance and finance costs

The increase in reinsurance and finance costs in 2017 mainly reflects the inclusion of a full year's worth of interest costs relating to the £250m Tier 2 debt issued in October 2016.

NEW BUSINESS SALES

New business sales for the year to 31 December 2017 are presented in the table below together with comparative sales on a pro forma basis representing sales for the year to 31 December 2016 for both Just Retirement and Partnership.

Retirement Income sales increased by 4% on a pro forma basis. Total new business sales increased by 2%, from £2,407.9m on a pro forma basis for the year ended 31 December 2016, to £2,457.1m for the year ended 31 December 2017. The main reasons for these increases are explained below.

DB sales were £997.8m for 2017 (2016 pro forma DB sales: £943.4m), increasing by 6% year on year. The momentum in DB continues to be strong and it is expected to grow substantially over the next decade. We have made a strong start in 2018 and are quoting on a healthy pipeline of new Buy-in and Buy-out business.

GifL sales increased by 5% year on year to £820.5m, compared to pro forma 2016 sales of £778.1m. During 2017 GifL sales benefited from individual customers transferring from their defined benefit pension schemes into a pensions drawdown and GifL mix. The GifL outlook remains positive for the Group, especially as the trend for retirees to shop around the market gathers momentum.

Care Plan sales for 2017 were £71.6m, down from pro forma 2016 sales of £97.2m, reflecting renewed emphasis on risk selection, and political uncertainty in relation to Care provision around the time of the general election. The Group remains one of the market leaders in this sector.

Drawdown sales were £51.2m for the year ended 31 December 2017 (pro forma 2016: £25.2m) and mainly represent Flexible Pension Plan ("FPP") sales. The FPP allows consumers to take advantage of Pensions Freedoms and this product continues to grow in popularity. During the year we closed our sub-scale Protection product to new business. Protection sales for 2017 were £6.0m (2016 pro forma sales: £4.7m).

Lifetime mortgage advances were £510.0m in the year (pro forma 2016: £559.3m). We take a risk based approach towards our mortgage appetite and use the longer duration characteristics of these assets to provide an optimum backing ratio relative to the shape of the liabilities we write during a particular period.

EARNINGS PER SHARE

Adjusted earnings per share ("EPS") for the Group is shown in the table below, with comparatives on a pro forma basis. Adjusted EPS (based on adjusted operating profit after attributed tax) shows a 36% increase compared to the pro forma comparative figure. This increase reflects the trends in operating profit described above, together with a reduction in the tax rate attributed to operating profit from 20.00% to 19.25%, in line with effective tax rates.

Adjusted earnings per share – pro forma basis comparatives

	Year ended 31 December 2017			Pro forma unaudited Year ended 31 December 2016		
	Earnings £m	Weighted average number of shares million	Earnings per share pence	Earnings £m	Weighted average number of shares million	Earnings per share pence
Adjusted	178.1	930.0	19.15	131.0	930.8	14.07

The Group's Solvency II position was as follows:

Unaudited	31 December 2017 (estimated) £m	31 December 2016 ¹ £m
Capital resources		
Own funds	2,269	2,100
Solvency Capital Requirement	(1,606)	(1,394)
Excess own funds	663	706
Solvency coverage ratio	141%	151%

1 Just Group plc Solvency Financial Condition Report published 30 June 2017.

Movement in excess own funds¹

Unaudited	£m
Excess own funds at 31 December 2016	706
Notional TMTP recalculation at 31 December 2016	(40)
In-force surplus (including impact of TMTP amortisation)	128
New business strain and expenses	(105)
Cost vs expected 2018 cost base	(22)
Integration costs	(21)
Dividends and interest	(59)
Other, including economic and investment fluctuations	76
Excess own funds at 31 December 2017	663

1 All figures are net of tax.

Estimated Group Solvency II sensitivities:

Unaudited	%	£m
Solvency coverage ratio/excess own funds at 31 December 2017	141	663
-50 bps fall in interest rates (no TMTP recalculation)	-18	(257)
-50 bps fall in interest rates (with TMTP recalculation)	-6	(38)
+100 bps credit spreads	-4	(66)
+10% LTM early redemption	1	9
-10% property values ¹	-12	(174)
-5% mortality	-13	(192)

1 Represents a 10% permanent fall below the assumed long-term trend for property prices.

CAPITAL MANAGEMENT

The Group continues to manage its business on both regulatory and economic capital bases.

Just Group plc estimated Solvency II capital position

The Solvency II regime came into effect on 1 January 2016. The Group has approval to apply the matching adjustment ("MA") and transitional measures for technical provisions ("TMTP") in its calculation of technical provisions and uses a combination of an internal model and the standard formula to calculate its Group Solvency Capital Requirement ("SCR").

The Group's capital position has benefited from our continued focus on margin and pricing discipline together with careful asset liability management. The Group's Solvency Capital Requirement coverage ratio was estimated at 141% at 31 December 2017 after the effect of the required TMTP recalculation at year end. This has fallen from the 151% reported at 31 December 2016 but this figure did not assume any TMTP recalculation. If we had anticipated the TMTP recalculation within the 31 December 2016 figure the comparative SCR coverage ratio would have been 148% on a comparable basis. Additionally, as expected, the SCR coverage ratio was impacted by new business strain from the strong new business volumes written during the year.

Since the year end, the Group's capital position has been further strengthened by the successful issue of £230m 7 year Tier 3 capital in February 2018. If this Tier 3 capital had been in issue at the year end, the SCR coverage ratio would have benefited by circa 15 percentage points, increasing to an estimated 156% at 31 December 2017. The increase in risk-free rates since 31 December 2017 has also had a beneficial effect on the Group's capital position.

The table on page 26 analyses the movement in excess own funds in the 12 months to 31 December 2017.

Summary of Just Group plc economic capital position

Unaudited	31 December 2017 £m	31 December 2016 £m
Available capital	2,835	2,670
Required capital	(1,191)	(1,234)
Surplus economic capital	1,644	1,436
Capital solvency ratio	238%	216%

Statement of change in European embedded value

Unaudited	Year ended 31 December 2017 £m	Pro forma ¹ Year ended 31 December 2016 £m
Opening Group EEV	2,047.0	1,772.6
Operating EEV earnings	152.6	175.3
Non-operating EEV earnings	(31.9)	107.2
Total EEV earnings	120.7	282.5
Other movements in IFRS net equity	8.0	12.4
Dividend	(33.2)	(20.5)
Closing Group EEV	2,142.5	2,047.0

¹ The opening Group EEV at 1 January 2016 has been stated on harmonised assumptions, and after methodology changes made following the introduction of the Solvency II regulatory regime at 1 January 2016.

Reconciliation of IFRS shareholders' net equity to EEV

Unaudited	31 December 2017 £m	31 December 2016 £m
Shareholders' net equity on IFRS basis	1,740.5	1,610.6
Goodwill	(33.1)	(33.1)
Intangibles	(160.4)	(183.9)
Adjustments to IFRS	20.3	58.4
EEV net worth	1,567.3	1,452.0
Value of in-force business	575.2	595.0
Group EEV	2,142.5	2,047.0

Summary of Just Group plc economic capital position

The table below shows the Group's economic capital position as at 31 December 2017. The capital coverage ratio at 31 December 2017 remains strong at 238%, a 22 percentage point increase on the prior year (31 December 2016: 216%). The increase in economic capital mainly reflects the impact of new business written over the period and the impact of expense synergies from the merger.

EUROPEAN EMBEDDED VALUE ("EEV")

The Embedded Value result for Just Group plc for the year ended 31 December 2017 is summarised in the table below. EEV reporting is not a statutory requirement, but supplementary disclosure intended to facilitate users' understanding of the Group. The Directors have therefore chosen not to include comparative figures including Partnership for just nine months of an 18 month comparative period. Comparative data for the year ended 31 December 2016 is instead provided on a pro forma basis only as if the merger had taken place on 1 January 2016. The underlying assumptions in the comparative period were aligned across both companies.

Operating EEV earnings of £152.6m mainly relate to £160.8m from new business written in the period and a positive contribution of £33m from in-force business, offset by interest costs and operating expenses. Non-operating earnings include integration costs and the impact of revaluation of the Group's own debt. The Group paid a dividend of £33.2m in the period representing the final 2016 dividend and interim 2017 dividend.

EEV earnings for the 12 month period ended 31 December 2017 have reduced by £161.9m compared to the prior year. This reduction is primarily due to the EEV earnings for 2016 including large positive economic variances from the fall in risk-free rates over 2016.

STATUTORY FINANCIAL INFORMATION AND KEY PERFORMANCE INDICATORS

The current year statutory financial information is for the year ended 31 December 2017, and the comparative period statutory financial information is for the 18 month period ended 31 December 2016. The comparative period statutory financial information includes the results of Partnership Assurance Group from the date of its acquisition at the beginning of April 2016. The Group's accounting reference date was changed from 30 June to 31 December during 2016, resulting in an 18 month accounting period.

Key performance indicators

	Year ended 31 December 2017 £m	18 months ended 31 December 2016 £m
New business sales	2,457.1	3,480.6
New business operating profit	169.8	171.7
In-force operating profit	71.3	89.3
Adjusted operating profit	220.6	215.7
IFRS profit before tax	181.3	198.8
	31 December 2017 £m	31 December 2016 £m
IFRS net assets	1,740.5	1,610.6
European embedded value	2,142.5	2,047.0
Solvency II capital coverage ratio ¹	141%	151%
Economic capital coverage ratio	238%	216%

1 Estimated at 31 December 2017.

New business sales

£2,457.1m (18 months ended 31 December 2016: £3,480.6m)

The decrease between the two periods reflects the longer period of account in the comparative accounting period. The section at the beginning of the Financial Review shows our new business sales for 2017 on a pro forma 12 months basis.

New business operating profit

£169.8m (18 months ended 31 December 2016: £171.7m)

New business was written on a higher margin during 2017 than in the comparative period for the 18 months to 31 December 2016. However, due to the longer period of account in 2016, the absolute value of this KPI has decreased from the prior period to the current period. A comparison of the year to 31 December 2017 to the year to 31 December 2016 on a pro forma basis is given at the beginning of the Financial Review section.

In-force operating profit

£71.3m (18 months ended 31 December 2016: £89.3m)

The movement in in-force operating profit is due to the longer period of account in the comparative period. A comparison of the year to 31 December 2017 to the year to 31 December 2016 on a pro forma basis, is given at the beginning of the Financial Review section.

Adjusted operating profit

£220.6m (18 months ended 31 December 2016: £215.7m)

The movement in adjusted operating profit mainly reflects the movements in new business and in-force operating profits explained above as well as the positive contribution from changes in operating experience and assumption changes during the year, offset by lower finance and reinsurance costs in the year to 31 December 2017 compared to the longer period of account in the comparative period. A comparison of the year to 31 December 2017 to the year to 31 December 2016 on a pro forma basis is given at the beginning of the Financial Review section.

IFRS profit before tax

£181.3m (18 months ended 31 December 2016: £198.8m)

The IFRS profit before tax mainly comprised the operating profit of £220.6m and favourable investment and economic profits of £22.6m,

Key performance indicators ("KPIs")

The Board has adopted the following metrics, which are considered to give an understanding of the Group's underlying performance drivers. These measures are referred to as key performance indicators. The Board regularly reviews the KPIs against our strategic objectives to ensure that we continue to have the appropriate set of measures in place to assess and report on our progress.

partly offset by integration costs of £25.6m and £24.7m of amortisation of intangible assets.

IFRS net assets

£1,740.5m (31 December 2016: £1,610.6m)

The Group's total equity at 31 December 2017 was £1,740.5m, £129.9m higher than at 31 December 2016. The growth in net assets mainly reflects the profit after tax of £155.1m for the period less the 2016 final dividend and 2017 interim dividend.

European embedded value ("EEV")

£2,142.5m (31 December 2016: £2,047.0m)

EEV at 31 December 2017 was £2,142.5m, an increase of £95.5m compared to the closing value at 31 December 2016. The increase principally reflects the value of new business written in the period less the 2016 final dividend and 2017 interim dividend.

Solvency II capital coverage ratio

Estimated 141% (31 December 2016: 151%)

Solvency II has been the Group's regulatory capital basis since 1 January 2016. The Group's Solvency II capital coverage ratio at 31 December 2017 was estimated as 141% (31 December 2016: 151%). As expected, this ratio reduced due to TMTP recalculation and strong new business volumes written during the year. Since the year end, the Group's capital position has been further strengthened by the issue of £230m 7 year Tier 3 capital, in February 2018.

Economic capital coverage ratio

238% (31 December 2016: 216%)

Economic capital is a key risk-based capital measure. Economic capital remained strong during the year. The increase in economic capital mainly reflects the impact of new business written over the period and the impact of expense synergies from the merger.

KEY PERFORMANCE INDICATORS

NEW BUSINESS SALES¹

£2,457.1M

2017	2,457.1
2016	3,480.6
2015	1,455.8

1 Strategic objectives

NEW BUSINESS OPERATING PROFIT¹

£169.8M

2017	169.8
2016	171.7
2015	36.8

3 4 Strategic objectives

IN-FORCE OPERATING PROFIT¹

£71.3M

2017	71.3
2016	89.3
2015	49.6

3 4 Strategic objectives

ADJUSTED OPERATING PROFIT BEFORE TAX¹

£220.6M

2017	220.6
2016	215.7
2015	67.6

4 Strategic objectives

IFRS PROFIT BEFORE TAX

£181.3M

2017	181.3
2016	198.8
2015	(29.6)

1 Strategic objectives

The KPIs above are shown for the following statutory reporting periods:

2017: 12 months ended 31 December 2017

2016: 18 months ended 31 December 2016

2015: 12 months ended 30 June 2015

1 Alternative performance measure

IFRS NET ASSETS

£1,740.5M

2017	1,740.5
2016	1,610.6
2015	814.0

1 3 Strategic objectives

EUROPEAN EMBEDDED VALUE ("EEV")¹

£2,142.5M

2017	2,142.5
2016	2,047.0
2015	1,019.3

1 3 Strategic objectives

SOLVENCY II CAPITAL COVERAGE RATIO

141%

2017 (estimated)	141
2016	151

4 Strategic objectives

ECONOMIC CAPITAL COVERAGE RATIO¹

238%

2017	238
2016	216
2015	176

4 Strategic objectives

Strategic Objectives (see page 16)

- 1 Grow our markets and broaden our distribution reach
- 2 Give customers a distinctly 'Just' experience every time
- 3 Make smart risk choices
- 4 Focus on strong financial management
- 5 Diversify our business away from any single business line or market

IFRS RESULTS

The current year statutory financial information is for the year ended 31 December 2017, and the comparative period statutory financial information is for the 18 month period ended 31 December 2016. The comparative period statutory financial information includes the results of Partnership Assurance Group from the date of its acquisition at the beginning of April 2016.

Adjusted operating profit before tax

The underlying trends in the profit components are explained in the KPI section on page 28.

Non-recurring and project expenditure

Non-recurring and project expenditure decreased from £21.1m for the 18 month period ended 31 December 2016 to £11.6m for the year ended 31 December 2017 and relates to a number of projects across the Group including Solvency II and the reorganisation of our corporate solutions and distribution businesses to form HUB Financial Solutions. In the prior period the Group incurred significant one-off costs relating to preparation for the Solvency II regulatory reporting regime, which commenced on 1 January 2016.

IFRS results

	Year ended 31 December 2017 £m	18 months ended 31 December 2016 £m
New business operating profit	169.8	171.7
In-force operating profit	71.3	89.3
Underlying operating profit	241.1	261.0
Operating experience and assumption changes	34.6	2.5
Other Group companies' operating results	(15.1)	(18.4)
Reinsurance and bank finance costs	(40.0)	(29.4)
Adjusted operating profit before tax	220.6	215.7
Non-recurring and project expenditure	(11.6)	(21.1)
Investment and economic profits	22.6	93.1
Acquisition integration costs	(25.6)	(40.7)
Acquisition transaction costs	–	(23.4)
Amortisation and impairment of intangible assets	(24.7)	(24.8)
IFRS profit before tax	181.3	198.8

Highlights from Condensed consolidated statement of comprehensive income

	Year ended 31 December 2017 £m	18 months ended 31 December 2016 £m
Gross premiums written	1,893.4	2,693.5
Reinsurance premiums ceded	(17.1)	(1,553.4)
Reinsurance recapture	467.5	1,166.9
Net premium revenue	2,343.8	2,307.0
Net investment income	621.1	1,616.8
Fee and commission income	5.8	17.1
Total revenue	2,970.7	3,940.9
Net claims paid	(638.1)	(692.1)
Change in insurance liabilities	(1,656.5)	(2,406.7)
Change in investment contract liabilities	(6.3)	(15.5)
Acquisition costs	(43.1)	(53.6)
Other operating expenses	(238.4)	(341.5)
Finance costs	(207.0)	(232.7)
Total claims and expenses	(2,789.4)	(3,742.1)
Profit before tax	181.3	198.8
Income tax	(26.2)	(51.3)
Profit after tax	155.1	147.5

Investment and economic profits

Investment and economic profits were £22.6m (18 month period ended 31 December 2016: £93.1m), mainly reflecting the impact of narrowing credit spreads, and positive corporate bond default experience. There were no bond defaults within our portfolio during the year. These gains were partly offset by changes to economic property assumptions. The prior period figure benefited from a significant fall in risk-free rates.

Acquisition integration costs

Integration costs of £25.6m (18 month period ended 31 December 2016: £40.7m) related to the costs arising from the post-merger integration of Just Retirement and Partnership. The restructuring has delivered £52m of synergies on a run rate basis.

Acquisition transaction costs

Transaction costs of £23.4m in the prior period reflected the one-off costs incurred in relation to the acquisition of Partnership Assurance Group plc. This included advisory fees, legal fees and stamp duty.

Amortisation and impairment of intangible assets

Amortisation mainly relates to the value of the acquired in-force business asset of £142.7m, which is being amortised over ten years in line with the expected run-off of the in-force business. Amortisation of the acquired in-force business relating to Partnership Assurance Group plc during the year to 31 December 2017 was £14.3m (18 month period ended 31 December 2016: £10.7m). Additionally in the prior period there were charges of £3.8m relating to the impairment of brand and property lease intangible assets.

HIGHLIGHTS FROM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

The table on page 30 presents the Condensed consolidated statement of comprehensive income for the Group, with key line item explanations. The information is extracted from the statutory Consolidated statement of comprehensive income and is for the year ended 31 December 2017 compared to the 18 month period ended 31 December 2016. The 18 month period ended 31 December 2016 includes nine months of Partnership results.

Gross premiums written

Gross premiums written for the year ended 31 December 2017 were £1,893.4m (18 month period ended 31 December 2016: £2,693.5m). The decrease between the two periods reflects the longer comparative accounting period.

Net premium revenue

Net premium revenue increased slightly from £2,307.0m for the 18 months ended 31 December 2016 to £2,343.8m for the year ended 31 December 2017. The prior period included the impact of reinsurance recaptures following the restructuring of a number of reinsurance arrangements ahead of the commencement of Solvency II. The current period reflects a fall in reinsurance premiums ceded following the adoption of a strategy of use of longevity swaps rather than quota share reinsurance.

Net investment income

Net investment income decreased from £1,616.8m for the 18 months ended 31 December 2016, to £621.1m for the year ended 31 December 2017. The main components of investment income are interest earned and changes in fair value of the Group's corporate bond, mortgage and other fixed income assets. The result for the comparative period reflected the impact of the falling long-term investment rate over the period, as well as the acquisition of Partnership and a longer accounting period.

Net claims paid

Net claims paid decreased by £54.0m from £692.1m for the 18 month period ended 31 December 2016 to £638.1m for the year ended 31 December 2017. The decrease from the prior period is as a result of

the longer accounting period to 31 December 2016, the underlying trend year on year is an increase in net claims paid, reflecting the growth of the in-force book.

Change in insurance liabilities

Change in insurance liabilities decreased from a £2,406.7m cost for the 18 months ended 31 December 2016 to a £1,656.5m cost for the year ended 31 December 2017. The reduced cost compared to the prior period partly reflects the longer accounting period to 31 December 2016, and also reflects the impact of reinsurance recaptures during the prior period as noted in net premium revenue above, and operating and assumption changes made during the year.

Acquisition costs

Acquisition costs have decreased by £10.5m from £53.6m for the 18 months ended 31 December 2016 to £43.1m for the year ended 31 December 2017 reflecting mainly the longer accounting period in the prior period, but also taking into account increased commission paid on LTM sales compared to the previous period.

Other operating expenses

Other operating expenses decreased by £103.1m from £341.5m for the 18 months ended 31 December 2016 to £238.4m for the year ended 31 December 2017. The decrease mainly reflects the longer accounting period in the prior period, together with costs of integration during 2016. The current period also benefits from post-merger synergy savings.

Finance costs

Finance costs decreased by £25.7m from £232.7m for the 18 months ended 31 December 2016 to £207.0m for the year ended 31 December 2017. The current year includes a full year's interest on the Just Group plc subordinated debt, issued in October 2016, although overall finance costs have decreased compared to the prior period due to the longer accounting period in 2016.

Income tax

The income tax charge for the year ended 31 December 2017 was £26.2m, an effective tax rate of 14.5% (18 months ended 31 December 2016: income tax charge of £51.3m and an effective tax rate of 25.8%). The effective tax rate for the current year has been driven by one-off adjustments to tax recognised on prior year profits.

HIGHLIGHTS FROM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

The table presents selected items from the Condensed consolidated statement of financial position, with key line item explanations below. The information below is extracted from the statutory Consolidated statement of financial position.

Highlights from Condensed consolidated statement of financial position

	31 December 2017 £m	31 December 2016 £m
Assets		
Financial investments	18,287.1	17,319.6
Reinsurance assets	5,285.3	6,057.1
Other assets	592.5	517.8
Total assets	24,164.9	23,894.5
Share capital and share premium	188.0	185.0
Other reserves	881.1	881.1
Accumulated profit and other adjustments	671.4	544.5
Total equity	1,740.5	1,610.6
Liabilities		
Insurance liabilities	16,633.0	15,748.0
Other financial liabilities	5,045.4	5,740.8
Insurance and other payables	85.5	113.1
Other liabilities	660.5	682.0
Total liabilities	22,424.4	22,283.9
Total equity and liabilities	24,164.9	23,894.5

Financial investments

Financial investments increased by £1.0bn from £17.3bn at 31 December 2016 to £18.3bn at 31 December 2017; the increase being mainly a result of the continued investment of new business premiums into corporate bonds, gilts, loans secured by mortgages, and other fixed income investments. The quality of the corporate bond portfolio remains high, with 61% of the Group's corporate bond and gilts portfolio rated A or above (31 December 2016: 62%) and is well balanced across a range of industry sectors. The loan-to-value ratio of the mortgage portfolio at 31 December 2017 was approximately 29% (31 December 2016: 28%).

The sector analysis of the Group's financial investments portfolio at 31 December 2017 is shown below and is well balanced across a variety of industry sectors.

Reinsurance assets

Reinsurance assets decreased from £6.1bn at 31 December 2016 to £5.3bn at 31 December 2017. This reduction in the reinsurance assets was as a result of reinsurance recapture, and increased use of reinsurance swaps rather than quota share treaties following the introduction of Solvency II.

Other assets

Other assets mainly comprise cash and cash equivalents, and intangible assets.

Insurance liabilities

Insurance liabilities increased from £15.7bn at 31 December 2016 to £16.6bn at 31 December 2017. The increase in liabilities arose as a result of new insurance business written less claims paid, and some reduction due to the effect of rising long-term interest rates.

Financial investments

The following table provides a breakdown by credit rating of financial investments.

	31 December 2017 £m	31 December 2017 %	31 December 2016 £m	31 December 2016 %
AAA ¹	1,751.1	9.6	1,359.9	7.9
AA ¹ and gilts	1,523.0	8.3	1,603.2	9.2
A	3,397.2	18.6	3,471.0	20.0
BBB	3,944.8	21.6	3,759.0	21.7
BB or below	151.0	0.8	150.7	0.9
Unrated	471.3	2.6	381.6	2.2
Loans secured by mortgages	7,048.7	38.5	6,594.2	38.1
Total	18,287.1	100.0	17,319.6	100.0

1 Includes units held in liquidity funds.

Sector analysis

	31 December 2017 £m	31 December 2017 %	31 December 2016 £m	31 December 2016 %
Basic materials	256.8	1.4	239.2	1.4
Communications	817.3	4.5	871.3	5.0
Auto manufacturers	291.9	1.6	273.7	1.6
Consumer	846.3	4.6	896.1	5.2
Energy	290.3	1.6	281.6	1.6
Banks	2,227.3	12.2	2,355.6	13.6
Insurance	819.3	4.5	841.6	4.8
Financial – other	912.2	5.0	1,187.5	6.9
Government	1,264.9	6.9	927.5	5.4
Industrial	705.2	3.8	472.6	2.7
Utilities	1,806.7	9.9	1,625.8	9.4
Liquidity funds	897.9	4.9	645.5	3.7
Lifetime Mortgages	6,833.3	37.4	6,430.4	37.1
Other	317.7	1.7	271.2	1.6
Total	18,287.1	100.0	17,319.6	100.0

Other financial liabilities

Other financial liabilities decreased from £5.7bn at 31 December 2016 to £5.0bn at 31 December 2017. These liabilities are mainly reinsurance-related and include deposits received from reinsurers, reinsurance financing and other reinsurance-related balances. The change in the financial liability reflects the liabilities arising on new business written during the period, offset by claims paid, reinsurance recapture and the effect of rising long-term interest rates in the period.

Insurance and other payables

Insurance and other payables decreased by £27.6m from £113.1m at 31 December 2016 to £85.5m at 31 December 2017. This change was mainly due to timing differences in the settlement of investment transactions.

Other liabilities

Other liability balances decreased by £21.5m from £682.0m at 31 December 2016 to £660.5m at 31 December 2017. These balances relate to a number of areas including investment contract liabilities, subordinated debt, provisions, which have decreased following the completion of merger integration work, and corporation tax.

Total equity

Total equity increased by £129.9m from £1,610.6m at 31 December 2016 to £1,740.5m at 31 December 2017, reflecting profit after tax for the period of £155.1m, dividends paid of £33.2m and shares issued in respect of incentive schemes.

DIVIDENDS

The Group paid an interim dividend of 1.17 pence per share in respect of the year ended 31 December 2017. The Board has recommended a final dividend of 2.55 pence per share, bringing the total dividend for the year ended 31 December 2017 to 3.72 pence per share (18 month period ended 31 December 2016: 4.4 pence per share).

RECONCILIATION OF PRO FORMA FINANCIAL INFORMATION TO FINANCIAL INFORMATION FOR THE 18 MONTHS TO 31 DECEMBER 2016

The comparative figures discussed in the Financial Review are the pro forma financial results for the calendar year to 31 December 2016 assuming that the merger of Just Retirement and Partnership had taken place before the beginning of the year to 31 December 2016. The statutory comparative figures show the Group's results for the 18 months ended December 2016, including Partnership since its acquisition at the beginning of April 2016. In the opinion of the Directors, the pro forma information provides a more meaningful comparison for evaluating the performance of the Just Group in 2017.

Below are reconciliations between comparative pro forma adjusted operating profits and comparative pro forma sales to the equivalent comparative KPIs computed on a statutory basis. Reconciliation between the sales KPI and gross written premiums and the adjusted operating profit KPI and IFRS profit before tax, are set out in note 7 to the financial statements. The Board believes that adjusted operating profit, which excludes effects of short-term economic and investment changes, provides a better view of the longer-term performance and development of the business and aligns with the longer-term nature of the products.

Reconciliation of pro forma comparative financial information new business sales to new business sales KPI

Unaudited	£m
Pro forma new business sales (unaudited), year to 31 December 2016	2,407.9
New business sales relating to Partnership Assurance Group plc between 1 January 2016 and 31 March 2016	(160.5)
Post-acquisition new business sales	2,247.4
Effect of change in reporting date, for 6 months to 31 December 2015	1,233.2
New business sales 18 months to 31 December 2016	3,480.6

Reconciliation of pro forma comparative financial information adjusted operating profit to adjusted operating profit KPI

Unaudited	£m
Pro forma adjusted operating profit before tax (unaudited), year to 31 December 2016	163.7
Operating loss relating to Partnership Assurance Group plc between 1 January 2016 and 31 March 2016	2.2
Post-acquisition adjusted operating profit, year to 31 December 2016	165.9
Effect of change in reporting date, for 6 months to 31 December 2015	49.8
Adjusted operating profit, 18 months to 31 December 2016	215.7



SIMON THOMAS
Group Chief Financial Officer

DISCIPLINED GROWTH

Our ability to grow in new areas is demonstrated by HUB Financial Solutions

This is the Group's corporate business, which provides a range of retirement-focused services to UK businesses and their customers. Since 2015 customer transactions¹ have increased by approximately 146% to reach £426m in 2017.

- HUB is responsible for approximately one in seven Guaranteed Income for Life purchases made in the open market, which makes it the largest distributor of open market GIFLs in the UK.
- HUB is one of the UK's largest providers of regulated advice to people considering releasing equity from their property.
- HUB offers retirement planning support and services to 25% of FTSE 100 pension schemes and their members.
- HUB provides business services to some of the UK's largest companies including Prudential, SAGA, Royal London, Scottish Widows, Standard Life and Phoenix Life.

As the UK retirement income market continues to evolve, we will continue our investment in HUB Financial Solutions and will continue to expand its range of corporate propositions to enable it to deepen its penetration of the UK business market.



Since 2015 HUB customer transactions¹ have increased by approximately 146% to reach £426m in 2017

SIMON GRAY, MANAGING DIRECTOR, HUB FINANCIAL SOLUTIONS

SERVICES



DIGITAL SOLUTIONS

Software solutions, including the market-leading service PRIME™.



BUSINESS CONSULTANCY

Specialist team focused on developing business solutions for clients.



MARKETING

A range of marketing services available to clients to promote the retirement service and generate revenue.



CUSTOMER SERVICES

A range of administration services to help clients' customers transact retirement services.



ADVISORY, GUIDANCE AND BROKING

A range of retirement-focused regulated advice, guidance and broking services.

HUB FINANCIAL SOLUTIONS

INTEGRATED RETIREMENT SERVICES

¹ Customer transactions are the monetary values of investments and lifetime mortgage advances arranged for HUB clients

STRONG SOCIAL PURPOSE

The Just brand has a strong social purpose at its core. Over the last year we have continued to strengthen and develop new ways to help improve the lives of people approaching and in retirement, with a particular focus on vulnerable consumers

We are proud to sponsor the Citizens Advice Money Plan initiative. This initiative is supported by the Personal Finance Society, whose financial planners give up their time on a pro bono basis to work with Citizens Advice to deliver this valuable service to citizens across 113 bureaux across England and Wales. The service provides access to free financial guidance and information across a variety of topics including pensions, retirement planning, mortgages, equity release and debt. Over the last 12 months the Moneyplanners have helped around 600 citizens in potentially vulnerable situations.



Just are proud to be working with Citizens Advice on the Money Plan initiative



INNOVATING FOR AGEING

Just and ILC-UK are working together to develop solutions for vulnerable customers in later life

COMMUNITY AND CHARITY

Just has a comprehensive programme of community and charitable activities, and during 2017 we have maintained our extremely popular schools engagement programme. This gives colleagues across the Group the opportunity to participate in various activities in primary and secondary schools in Reigate and Tower Hamlets, London, including giving assistance with reading, developing study skills and offering career advice. We have continued to support a number of charities - this has included taking part in St Catherine's Hospice 2017 Dragon Boat Festival (with a Company team called "Just Oar-some"), donating food to Loveworks to help families who are experiencing food poverty, and a "Reindeer Run" around the City of London to raise funds for the London and Midlands Air Ambulances.

VULNERABLE CUSTOMERS

As a business we are acutely aware of the number of consumers who are potentially vulnerable, and recent FCA reports suggest that as many as half of UK consumers - more than 25 million people - currently show one or more characteristics of potential vulnerability. This indicates the scale of the challenge.

LOOKING FORWARD

Offering greater help to vulnerable customers will be an important focus for our Company over the coming years. At the "Future of Ageing" conference in November, Just, in conjunction with the International Longevity Centre, launched a programme called "Innovating for Ageing" to bring together experts, innovators and groups who work to support vulnerable consumers to collaborate on future solutions. The aim is to identify and support the development of practical products and services that will address the challenges faced by ageing consumers at risk of vulnerability due to physical disability, illness, dementia or financial exclusion. This is one of a number of focused activities that colleagues at Just will be involved in during 2018, as well as more broadly helping people who are approaching and in-retirement to manage their money, build social and digital connections, maintain healthy minds and get active.

OUR ENVIRONMENTAL IMPACT

We remain committed to reducing the environmental impact of our business and are now reporting as one entity, Just Group plc

We have reported on all of the emission sources required under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013. These sources fall within our consolidated financial statement.

We do not have responsibility for any emission sources that are not included in our consolidated statement.

We have used the Greenhouse Gas ("GHG") Protocol Corporate Accounting and Reporting Standard (revised edition) and emission factors from UK Government's GHG Conversion Factors for Company Reporting, expiry 31 July 2018.

We have identified relevant activity data for Scope 1, 2 and 3 emissions with the support of independent consultants, Alphacello Ltd. Data from all emission sources has been collected and the validity and completeness of the dataset was verified by Alphacello Ltd.

Greenhouse gas emissions are measured in units of tonnes of carbon dioxide equivalent ("tCO₂e") which is a standard unit used to express the impact of each different greenhouse gas in terms of the amount of CO₂ that would create the same amount of warming.

GHG emissions data

Current reporting period – 1 January 2017 to 31 December 2017

	Tonnes of CO ₂ e (tCO ₂ e)
Scope 1 - Gas consumption	143.64
Scope 2 - Purchased electricity	901.31
Scope 3 - Business travel	1,834.44
Total emissions	2,879.39
Intensity measurement "Tonnes of CO ₂ e per full time employee"	2.64
Intensity Measurement "Tonnes of CO ₂ e per £m revenue"	1.52

1. REPORTING PERIOD

The reporting period set using a fixed year approach is 1 January 2017 to 31 December 2017.

2. APPROACH

We have used the GHG Protocol Corporate Accounting and Reporting Standard (revised edition) and emission factors from UK Government's GHG Conversion Factors for Company Reporting Standard Set 2017.

3. ORGANISATIONAL BOUNDARY

We have used the financial control approach to identify the GHG emissions for which Just Group have responsibility. The boundaries of the reported emissions comprise all UK offices and building related emissions including business travel, covering car, train and flights (long haul and domestic).

4. OPERATIONAL SCOPES

We have measured our Scope 1 and 2 emissions, and significant Scope 3 emissions.

5. TARGETS

Just Group have set annual targets in accordance with the recommendations that are included within our ESOS Energy Pack, which has been submitted to the Environment Agency.

6. INTENSITY MEASUREMENT

We use both a financial emissions intensity metric (tonnes of CO₂e per £m revenue) and an employee intensity metric (tonnes of CO₂e per employee) to normalise our data and provide useful performance indicators. Since our revenue is largely relative to our business activity levels with our clients (which in turn influences our level of business travel and revenue growth), these are the most appropriate and useful intensity measurements for our sector.

7. APPROACH TO ASSURANCE

Alphacello Ltd conduct an annual review of Just Group's data collation and calculation processes and provide verification of their GHG Emissions Statement.

8. CARBON OFFSETS

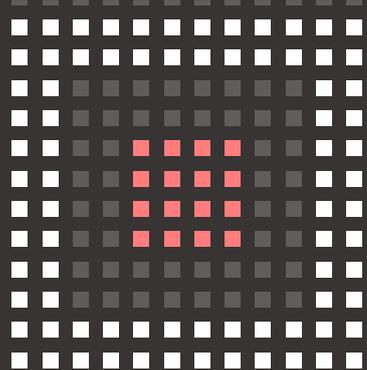
At present, carbon offsets do not form part of our carbon mitigation strategy. We are currently implementing energy saving initiatives throughout our buildings as a result of our ESOS report. This includes updating out of date air conditioning units and the installation of energy efficient LED lighting. The building we occupy in London uses photovoltaic cells to generate renewable energy.

GOVERNANCE



The Group Board is committed to the highest standards of corporate governance in Just

**CHRIS GIBSON-SMITH
CHAIRMAN**



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CHRIS GIBSON-SMITH,
Chairman

Appointed: 04 April 2016

Chris Gibson-Smith was appointed Chairman of Just Group plc in April 2016. He previously served as Chairman of Partnership Assurance Group plc from April 2013 until April 2016.

Chris brings over 46 years' business experience across a wide range of industries. This includes over 40 years of cumulative FTSE main board experience, 26 of which as Chairman. Chris currently holds the role of Vice Chairman of UBS Investment Bank as of July 2016, and was previously Chairman of the London Stock Exchange Group plc from 2003 to 2015. He was Chairman of the British Land Company plc from 2007 until 2012, and was a Director of the Qatar Financial Centre Regulatory Authority from 2006 to 2012. Chris was Chairman of NATS from 2001 to 2005, Group Managing Director of BP from 1997 to 2001, a Director of Lloyds TSB from 1999 to 2005 and a Director of Powergen from 2001 to 2002. He has also served on UK Government advisory committees on aviation and oil and gas and was awarded the CBE for his services to the financial industry.

Chris is Chair of the Nomination Committee and a member of the Market Disclosure Committee, Group Risk and Compliance Committee and Remuneration Committee, and Director of Partnership Life Assurance Company Limited and Just Retirement Limited.



TOM CROSS BROWN,
Deputy Chairman

Appointed: 25 October 2006

Tom Cross Brown was appointed Deputy Chairman of Just Group plc in April 2016. He was Chairman of Just Retirement Group plc from August 2013 until April 2016. Tom became Chairman of Just Retirement (Holdings) Limited from 2006 to 2014, on its admission to AIM.

Until 2003, Tom was Chief Executive Officer of ABN AMRO Asset Management. Prior to joining ABN AMRO Asset Management in 1997, he spent 21 years at Lazard Brothers & Co., latterly as Chief Executive Officer of Lazard Brothers Asset Management from 1994 to 1997. He is currently Chairman of Xafinity plc, Artemis Alpha Trust plc, and a Non-Executive member of the Management Committee of Artemis Investment Management LLP.

Tom is Chair of the Market Disclosure Committee, a member of the Group Risk and Compliance Committee and Nomination Committee, the Just Retirement Limited/Partnership Life Assurance Company Limited Investment Committee, and a Director of Partnership Life Assurance Company Limited and Just Retirement Limited.



RODNEY COOK,
Group Chief Executive Officer

Appointed: 05 July 2010

Rodney Cook was appointed as Group Chief Executive Officer of Just Group plc in April 2016. He was Chief Executive Officer of Just Retirement Group plc from August 2013 until April 2016, and was appointed as Chief Executive Officer of Just Retirement (Holdings) Limited in July 2010.

Previously, Rodney was Managing Director, Life and Pensions of Liverpool Victoria. Rodney, a qualified actuary, has 40 years' experience in financial services, having led businesses in both the United Kingdom and Australasia. He commenced his career with AMP, which culminated in his appointment as Managing Director of Pearl in 1999. This was followed by time at Zurich Financial Services as Managing Director of Sterling Assurance, Eagle Star Life and as Zurich Financial Services' Customer Solutions Director, before joining Prudential as PruLab Director.

Rodney is a member of the Market Disclosure Committee, and is also a Director of Just Retirement Limited and Partnership Life Assurance Company Limited.



DAVID RICHARDSON,
Group Deputy Chief Executive
Officer and Managing Director
UK Corporate Business

Appointed: 04 April 2016

David Richardson was appointed as Group Deputy Chief Executive Officer and Managing Director of the UK Corporate Business of Just Group plc in April 2016. He was Chief Finance Officer of Partnership Assurance Group plc from February 2013 until April 2016.

Previously, David was Group Chief Actuary of the UK's largest closed life assurance fund consolidator, Phoenix Group, where he was responsible for restructuring the group's balance sheet and overall capital management. Prior to this, David worked in a number of senior roles at Swiss Re, across both its Admin Re and traditional reinsurance businesses. Those roles included Chief Actuary of its Life and Health business, Head of Products for UK and South Africa and Global Head of its Longevity Pricing teams. David commenced his career at the actuarial consultancy Tillinghast. David is a Fellow of the Institute and Faculty of Actuaries and a CFA charter holder.

David is a member of the Market Disclosure Committee and a Director of Just Retirement Limited, Partnership Life Assurance Company Limited, Just Retirement Money Limited, and Partnership Home Loans Limited.



SIMON THOMAS,
Group Chief Financial Officer

Appointed: 24 July 2006

Simon Thomas was appointed as Group Chief Financial Officer of Just Group plc in April 2016. He was Group Finance Director of Just Retirement Group plc from August 2013 until April 2016, having been appointed as Group Finance Director of Just Retirement (Holdings) Limited in July 2006.

Previously, Simon was Finance and Customer Services Director at Canada Life Limited, the UK subsidiary of Great West Life. Prior to this, Simon was Head of Finance at HECM Limited (formerly Equitable Life) and spent ten years at Nationwide Building Society, latterly as Group Financial Controller. Simon has over 16 years' experience in the UK life assurance industry, and is a Chartered Accountant (ACA).

Simon is a member of the Market Disclosure Committee and a Director of Just Retirement Limited and Partnership Life Assurance Company Limited.

SENIOR INDEPENDENT DIRECTOR



KEITH NICHOLSON,
Senior Independent Director

Appointed: 09 October 2013

Keith Nicholson was appointed as Senior Independent Director of Just Group plc in April 2016. He was Senior Independent Director of Just Retirement Group plc from October 2013 until April 2016.

Keith is Chairman of Liberty Speciality Services Limited (including the businesses of Liberty Managing Agency Limited and Liberty Mutual Insurance Europe Limited) and Deputy Chairman of The Equitable Life Assurance Society. He was Deputy Chairman of Wesleyan Assurance Society until he resigned from its board in September 2014. He was a partner at KPMG where he led their UK insurance practice until he retired from the firm in March 2009.

Keith is Chairman of the Group Risk and Compliance Committee and a member of the Audit, Nomination and Market Disclosure Committees. He is also a Director of Just Retirement Limited and Partnership Life Assurance Company Limited, and Director of HUB Financial Solutions Limited.

NON-EXECUTIVE DIRECTORS

PAUL BISHOP,
Non-Executive Director

Appointed: 04 April 2016

Paul Bishop was appointed as a Non-Executive Director of Just Group plc in April 2016. He previously served as a Non-Executive Director for Partnership Assurance Group plc from May 2014 until April 2016.

Paul has spent the majority of his career at KPMG, and from 1993 to the end of January 2014 was a Partner apart from a brief period when he was employed at Atos KPMG Consulting as a Managing Director. Paul has specialised in the insurance sector for over 30 years, particularly life insurance, and led KPMG's insurance consulting practice for much of his time as a Partner. Paul also spent 18 months on secondment at Standard Life as Head of Financial Change in the period leading up to its demutualisation and IPO. Paul is a Chartered Accountant (ACA). Paul is currently a Non-Executive Director of NHBC, and was appointed as Non-Executive Director of the Police Mutual Assurance Society in April 2017.

Paul is Chair of the Audit Committee, and a member of the Nomination Committee and the Just Retirement Limited/Partnership Life Assurance Company Limited Investment Committee. He is also a Director of Just Retirement Money Limited, Partnership Home Loans Limited, Partnership Life Assurance Company Limited and Just Retirement Limited.



IAN CORMACK,
Non-Executive Director

Appointed: 04 April 2016

Ian Cormack was appointed as a Non-Executive Director of Just Group plc in April 2016. He previously served as Senior Independent Director for Partnership Assurance Group plc from May 2013 to April 2016.

Prior to his appointment, Ian spent over 30 years at Citibank up until 2000, latterly as UK Country Head and Co-Head of the Global Financial Institutions Group. From 2000 to 2002, he was Chief Executive Officer of AIG Europe. He was previously a Non-Executive Director of Pearl Group from 2005-2009, Aspen Insurance Holdings from 2002-2012, Qatar Financial Centre Authority from 2006 - 2012, Bloomsbury Publishing from 2011-2015, Xchanging from 2012 - 2016, and previously Chairman of the CHAPS hi-value payment system. Ian is a former Chairman of the LSE Taurus Review Committee, and a former member of the board of Cedel, the Executive Committee of the European Securities Committee, the settlement board of the London Stock Exchange, the Council of the British Bankers' Association and a former member of APACS. In addition to the Just Group, Ian is Chairman of Maven Income & Growth VCT 4, Non-Executive Director of Hastings Group Holdings plc, and Senior Independent Director of Phoenix Group.

Ian is Chair of the Remuneration Committee, and a member of the Nomination and Group Risk and Compliance Committee. Ian is also a Director of HUB Financial Solutions Limited, Just Retirement Money Limited, Partnership Home Loans Limited, Just Retirement Limited, and Partnership Life Assurance Company Limited.



MICHAEL DEAKIN,
Non-Executive Director

Appointed: 30 April 2014

Michael Deakin was appointed as a Non-Executive Director of Just Group plc in April 2016. He previously served as a Non-Executive Director for Just Retirement Group plc from April 2014 until April 2016.

Michael is a qualified actuary and has over 26 years' investment management experience. He joined Clerical Medical in 1974 where he was appointed Director of Investments in 1995 and in 2001 Chief Investment Officer of Clerical Medical Investments, later named Insight Investments. Since retiring from Insight in November 2003, he has served as a Non-Executive member of the board of the Pension Protection Fund and was Chairman of its Investment Committee from 2004 to 2010, and a board member of the London Pension Fund Authority from 2006 to 2012 (Deputy Chairman from 2009).

Michael is Chair of the Just Retirement Limited/Partnership Life Assurance Company Limited Investment Committee, and a member of the Nomination Committee and Remuneration Committee. He is also Chair of Just Retirement Money Limited and Partnership Home Loans Limited, and Director of HUB Financial Solutions Limited, Just Retirement Limited and Partnership Life Assurance Company Limited.



STEVE MELCHER,
Non-Executive Director

Appointed: 15 May 2015

Steve Melcher was appointed as a Non-Executive Director of Just Group plc in April 2016. He was Non-Executive Director of Just Retirement Group plc from May 2015 until April 2016.

Steve has worked in financial services for over 40 years during which time he has held posts at JP Morgan, Marsh & McLennan and as Chief Executive Officer of Eagle Star, Allied Dunbar and Sun Life of Canada UK. He now has a portfolio of roles, including as a Non-Executive Director of Allianz Re in Dublin and as Chairman of Euler Hermes Pension Fund. He is also an executive mentor which takes him inside many different industries.

Steve is Chair of HUB Financial Solutions Limited, and a member of the Audit Committee, Group Risk and Compliance Committee, and the Remuneration Committee. He is also a Director of Just Retirement Limited, Partnership Life Assurance Company Limited, Just Retirement Money Limited and Partnership Home Loans Limited.



CLARE SPOTTISWOODE,
Non-Executive Director

Appointed: 04 April 2016

Clare Spottiswoode was appointed as a Non-Executive Director of Just Group plc in April 2016. She was Non-Executive Director of Partnership Assurance Group plc from October 2014 to April 2016.

Clare is a mathematician and economist by training; in June 2010, she was appointed by HM Treasury to the Independent Commission on Banking (The Vickers Commission). Clare's career has involved acting as Policyholder Advocate for Norwich Union's with-profits policyholders at Aviva, in which role she acted on behalf of one million policyholders tasked with reattributing Aviva's inherited estate, and included time as Director General of Ofgas, the UK gas regulator. Clare previously served as Chairman of FlowGroup plc from 2011 to June 2017.

In addition to the Just Group, Clare is a Non-Executive Director of BW Offshore Limited, Ilika plc, G4S plc, Payments UK and British Management Data Foundation, and Chairman of Gas Strategies Group, and Gas Strategies Holdings Limited.

Clare is a member of the Audit Committee, Group Risk and Compliance Committee, and a Director of HUB Financial Solutions Limited, Just Retirement Limited, and Partnership Life Assurance Company Limited.

PAST DIRECTORS

Peter Catterall and James Fraser resigned from the Just Group plc Board immediately before the May 2017 AGM



CHAIRMAN'S INTRODUCTION TO GOVERNANCE

I am pleased to present the Group's Corporate Governance Report for the period to 31 December 2017

The Group Board is committed to the highest standards of corporate governance in Just and demonstrates this commitment by the way in which it conducts business and carries out its responsibilities in response to the challenges and opportunities of a changing market. The Board focuses primarily upon strategy, policy, governance and performance, acting in accordance with the best interests of the shareholders as a whole. It also approves the Group strategy, oversees the allocation of resources and monitors the Group's performance.

The Board decisions aim to link the Group's strategy, its governance, and risk appetite to the pursuit of sustainable profit growth over the longer term for the benefit of all stakeholders. We lead the development of a governance framework that promotes transparency, accountability and challenge as the fundamental underlying principles for the Board's entrepreneurial and prudent approach to developing Just's business.

This year has been a year of considerable change and challenge. In particular, the Group has been deeply engaged with regulatory matters and a number of significant issues for both the Group and the industry have been raised by the PRA's implementation of Solvency II. Like others in the industry, we have put considerable effort into ensuring that we have effective dialogue with industry regulators to ensure our Group is understood and well placed to compete in markets and deliver good outcomes for consumers.

Much of the Board time has been engaged with the business plan, including deep discussions about the nature of the business that the Group should be pursuing. This has resulted in highly satisfying financial outcomes. The Board continually addresses the themes of customers, distribution channels, pricing and risk. This is a business that is continually investing to develop our existing markets, and to positively disrupt new markets where we believe our Group can deliver better outcomes for customers. We are also focused on diversifying our portfolio.

2017 AGM



Resolutions passed

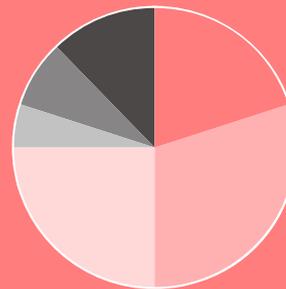


Votes cast 'for' each resolution



Issued share capital used¹

BOARD ACTIVITIES DURING 2017 AND ALLOCATION OF AGENDA TIME



20%
Group strategy and business plans

5%
Structure and Capital

30%
Oversight of risk and risk management

8%
Corporate governance

25%
Financial reporting and controls, capital structure and dividend policy

12%
People, culture, succession planning and Board effectiveness

GROUP STRATEGY AND BUSINESS PLANS

- Reviewed 2018-2022 Group plan
- Held annual Board strategy meeting in October 2017 to review and agree the Group's strategy
- Received presentations in respect of strategy execution and performance against the Group Plan
- Critically reviewed updates from the business on the integration following April 2016 merger
- Reviewed technological capabilities including progress on data governance and cyber security

- Reviewed and challenged reports provided by its Committees on key matters of financial reporting

STRUCTURE AND CAPITAL

- Approved external and inter-Group financing, including a five year £200m revolving credit facility with a club of banks
- Refinanced existing non-Solvency II compliant senior debt
- Reviewed preparatory work which resulted in Fitch awarding an inaugural credit rating of A/A+ to members of the Group

OVERSIGHT OF RISK AND RISK MANAGEMENT

- Material interaction with regulators
- Received Group Chief Risk Officer Reports and assessed the Group's significant risk and regulatory issues
- Approved the risk policies and risk framework for managing risk across the Group
- Reviewed the Group's capital and liquidity position

CORPORATE GOVERNANCE

- Received regular updates from Committees, management and external advisers on legal and regulatory developments
- Reviewed progress on data governance and cyber security

FINANCIAL REPORTING AND CONTROLS, CAPITAL STRUCTURE AND DIVIDEND POLICY

- Reviewed the Group's financial performance, financial results and dividend payments
- Assessed the Group's capital and liquidity requirements including Solvency II position

PEOPLE, CULTURE, SUCCESSION PLANNING AND BOARD EFFECTIVENESS

- Oversight of launch and successful roll-out of Just brand in January 2017
- Discussed brand and customer proposition
- Received results of organisation health check; discussed employee engagement
- Significant focus was given to Board and executive succession planning
- Undertook externally facilitated evaluation of the Board's effectiveness

1 The average issued share capital used in voting across the 26 resolutions passed.

BOARD COMPOSITION AND SUCCESSION PLANNING

During the year James Fraser and Peter Catterall retired from the Board before the Annual General Meeting. I would like to record my thanks to both James and Peter for their valuable contribution to the Board during their tenure. Tom Cross Brown has also announced his intention to retire at the forthcoming AGM. Succession planning was a focus of the Nomination Committee at both the Board and senior management level.

DIVERSITY

Last year, I undertook to take an active role in overseeing a programme driven by the Nomination Committee to ensure that progress was made in achieving the Group's diversity goals. Particularly, the female representation on the Board, the Executive Committee and the direct reports to the Executive Committee. You can read more about my and the Committee's work in this area in the Nomination Committee report on page 48.

CULTURE

The Group has continued its investment in the culture of the organisation. The programme to develop and implement the new Just brand has been a beacon for change and we are building on this positive momentum with colleagues, customers and all our stakeholders to ensure there is a clarity on what being 'Just' means. We are driven by a strong underlying belief in fairness. Everybody deserves to be treated fairly and with integrity, particularly in retirement, and this principle underpins our actions, which ultimately "champion the customer". We have been accredited as "one to watch" in The Sunday Times Best Companies to Work For 2017 survey.

EVALUATION

In 2017, Just Group engaged Lintstock to facilitate an evaluation of the performance of the Board of Directors. Lintstock is an advisory firm that specialises in Board performance reviews and has no other connection with the Group.

The first stage of the review involved Lintstock engaging with the Chairman and Company Secretary to set the context for the evaluation, and to tailor survey content to the specific circumstances of Just Group. All Board members and the Company Secretary were then invited to complete an online survey addressing the performance of the Board, its Committees, and the Chairman, as well as their own individual contribution to the Board. The anonymity of the Board members was ensured throughout the process in order to promote an open and frank exchange of views.

Lintstock subsequently produced a report addressing the following areas of Board performance:

- The appropriateness of the Board's composition was assessed, and Board members were asked to identify any changes that ought to be made to the profile of the Board over the next 3 - 5 years.
- The Board's understanding of the views of key stakeholders, and of the products and services which the Company offers, was considered. The Board's oversight of digital issues facing the Group, and the culture and behaviours throughout the organisation, was also reviewed.
- The relationships between Board members and management, and the atmosphere in and management of Board meetings, were assessed, as was the quality of the Board packs and management presentations.

- The effectiveness of the Board in making decisions and monitoring their implementation was considered, and Board members were asked to identify any areas upon which they feel the Board should spend more or less time focusing over the coming year.
- The Board's oversight of strategy and progress against each of the Company's strategic objectives was considered, as was the Board's understanding of the Group's capacity to deliver the strategy. The Board members' views as to the top strategic issues facing the Company were also identified.
- The Board's focus on risk was assessed, as was the appropriateness of the Group's structure at senior levels and the adequacy of succession plans for members of top management. Board members were asked to consider the top human resources priorities facing the Company over the coming years.

Lintstock produced a report on the Board and Committee evaluations that was circulated to all Board and Committee members and discussed at a Group Board meeting, together with a review of the 2016 action points. An action plan was drawn up by the Chairman and Company Secretary for the Board and Committees and agreed with the relevant Chair. Progress against these actions will be reviewed during the year.

INVESTOR RELATIONS ACTIVITY 2017

The Group maintains an on-going dialogue with its major institutional shareholders through a scheduled programme of meetings which are generally undertaken by the CEO and/or CFO. Ad hoc one-to-one meetings are held throughout the year with both existing and prospective shareholders, in addition to managing on-going queries. The Investor Relations function also provides the Board with regular analysis of shareholder movements, market and peer activity, in addition to share price performance.

Analysts' and brokers' reports are made available to all Directors, while the executive Directors receive anonymous feedback via our corporate brokers following investor meetings. After its October 2016 Capital Markets Day, the Group Investor Relations function continued to increase its engagement with fund managers and research analysts throughout 2017. During the year, we hosted shareholders and analysts for three teach-in seminars focused on the market opportunity, and the Group's unique positioning within the key Defined Benefit De-risking, Guaranteed Income for Life and Lifetime Mortgage product lines. In addition to the three seminars, Just Group attended five investor conferences, and held investor roadshows for equity investors in January, March and September.

Subsequent to the issuance of £250m of Tier 2 subordinated debt in October 2016, in August 2017, we were delighted to announce that members of the Group had been assigned inaugural A/A+ credit ratings with Stable outlook by Fitch. During 2017, we had an active programme of engagement with debt investors at investor conferences, in addition to a dedicated debt investor roadshow. Access to debt capital markets provides further optionality and flexibility to the Group's future capital planning process. Since the year end in February 2018, the Group issued a £230m BBB rated Solvency II Tier 3 qualifying instrument at par with a maturity date of February 2025 and coupon of 3.5%, which has further reduced the Group's cost of capital.

In 2017, two international investment banks initiated coverage, bringing the total to ten analysts. The Investor Relations team also maintains an open dialogue with non-covering analysts, banks, brokers and other market participants.

As the year progressed, Just Group plc's shares increased by 14% to 170.4p (as of 31 December 2017), compared to the FTSE 350 life insurance index which was up 13.3% during 2017. The Senior Independent Director is available for consultation by shareholders if they have concerns which are inappropriate to raise with the Chairman, CEO or other Executive Directors. Further information for shareholders is included on page 131.

GOVERNANCE IN OPERATION

The Group has complied with the UK Corporate Governance Code.

The Group Board has delegated specific responsibilities to the Audit, Remuneration, Nomination and Group Risk and Compliance Committees to assist it with the direction and control of the Group. These Committees, together with the Investment Committee of the Just Retirement Limited and Partnership Life Assurance Company Limited Boards, the Group Executive Office Committee and UK Business Executive Committee, are the principal operating committees of the Group.

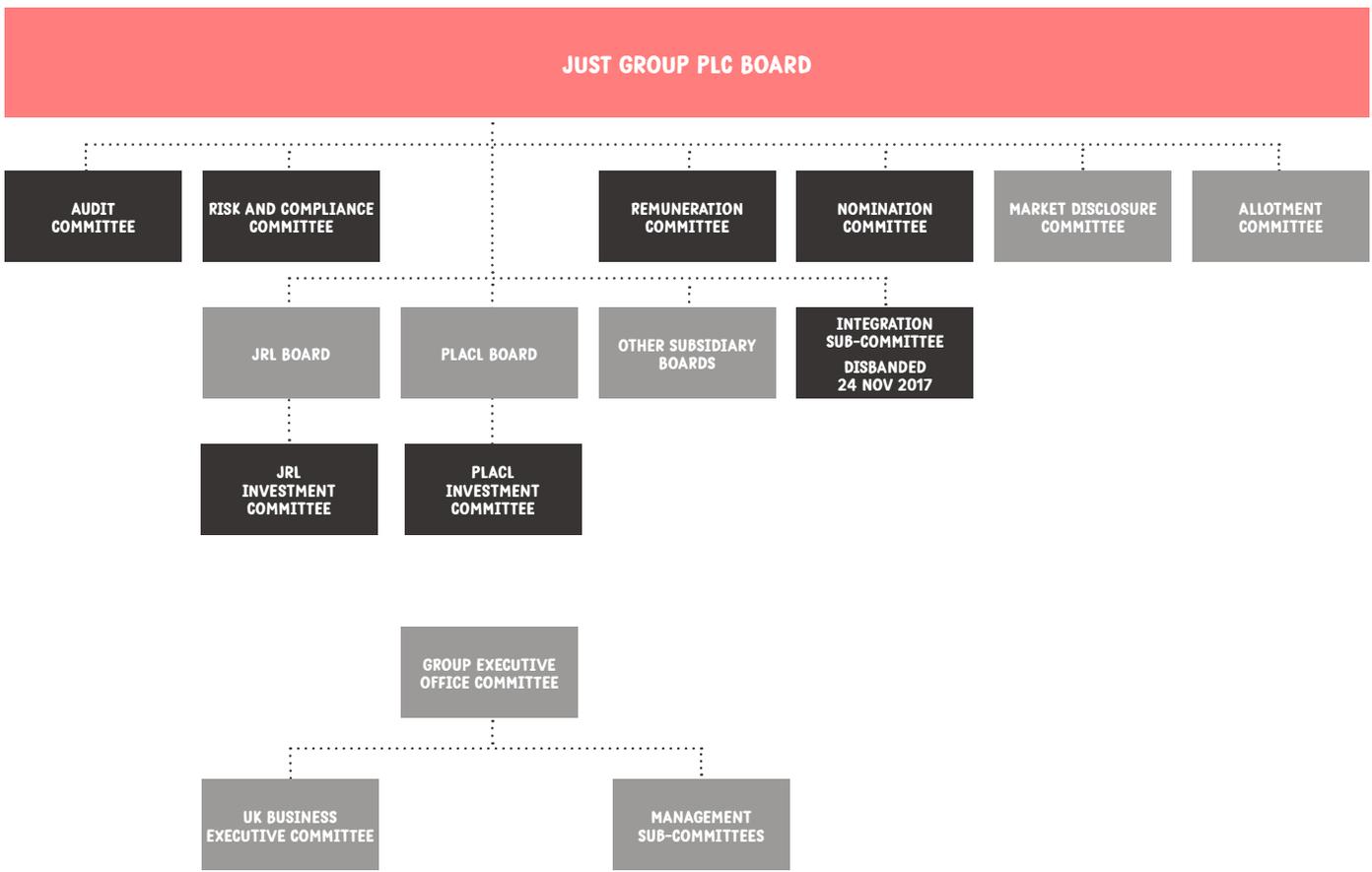
The Group Chief Executive Officer operates a Group Executive Office Committee to support him in the performance of his duties, including the development and implementation of strategy, the monitoring of operating and financial performance, the assessment of control and risk, the supervision and prioritisation of resources, the monitoring of competitive forces and the day-to-day operational management of the Group.

The Group Executive Office Committee comprises of Rodney Cook (Group Chief Executive Officer), Alex Duncan (Group Chief Risk Officer), Kathryn Gray (Group Human Resources Director), David Richardson (Group Deputy Chief Executive Officer and Managing Director UK Corporate Business), Simon Thomas (Group Chief Financial Officer) and Jo Varley (Interim Group Chief Operating Officer). The Committee meets bi-weekly to discuss and approve operational matters and is supported by the UK Business Executive Committee and the Management Sub-Committees focusing on the following areas: operational risk, pricing, assets and liabilities, insurance, products and propositions, change, and regulatory oversight.

The UK Business Executive Committee comprises of the following Group Executives; David Cooper (Group Marketing & Distribution Director), Alex Duncan, Jo Varley, Kathryn Gray, Steve Kyle (Group Regulatory & Audit Director), Hugh McKee (Managing Director, UK Retail Business), Giles Offen (Group Chief Digital Information Officer), David Richardson, and Paul Turner (Managing Director, Retirement Lending, International and Group Development).

In addition to its principal operating committees, the Board has established a Market Disclosure Committee and an Allotment Committee, which meet whenever necessary.

THE FOLLOWING CHART ILLUSTRATES THE GOVERNANCE STRUCTURE ESTABLISHED BY THE GROUP BOARD



- Principal Board operating committee
- Other Board operating committee

Each Board Committee has written terms of reference setting out its duties, reporting responsibilities and authorities which are reviewed annually. Committee terms of reference are subject to periodic updating to reflect any changes in legislation, regulation or best practice. Further details on Committees are set out on pages 48 to 72. The terms of reference for the Audit, Group Risk and Compliance, Remuneration and Nomination Committees are available on the Group's website at www.justgroupplc.co.uk

The main Board Committees are comprised of Independent Non-Executive Directors of the Company who were appointed by the Board following review and recommendation by the Nomination Committee. The Chairman of each Committee reports on the proceedings of the previous Committee meeting at the next scheduled Group Board meeting. The Group Company Secretary is the Secretary of every Committee. The following table shows the members and invited attendees of the Board Committees:

	Audit	Remuneration	Nomination	Group Risk and Compliance	Investment ("JRL" and "PLACL")
Chris Gibson-Smith	By invitation	Member	Chairman	Member	By invitation
Tom Cross Brown			Member	Member	Member
Rodney Cook	By invitation			By invitation	By invitation
David Richardson	By invitation			By invitation	By invitation
Simon Thomas	By invitation			By invitation	By invitation
Paul Bishop	Chairman		Member	By invitation	Member
Ian Cormack	By invitation	Chairman	Member	Member	By invitation
Michael Deakin	By invitation	Member	Member	By invitation	Chairman
Steve Melcher	Member	Member		Member	By invitation
Keith Nicholson	Member		Member	Chairman	By invitation
Clare Spottiswoode	Member			Member	By invitation

Audit Committee

The Audit Committee's role is to assist the Board with the discharge of its responsibilities in relation to financial reporting, internal and external audits, including reviewing the Group's annual financial statements, reviewing and monitoring the scope of the annual audit and the extent of the non-audit work undertaken by external auditors, advising on the appointment of external auditors and reviewing the effectiveness of the internal audit activities, internal controls and risk management systems in place within the Group. The Audit Committee will normally meet not less than four times a year and is chaired by Paul Bishop.

Remuneration Committee

The Remuneration Committee recommends what policy the Group should adopt on executive remuneration and, within the terms of the Directors' Remuneration Policy approved by the shareholders at the AGM in May 2017, determines the remuneration benefits, pension rights and compensation payments for all Solvency II staff, the Chairman, the Executive Directors of the Company, the Chief Actuary, the Group Company Secretary, the members of the Executive Committee and any other employees of the Group for when the Committee determines it will have oversight as agreed by the Board from time to time. The Remuneration Committee will also generate an annual remuneration report to be approved by the members of the Group at the AGM. The Remuneration Committee will normally meet not less than twice a year and is chaired by Ian Cormack.

Nomination Committee

The Nomination Committee assists the Board in determining the composition and make-up of the Board. It reviews the balance of skills, experience, independence and knowledge of the Company provided by the Directors, with the aim of ensuring the Board has the capabilities necessary to deliver its responsibilities for business strategy and governance. The Committee determines succession plans for the Chairman and the CEO. It will normally meet not less than twice a year and is chaired by Chris Gibson-Smith. The Nomination Committee actively supports the Board on the principle of improving gender balance in the boardroom. Further information about the Board's policy on diversity is given on page 48.

Group Risk and Compliance Committee

The Group Risk and Compliance Committee is principally responsible for assisting the Board and other members of the Group in the discharge of their risk and regulatory oversight responsibilities. The Committee reviews and challenges the overall effectiveness of the

Group's regulatory systems and controls, risk management and future developments. It also provides advice on regulatory and risk strategies including oversight of current risk exposures and the Solvency II internal model. The Committee will normally meet not less than four times a year and is chaired by Keith Nicholson.

Investment Committees

The Investment Committees of the Board of Just Retirement Limited ("JRL") and Partnership Life Assurance Company Limited ("PLACL") assist the Boards in achieving their investment objectives. The Investment Committees are responsible for reviewing and overseeing the implementation of JRL and PLACL's investment policy, including the performance of the investment portfolio, recommending the appointment and assessing the performance of the external investment managers, and the effectiveness of reporting procedures. The Investment Committees will normally meet not less than four times a year and is chaired by Michael Deakin.

The Market Disclosure Committee oversees the disclosure of information by the Company to meet its obligations under the Market Abuse Regulation ("MAR"), and to ensure that decisions in relation to those obligations can be made quickly. The Committee's role is to determine whether information is inside information, when such information needs to be disclosed and whether any announcements are required. Other responsibilities include reviewing and approving announcements concerning developments in Just's business and monitoring compliance with the Group's MAR disclosure controls and procedures. Its members comprise Tom Cross Brown (Chair), Rodney Cook, Chris Gibson-Smith, Keith Nicholson, David Richardson and Simon Thomas.

The Allotment Committee has responsibility for overseeing the allotment and listing of new ordinary shares in the Company in accordance with the Company's executive incentive plans and employee share plans. Its members comprise any two Directors, one of whom must be a Non-Executive Director.

BOARD RESPONSIBILITIES AND OPERATION

The Group Board is responsible for the proper management of Just's Group strategy and direction, including its risk appetite. It also oversees the activities and direction of JRL and PLACL and the Group's other operating subsidiaries. There are 11 Board members: the Chairman (independent on appointment), three Executive and seven Non-Executive Directors (all of whom are considered independent). Keith Nicholson is the Senior Independent Non-Executive Director.

The Board considers that the Non-Executive Directors Paul Bishop, Tom Cross Brown, Ian Cormack, Michael Deakin, Steve Melcher, Keith Nicholson and Clare Spottiswoode are each independent of management in character, judgement and opinion. The Board benefits from the wide range of sector experience of its Non-Executive Directors. Biographical details of all Directors are given on pages 38 to 41.

The Board believes that documented roles and responsibilities for Directors, with a clear division of key responsibilities between the Chairman and the Group Chief Executive Officer, are essential elements in the Group's governance framework and facilitate the effective operation of the Board.

The Chairman is responsible for the effective leadership and governance of the Board but takes no part in the day-to-day running of the business. His key responsibilities include:

- leading the Board effectively to ensure it is primarily focused on strategy, performance, value creation and accountability;
- ensuring the Board determines the significant risks the Group is willing to embrace in the implementation of its strategy;
- leading the succession planning process and chairing the Nomination Committee;
- encouraging all Directors to contribute fully to Board discussions and ensuring that sufficient challenge applies to major proposals;
- fostering relationships within the Board and providing a sounding board for the CEO on important business issues;
- identifying development needs for the Board and Directors;
- leading the process for evaluating the performance of the Board, its Committees and individual Directors; and
- ensuring effective communication with major shareholders.

The CEO is responsible for leadership of the Group's business and managing it within the authorities delegated by the Board. His key responsibilities include:

- proposing and developing the Group's strategy and significant commercial initiatives;
- leading the executive team in the day-to-day running of the Group;
- ensuring the Group's operations are in accordance with the business plan approved by the Board, including the Board's overall risk appetite, the policies established by the Board, and applicable laws and regulations;

- representation of the Group's interests in the UK and abroad;
- maintaining dialogue with the Chairman on important business and strategy issues;
- recommending budgets and forecasts for Board approval;
- providing recommendations to the Remuneration Committee on remuneration strategy for Executive Directors and other senior management; and
- leading the communication programme with shareholders and ensuring the appropriate and timely disclosure of information to the stock market.

As the Senior Independent Director, Keith Nicholson provides a sounding board for the Chairman, and serves as an intermediary for the other Directors when necessary. The Senior Independent Director will also meet annually with the Non-Executive Directors without the Chairman being present to approve the Chairman's performance, and address any other matters which the Directors might wish to raise. The Senior Independent Director conveys the outcome of their discussions to the Chairman. The Non-Executive Directors of the Board will meet at least twice per year without the Executive Directors being present.

Decisions on operational matters are delegated to the Executive Directors under documented policies and procedures.

In advance of scheduled Board meetings, each Director receives documentation providing updates on the Group's strategy, finances, operations and development, and which have reference to a formal schedule of matters reserved for Board approval, which includes:

- the Group's business strategy and risk appetite;
- business strategy plans and objectives, budgets and forecasts;
- extension of the Group's activities into new business or geographic areas;
- changes in capital structure and any form of fundraising;
- major changes to the Group's corporate structure, including reorganisations, acquisitions, disposals and major capital projects;
- the Group's systems of internal control and risk management;
- changes to the membership of the Board;
- interim and annual financial statements; and
- dividend policy.

The Board held 8 meetings during the period from 1 January 2017 to 31 December 2017. The table below shows Directors' attendance at Board and Committee meetings for the period.

	Board	Audit	Remuneration	Nomination	Group Risk and Compliance ²	JRL & PLACL Investment ³
Chris Gibson-Smith ⁴	7/8	-	4/4	3/3	7/7	-
Tom Cross Brown ¹⁰	8/8	-	-	3/3	7/7	3/4
Rodney Cook	8/8	-	-	-	-	-
Paul Bishop	8/8	6/6	-	3/3	-	4/4
Peter Catterall ¹	3/3	-	-	-	-	-
Ian Cormack ^{5,9}	7/8	-	4/4	2/3	5/7	-
Michael Deakin	8/8	-	4/4	3/3	-	4/4
James Fraser ¹	3/3	-	-	-	-	-
Steve Melcher ⁶	6/8	6/6	4/4	-	6/7	-
Keith Nicholson ⁷	8/8	5/6	-	3/3	7/7	-
David Richardson	8/8	-	-	-	-	-
Clare Spottiswoode ⁸	8/8	6/6	-	-	6/7	-
Simon Thomas	8/8	-	-	-	-	-

1 Peter Catterall and James Fraser retired from the Board immediately before the AGM on 18 May 2017.

2 Two additional Group Risk and Compliance meetings were held to approve discrete items of business between 1 January and 31 December 2017.

3 One additional JRL & PLACL Investment meeting was held to approve discrete items of business between 1 January and 31 December 2017.

4 Chris Gibson-Smith was unable to attend the 22 June Board meeting due to illness.

5 Ian Cormack did not attend one Board meeting and two GRCC meetings given the subject matter under discussion.

6 Steve Melcher was unable to attend two Board meetings and one GRCC meeting due to a clash of dates.

7 Keith Nicholson was unable to attend one Audit Committee Meeting due to external commitments.

8 Clare Spottiswoode was unable to attend a late scheduled additional GRCC meeting due to a prior commitment.

9 Ian Cormack was unable to attend one Nomination Committee meeting due to a prior commitment.

10 Tom Cross Brown was unable to attend one JRL & PLACL Investment Committee meeting for personal reasons.

In accordance with the UK Corporate Governance Code, the Board believes that it has the appropriate balance of skills, expertise, independence and knowledge to enable it and its Committees to discharge their duties and responsibilities effectively.

Non-Executive Directors' appointments are subject to review every three years. Their letters of appointment set out the expected time commitment, recognising the need for availability in exceptional circumstances, and request that the Board is informed of any subsequent changes in their other significant commitments. None of the Executive Directors hold a Non-Executive Directorship in a FTSE 100 company. All Directors' appointments are subject to annual re-election by shareholders.

A Group policy and process is in place to address possible conflicts of interest of Directors. Any relevant conflicts and potential conflicts with the interests of the Company that arise must be disclosed at the next Board meeting for consideration and, if appropriate, authorisation by relevant Board members in accordance with the Company's Articles.

The Board has established a broad risk governance and management framework, which is designed to provide control and oversight over the management of all financial and non-financial risks. The Group operates a "Three Lines of Defence" model. The first line of defence is line management who devise and operate the controls over the business. The second line functions are Risk Management and Compliance, which oversee the first line, ensure that the system of controls are sufficient and are operated appropriately, and also measure and report on risk to the Group Risk and Compliance Committee. The third line is Internal Audit who provide independent assurance to the Board and its Committees that the first and second lines are operating appropriately.

The Board is ultimately responsible for the effectiveness and monitoring of the Group's systems of internal control, covering all material financial, operational and compliance controls, and for undertaking an annual review of the control systems in place, while the implementation of internal control systems is the responsibility of management. The Group's systems of internal control are designed to manage, rather than eliminate, the risk of failure to achieve business objectives and can provide only reasonable, and not absolute, assurance against material financial misstatement. The Group's internal control systems comprise the following key features:

- establishment of clear and detailed terms of reference for the Board and each of its Committees;
- a clear organisational structure, with documented delegation of authority from the Board to senior management;
- a Group policy framework, which sets out risk management and control standards for the Group's operations; and
- defined procedures for the approval of major transactions and capital allocation.

It is the view of the Board that the Group's internal controls are appropriate to the Group's needs at this time. Internal controls are kept under review by the Board and its Committees and the Board is committed to maintaining standards of internal controls that are in line with industry practice, the Group's needs and regulatory regimes, in particular the requirements of the PRA and FCA.

All new Directors receive formal induction on joining the Board and a tailored training plan. Their induction includes discussions with the Chairman and Executive Directors as well as one-to-one briefings and presentations from senior management on matters relating to the Group's business, its procedures and regulatory developments. As part of the annual Board effectiveness review, the Chairman discusses with each of the Directors their training and development needs.

Directors may seek independent professional advice at the Company's expense where they consider it appropriate in relation to their duties. All Directors have access to the advice and services of the Group Company Secretary.

The role of the Group Company Secretary is to support the Chairman and the Board, which includes bringing all governance matters to the attention of the Board and delivering a programme of Board and Committee meetings, training and senior management presentations to ensure that each Director has the information required to discharge their statutory duties.



CHRIS GIBSON-SMITH

Chairman

14 March 2018



STATEMENT FROM THE NOMINATION COMMITTEE CHAIRMAN

I am pleased to present the Nomination Committee Report covering our work in 2017

This year the Board has become fully established, whilst continuing to see a streamlining of its membership and that of the executive team. In May, both James Fraser and Peter Catterall, at that time principal shareholders through Permira and Cinven, left the Board. Tom Cross Brown, Deputy Chairman, has confirmed his intention to retire from the Board at the 2018 AGM.

Following the successful implementation of the merger five executives, below Board level, who had previously indicated their intention to do so, exited the business.

Accordingly, the focus of the Nomination Committee has been on executive development, succession planning, and the development of the Board's skills and diversity.

We are in the progress of recruiting an additional female Non-Executive Director. This process is now at an advanced phase and will be followed by an appointment announcement in due course.

COMMITTEE MEMBERS

The Committee is comprised of six Independent Non-Executive Directors. The members are Paul Bishop, Tom Cross Brown, Ian Cormack, Michael Deakin, Keith Nicholson and myself.

ROLE OF THE COMMITTEE

The role of the Nomination Committee is to keep under review the leadership needs of the Company, and regularly review the size and composition of the Board, where appropriate making recommendations for the orderly succession of Executive and Non-Executive Director appointments, and the progressive refreshing of the Board and its Committees. In assisting and advising the Board, the Committee seeks to maintain an appropriate balance of skills, knowledge, independence, experience and diversity on the Board, taking into account the challenges and opportunities facing the Group.

The Committee meets at least twice a year, and the CEO and Group Human Resources Director are normally invited to attend meetings. The Group Company Secretary is Secretary to the Committee. Members' biographies are set out on pages 38 to 41.

The Committee's duties are explained in more detail in its terms of reference which are available on the Group's website at www.justgroupplc.co.uk.

EXECUTIVE DEVELOPMENT PROGRAMME AND CEO SUCCESSION PLANNING

In setting out the succession plan for his executive team, the CEO provided an account to the Nomination Committee of his vision for the future structure and evolution of the management team.

The Committee reviewed the succession plans and contingency arrangements that were in place and the bench strength of the executive team.

To assess their potential and development needs, each member of the executive team took part in a Korn Ferry led assessment in October/November 2017 against a role profile which described the competencies, skills and experiences required for a Just Group executive. Highlights were reported to the Committee at the end of November 2017. This review recognised that there was some exceptional talent within the business and was followed up by a Korn Ferry "deep dive" exercise and feedback provided to each executive.

The exercise included identifying individuals suitable to be considered for CEO succession planning purposes.

Just has put in place a structured development programme for all members of the executive team. Some executives have business coaches and all have attended a number of professional development type events both in-house and externally.

APPOINTMENTS POLICY AND PROCESS

When considering Board appointments the Board follows formal and transparent procedures to ensure that appointments of Directors are made having regard to a broad set of qualities and competences to fulfil the requirements of the role and to promote diversity among Board members. The Committee has discussed at some length the need for new strategies and behaviours not only among the Board but across all parts of the business, to improve diversity. Whilst the statistics had been adversely impacted by the merger and the decision to locate more roles in Reigate, it is the case that women are underrepresented at senior levels generally. We acknowledge that the Group's current diversity position is lagging behind other financial service companies in both the Board and executive team make up. A challenge further down the business had been identified with emerging talent with lower than desired diversity in bands reporting to the executive team. A diversity and inclusion programme is addressing these challenges.

The Deputy CEO has been designated as the executive sponsor and diversity champion for the Group. Within this framework we are considering other measures of cultural diversity which is the focus of the Parker Report, such as educational background and wider experience.

The Committee is sponsoring a number of initiatives to identify key female, black and minority ethnic ("BME") talent below executive level. A leadership programme was launched in Q2 and a talent programme was launched in Q3. The Committee has signed up to the Women in Finance Charter as a good way of demonstrating that commitment both internally and externally. The Group will also be mindful of findings of the BME talent initiative led by Department for Business, Energy & Industrial Strategy in its Diversity and Inclusion programme strategy.

The Committee has amended its appointments policy and process to promote greater diversity in the composition of the Board and improve in particular the gender balance. It is currently reviewing the process and actions necessary to put in place a diversity policy which best supports the business and promotes the success of the Company. The current recruitment process begins by evaluating the balance of skills, knowledge and experience of its existing members, the diversity of the Board and the on-going requirements and strategic developments of the Group. The search process is then able to focus on appointing a candidate that will complement and enhance the Board's effectiveness and overall performance. The Committee uses the services of search firms to identify appropriate candidates. The Committee will only use those firms that

have adopted the voluntary Code of Conduct addressing gender diversity and best practice in search assignments. Korn Ferry has been retained during the current reporting period. It has also been retained to facilitate the executive development programme.

A “long list” of potential appointees is reviewed followed by the shortlisting of candidates for interview based upon the objective criteria set out in the agreed role specification. Non-Executive appointees must be able to demonstrate that they have sufficient time available to devote to the role and prior to appointment all prospective Directors must identify whether they have any potential conflicts of interest.

Shortlisted appointees are interviewed by the Chairman, other Committee Members and the CEO. The Committee recommends a preferred candidate who is invited to meet other Board members. Finally, detailed external references are taken and following this the Committee makes a formal recommendation to the Board for appointment.

The Nomination Committee has met formally on three occasions during the period and considered in addition to the succession plans set out above:

- the proposed changes to the Board;
- the effectiveness review of the Board, its Committees, the Chairman and individual Directors which was conducted through an externally facilitated process;
- keeping under review the independence of Non-Executive Directors, considering the judgement, thinking and constructive challenge that they demonstrate in Board and Committee discussions;
- recommending to the Board that each of the Directors be proposed for election by shareholders at the Annual General Meeting on 17 May 2018. The Committee made this recommendation having considered the balance of abilities and experience required of both Executive Directors and Non-Executive Directors, and on the basis that all Non-Executive Directors, whether independent or not, continue to demonstrate the personal qualities necessary to contribute to the leadership of the Company; and
- over the coming year, the Committee will focus on Board succession planning, progressing the diversity and inclusion programme and talent development.

On behalf of the Nomination Committee



CHRIS GIBSON-SMITH

Chairman, Nomination Committee

14 March 2018



STATEMENT FROM THE AUDIT COMMITTEE CHAIRMAN

I am pleased to report on the activities discharged by the Committee during 2017

The Committee worked with executive management to continue improving the appropriateness of the financial reporting and effectiveness of the internal controls.

Having conducted a thorough review of the significant financial judgements and financial statement assumptions made in preparation of the Annual Report and Accounts of Board and Committee papers and minutes, and of the Annual Report and Accounts themselves, the Committee is satisfied that the judgements and assumptions are appropriate and that the Annual Report and Accounts is fair, balanced and understandable.

The Committee continued to oversee the preparation and review of the Solvency and Financial Condition Report ("SFCR") as at 31 December 2016 and the Quantitative Reporting Templates for the PRA submission in June 2017. It also provided oversight of the project work in preparation for the implementation of new standard IFRS 17.

The Committee invited to its meetings members of the Executive team and other senior managers to present reports on their areas of responsibility and provided effective challenge and debate. The external auditor was also invited to the meetings to report on its work and had direct access to myself and the Committee to raise any concerns. As Chairman, I also held regular one-to-one meetings with the Group Chief Financial Officer, the Director of Group Finance, the Deputy Chief Executive Officer, the Group Chief Actuary, the Group Regulatory and Audit Director, and the external Audit Partner, to ensure that all significant areas of internal controls, including financial reporting controls, were given appropriate consideration.

ROLE AND RESPONSIBILITIES

The Committee's key role is to provide effective governance and assurance over the Group's financial reporting, the performance of the internal audit function, the external auditor, and the management of the Group's systems of internal controls and related compliance activities.

The Audit Committee is focused on the integrity of the Group's financial reports and internal control framework. The Audit Committee liaises closely with the Group Risk and Compliance Committee through some cross-membership and close cooperation of the Chairmen, which ensures that audit work is focused on higher risk areas and that the results of internal and external audit work can be used to inform the work of the Group Risk and Compliance Committee.

COMMITTEE COMPOSITION

The Committee members have been selected with the aim of providing the wide range of financial and commercial expertise necessary to fulfil the Committee's duties and include appropriate life insurance accounting expertise. The Board considers that the Committee Chairman has recent and relevant financial experience as required by the UK Corporate Governance Code (the "Code").

The Committee is chaired by Paul Bishop and its members are Steve Melcher, Keith Nicholson and Clare Spottiswoode.

SUMMARY OF MEETINGS DURING THE YEAR

The Committee held six formal meetings and two Working Group meetings during the year. The matters covered, relating to the Group's financial reporting, external audit, and internal audit are as follows:

Financial reporting and actuarial assurance

- The Group's Annual Report and Interim Reports.
- The assumptions critical to assessing the value of assets and liabilities, in particular technical provisions and Lifetime Mortgages ("LTMs").
- Other key issues including the going concern basis, longer term viability assessment and the accounting for goodwill and intangibles.
- The annual plan from the actuarial assurance team and regular reports on progress and results.
- Regular updates on regulatory matters which impact the Group's Solvency II reporting.

External audit

- Regular reports from the external auditor including meetings with the audit engagement partner without the presence of management.
- The 2017 year end audit work plan including the scope of the audit and the materiality levels adopted by the auditor.
- The independence of the external auditor including approval for the use of non-audit services provided by them.
- The effectiveness of the audit process.
- The reappointment, remuneration and terms of engagement letter of the external auditor.

Internal audit

- The annual plan from the Group Regulatory and Audit Director, regular updates on internal audit work carried out and his end of year report.

2017 FINANCIAL REPORTING

The primary role of the Committee in relation to financial reporting is to review with both management and the external auditor the appropriateness of the interim and annual financial statements concentrating on, amongst other matters:

- the quality and acceptability of accounting policies and practices;
- the appropriateness and clarity of the disclosures and compliance with financial reporting standards and relevant financial and governance reporting requirements;
- material areas in which significant judgements have been applied or there has been discussion with the external auditor; and
- whether the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company’s performance, business model and strategy.

To aid our review, the Committee considers reports from the Group Chief Financial Officer, the Deputy Chief Executive Officer, the Chief Actuary, and it reviews reports from the external auditor on the outcomes of their half-year review and year end audit. As a Committee we encourage the external auditor in displaying the necessary professional scepticism its role requires.

The primary areas of judgement considered by the Committee in relation to the 2017 accounts, and how these were addressed, were:

The discount rate used to calculate the Group’s insurance liabilities, reinsurance assets and deposits from reinsurers

The return on bond assets is adjusted for valuation purposes for insurance liabilities, reinsurance assets and deposits from reinsurers to allow for credit risk for each bond by considering the “spread” – the difference between the gross redemption yield and the yield on an equivalent duration “risk-free” reference instrument. The Group sets the credit risk as a fixed minimum component plus a percentage of the spread, calibrated significantly in excess of historic default rates, which are provided by the leading rating agencies. The return on equity release assets is adjusted to allow for the risks associated with these assets – namely, the potential shortfall resulting from the No-Negative Equity Guarantee (“NNEG”). The Group calculates the shortfall in respect of the NNEG using a variant of the Black-Scholes option pricing model. Inputs required (e.g. current house prices, future house price growth and house price volatility) are derived from available market data.

Longevity assumptions

The length of time the Group’s Retirement Income customers and Lifetime Mortgage holders will live and therefore the projected cash flows for Retirement Income and mortgage assets are key assumptions when setting the Group’s insurance liabilities and fair value of lifetime mortgages. Longevity experience is a key area of focus for the Board, and the Committee, and the Board receives regular reports on the actual against expected number of deaths and the likely causes, by condition, of any positive or negative divergence as well as the output of industry studies such as CMI 2016. Following the merger of Just Retirement and Partnership, the Company is undertaking a comprehensive review of Retirement Income customer longevity which will be completed during 2018.

The property assumptions used to value the Group’s equity release assets

The value of the Group’s lifetime mortgages, are reliant on a range of assumptions as to future house price growth and the volatility of house prices which determine the expected shortfall on redemption in respect of the NNEG which is given to all mortgages.

The Committee addresses both the methodology underpinning these valuations and their calibration by reviewing and challenging the detailed analysis and recommendations put forward by the Group Deputy Chief Executive Officer in the year end and interim basis papers, which are also reviewed by the external auditor as part of their audit. Where appropriate, the Committee will also seek views of external experts and advisers.

Just Group plc’s investment in subsidiaries

In addition to considering matters relating to the consolidated financial statements of the Group, the Committee also considers matters relating to the individual Company financial statements of Just Group plc and its subsidiaries.

Just Group plc’s investment in subsidiary undertakings is a significant asset and underpins the net equity reported by Just Group plc in its individual Parent Company financial statements. The carrying value of this asset is assessed through consideration of the financial position and performance of the underlying subsidiary companies, including their net asset position and planned trading performance. The Committee reviews these assessments, the recoverability of the balances reported and appropriateness of accounting policies, as part of its work on financial reporting.

REGULATORY REPORTING OVERSIGHT

The Committee receives regular updates on the Group’s regulatory reporting matters including the oversight and preparation of the Group’s annual Solvency and Financial Condition Report, and Quantitative Reporting Templates. The Committee also receives regular updates relating to the on-going publication by the Prudential Regulation Authority of supervisory statements that set out its expectations for certain aspects of prudential regulation. The Audit Committee also has responsibility for overseeing the recalculation of TMTP. During 2017 the implementation of Solvency II in practice has continued to evolve and is expected to do so in the future. The emergence of new supervisory statements could impact certain key non-GAAP measures disclosed in the Annual Report and Accounts and is closely monitored by the Committee to ensure disclosures are appropriate.

EXTERNAL AUDIT

The effectiveness of the external audit process is dependent on appropriate audit risk identification at the start of the audit cycle. We receive a detailed audit plan from KPMG, identifying its assessment of these key risks. For the 2017 reporting period the primary risks identified were in relation to the valuation of insurance liabilities, equity release asset valuation, reinsurance assets and liabilities and the recoverability of Just Group plc’s investment in its subsidiaries. We challenged the work done by the auditor to test management’s assumptions and estimates around these areas. We assess the effectiveness of the audit process in addressing these matters through the reporting we receive from KPMG at the interim and year end. In addition, we also seek feedback from management on the effectiveness of the audit process. For the 2017 reporting period, management were satisfied that there had been appropriate focus and challenge on the primary areas of audit risk and assessed the quality of the audit process to be good. The Audit Committee concurred with the view of management.

Auditor independence

The Committee believes that the independence of the external auditor is one of the primary safeguards for shareholders. The Committee reviewed auditor independence and the scope of non-audit services and independence safeguards with KPMG. As part of this review, the Committee has received and reviewed written confirmation that, in KPMG's professional judgement, KPMG is independent within the meaning of all UK regulatory and professional requirements and the objectivity of the audit engagement partner and audit staff is not impaired.

An analysis of auditor remuneration is shown in note 5 to the consolidated financial statements. The Committee was satisfied throughout the year that the objectivity and independence of KPMG was not in any way impaired by the nature of the non-audit services undertaken during the year, the level of non-audit fees charged or any other facts or circumstances. The Group has a policy on the provision by the external auditor of audit and non-audit services, and during 2017, KPMG was paid £1.0m for non-audit services. These services related to the audit of the Group's Solvency II regulatory returns, half year review procedures, and due diligence and reporting accountant services. This amount is significantly lower than the prior period, which included significant costs associated with the acquisition of Partnership (non-audit services for the 18 month period ended 31 December 2016: £2.5m).

Audit tender and tenure of external auditor

The appointment of KPMG as the Group's external auditor is kept under review. KPMG has audited Just Retirement Limited, a public interest entity, since the 2006 year end.

As described in the Group's Annual Report and Accounts 2016, a formal audit tender process was completed during 2016.

In line with audit partner rotation rules, a new audit engagement partner was appointed in 2017 following the rotation of the previous audit engagement partner after the 31 December 2016 audit, at which point he had served five years as lead audit partner for the Group.

The Committee has approved KPMG's remuneration and terms of engagement and is fully satisfied, following a review, with the performance, objectivity, quality of challenge and independence of the external auditor.

The Committee will review the tenure of the auditor in 2018, and will continue to comply with the Code and extant regulations on audit tendering.

The Committee believes that, when a tender takes place, those asked to tender should have an equal chance of being appointed auditor. The Company therefore intends, where appropriate, to use audit firms other than KPMG for non-audit services so that relationships are enhanced with those firms capable of performing the role of external auditor. The Committee will seek, with management, to ensure that there are no contractual obligations which restrict the Committee's choice of auditor.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board has overall responsibility for establishing and maintaining the Group's systems of internal control. The Audit Committee keeps under review the adequacy and effectiveness of the Group's internal controls.

The Committee has reviewed and is satisfied as to the effectiveness of the Group's internal control systems based on reports from the Head of Internal Audit and the Group Chief Financial Officer.

INTERNAL AUDIT

Monitoring and review of the scope, extent and effectiveness of the activity of the Group Internal Audit department is an agenda item at each Committee meeting. The Committee considers and approves the internal audit plan annually and looks to ensure its alignment with the external audit and the Group's risk management approach. Reports from the Head of Internal Audit include updates on audit activities, progress of the internal audit plan, the results of any unsatisfactory audits and the action plans to address these areas. The Committee reviews the resource requirements of the Internal Audit department and is satisfied that it has the appropriate resources identified. An effectiveness review of Internal Audit is carried out every three to five years. The Committee held private discussions with the Head of Internal Audit as necessary during the year. The Committee Chairman also meets with him regularly outside the formal committee process, approves his performance appraisal, and sets his annual objectives.

On behalf of the Audit Committee



PAUL BISHOP
Chairman, Audit Committee
14 March 2018



STATEMENT FROM THE GROUP RISK AND COMPLIANCE COMMITTEE CHAIRMAN

I am pleased to report on the Group Risk and Compliance Committee’s activities during 2017

The Committee has supported the Board by providing leadership, direction and oversight of the Group’s overall risk appetite, its risk management framework and conduct risk. In doing so, the Committee has played a key role in delivering effective oversight of the risks inherent in the business. In addition, the Committee has been responsible for reviewing the Group’s Own Risk and Solvency Assessment and the Solvency II Internal Model and recommending to the Board the Group’s regulatory and internal control policies and procedures and the compliance monitoring plan.

ROLES AND RESPONSIBILITIES

The Committee’s key roles and responsibilities include the review and recommendation to the Board of the Group’s overall risk appetite, strategy, monitoring the overall effectiveness of the risk management framework, governance, and compliance activity within the Group. In reviewing the Group’s risk exposures, it ensures that these are adequately mitigated by the risk methodologies and management’s actions. The Committee is also responsible for monitoring the appropriateness of the Internal Model related to the implementation of the Solvency II regime requirements and for recommending any changes to the Model to the Board. In this regard it established a sub-committee to provide a more flexible forum in which to consider emerging developments.

COMMITTEE COMPOSITION

The Committee is chaired by Keith Nicholson, and its members are Chris Gibson-Smith, Ian Cormack, Clare Spottiswoode, Tom Cross Brown and Steve Melcher. All members, including the Chairman of the Committee, are Non-Executive Directors. Regular attendees include both Executive and other Non-Executive Directors. The Chairman of the Audit Committee, the Chairman of the Investment Committee of the life companies of the Group, the Group Chief Executive Officer, the Group Deputy Chief Executive Officer, the Group Chief Risk Officer, the Group Chief Financial Officer, the Group Chief Actuary and the Group Regulatory and Audit Director are regular attendees of the Committee. Senior managers are also invited to attend the meetings to report as appropriate on their areas of responsibility.

The Committee has a standing agenda based on the annual cycle of business covering all areas of its responsibility. The Chairman of the Committee also holds regular one-to-one meetings with the Group Chief Risk Officer and the Group Regulatory and Audit Director to ensure that all significant areas of risk are considered.

SUMMARY OF MEETINGS DURING THE PERIOD

The Committee met formally on seven occasions and the sub-committee met formally on five occasions during the year. Additional meetings to brief other Directors on progress of the internal model were also held on an ad hoc basis. The main areas considered and activities undertaken by the Committee related to:

Risk governance

The Committee ensured that the risk framework continued to develop in line with the business needs, ensuring that policies and practices were kept up to date, and that the risk appetite, against which the business plan and strategy are assessed, remained appropriate. In particular, it reviewed the frameworks for legal risk and strategic risk. It also reviewed and approved the risk management plan for the year, and commissioned and reviewed a report into the effectiveness of risk management.

Risk oversight

The Committee regularly reviewed and challenged management’s view of the developing risk and capital outlook for the Group by considering the Own Risk and Solvency reports and updates provided to it. The emerging risks from Brexit were given special consideration, particularly in relation to the outlook for the economy and the property market in the UK, and also for potential implications of Brexit on the Group’s Belfast operations. The Committee maintained oversight of the risks to and arising from the integration programme, and has followed the associated integration activity through to its establishment in business as usual. As part of a programme of deep dives it commissioned reports on longevity risk, lifetime mortgaging underwriting risk, liquidity risk and the risk of price competition in lifetime mortgages.

Capital adequacy

The Committee considers the adequacy of the capital resources of the Group against both the regulatory capital and the underlying economic risks to the business.

In considering the appropriateness of regulatory capital, the Committee monitors the methodology and assumptions underlying the Internal Model and the operation of the matching adjustment. It also ensured that management was appropriately interpreting and implementing the application of Solvency II in accordance with the emerging policy of the Prudential Regulation Authority (as set out in the publication of supervisory statements including those relating to illiquid assets, matching adjustments and transitional provisions). To support it in this activity it reviewed the conclusions of internal and externally commissioned reports.

The Committee also commissioned external support to stress-test the adequacy of the Group’s resources to pay claims in a number of stringent economic scenarios, including those specified for the banking sector by the Bank of England, and was satisfied with the results.

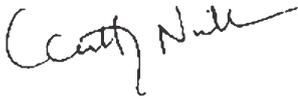
Business resilience

The Committee reviewed and endorsed plans for strengthened measures in managing private information, in order to ensure compliance with the General Data Protection Regulation (“GDPR”). The Committee also considered reports presented by the Group Chief Digital Information Officer on the current business practices in respect of IT, operations and cyber issues, and endorsed plans to further develop information security and business resilience.

Conduct

The Committee regularly reviews and challenges management’s view of conduct across the Group. The risk to appropriate customer outcomes is considered against a dashboard of measures in general and against the quality of advice provided by advisers in the HUB business and the number and cause of complaints arising within the Group in particular. The Committee also reviews and approves the plan for monitoring compliance with law, regulation and policies across the Group and receives and challenges the results of those compliance reviews.

On behalf of the Group Risk and Compliance Committee

**KEITH NICHOLSON**

Chairman, Group Risk and Compliance Committee
14 March 2018



STATEMENT FROM THE CHAIRMAN OF THE REMUNERATION COMMITTEE

I am pleased to present the Remuneration Committee's report for the year ended 31 December 2017

The Committee's report is presented in the following sections:

1. this summary statement outlines the key decisions made by the Committee during the year;
2. the Directors' Remuneration Policy on pages 58 to 62, which was approved at the 2017 AGM. This describes the key components of our remuneration packages and the approach for each component; and
3. the Annual Report on Remuneration on pages 63 to 72, which describes how the Committee applied the Remuneration Policy.

A new feature of our report this year is the inclusion of an "at a glance" section, which now follows this statement. The purpose is to summarise key features of the Committee's report in a concise format focusing on relevant highlights, full details of which can be found later in the longer report.

THE STRATEGIC CONTEXT

The strategy for the Group is set out in the Strategic Report and focuses on creating long-term value for our shareholders, through consolidating our position in our core markets and delivering growth and diversification through new business, thereby delivering a sustainable growth in profit. A full outline of the strategy can be found on page 16.

1. REMUNERATION IN 2017

Adapting our remuneration programme to a unified structure was the primary focus for the Committee's 2017 work. 2017 saw the first full financial year of the Company operating as Just Group plc. This meant, unlike 2016, the year of the merger, when the Committee had to take into account the differences in financial reporting arrangements (an 18 month reporting period was shown in the 2016 remuneration report) and different remuneration practices, it now operates one Remuneration Policy and uses a 12 month financial calendar for performance measurement. In section 3 of this report, where comparisons of 2016 to 2017 are made, the 18 month reporting period to 31 December 2016 is included for completeness.

At the AGM in May 2017, a binding vote approved our new Remuneration Policy which reflected developments in markets and good remuneration practice, with the key changes being:

- replacement of 'adjusted operating profit' with 'adjusted earnings per share' as a performance target for future awards made under the Long Term Incentive Plan ("LTIP");
- the introduction of a two year post-vesting holding period for future awards made under the LTIP; and
- an increase in the share ownership guidelines to 200% of salary for all Executive Directors.

Remuneration practices in 2017 were focused primarily on implementing the new Remuneration Policy for the Group and reviewing the remuneration arrangements of senior employees including our three Executive Directors, an outline of which is described below:

Base salary increases for 2017

Salaries for Executive Directors are reviewed with effect from 1 April each year along with those of the general employee population. As disclosed last year at the time of the AGM the salaries of the three Executive Directors had not yet been determined. Following the AGM, the Committee reviewed the salaries of our senior employees including our three Executive Directors. In light of the performance of the Executive Directors in leading the successful integration of the two Companies following the merger in 2016 and the resulting increased size and complexity of the Group, which has grown on merger from total assets of £11.2bn to £24.2bn and from 769 employees to 1,108 as at 31 December 2017: an increase of 6.3% was awarded to Rodney Cook, 6.1% to Simon Thomas and 2.2% to David Richardson. For context, this compares with a range of 0% to 4% for other employees. Following these increases, the salaries of the Executive Directors are now at what the Committee believes to be an appropriate current market level.

Short Term Incentive Plan ("STIP")

Pages 64 to 65 detail the targets and outcomes relating to 2017 as well as remuneration received relating to the year. For performance in 2017 the Committee approved awards for the Executive Directors at maximum level for the financial measures reflecting the strong financial performance of the Group. For the non-financial performance element, the performance of each of the Executive Directors was also close to their maximum, which in combination resulted in bonuses of between 91.7% and 95% of the maximum being awarded. In line with the policy, two-thirds of bonus earned was paid post-tax in cash and one-third deferred into shares for three years. The Committee is satisfied that this level of bonus payout is reflective of the financial performance delivered and the significant progress made against the Company's strategic objectives.

Long Term Incentive Plan ("LTIP")

As explained in last year's report, the aggregate value of awards granted to the former Executive Directors of Just Retirement was greater than the level that might normally be expected under the Policy in an 18 month period. This was a result of the change to the Company's year end from 30 June to 31 December and corresponding change to the timing of annual long-term incentive grants in 2016. The Committee, when determining award levels for the grant of the 2017 LTIP, has sought to ensure that, when considered over the 30 month period from 1 July 2015 to 31 December 2017, the aggregate level of awards granted is appropriate. Following shareholder approval of a change to one of the Long Term Incentive Plan measures, awards for 2017 were made to a small number of senior employees and to the Executive Directors of between 128% and 170% of base salary.

The awards made in 2014, under the Just Retirement Long Term Incentive Plan, vested in September 2017. The Remuneration Committee agreed that for 50% of the award, subject to TSR performance, targets were not met, and that 50% of the award subject to the adjusted operating profit targets were met, resulting in commensurate vesting; further detail can be found on page 65.

Deferred Share Bonus Plan ("DSBP")

Awards made under the Just Retirement Deferred Share Bonus Plan i.e. those awards which had been deferred as part of the Short Term Incentive Plan in 2014 also vested in September 2017. These do not have performance conditions and the Committee approved the vesting in full of these awards.

On-going review of policy

The Committee is aware of the external remuneration environment, including shareholder's views, and the wider competitiveness of remuneration against the market. In the next 12 months it will continue to review the Remuneration Policy to ensure it remains both appropriate and relevant to the business. Particular areas of focus will be the balance of financial and non-financial measures for our LTIP.

Implementation of the Remuneration Policy for 2018

In recognition of the performance the Group has achieved, the Remuneration Committee agreed that a salary review would take place with effect from 1 April 2018. The level of increases for the Executive Directors and senior management and that for the general employee population was broadly 2.4%. Executive Directors received salary increments in line with the wider employee base. Maximum annual bonus opportunity will continue to be 150% of base salary for all Executive Directors and will be subject to stretching corporate financial and personal non-financial measures. The Committee intends to grant LTIP awards to the CEO of up to 200% of base salary and for the Deputy CEO and CFO, up to 150% of base salary. Awards will be assessed against TSR and adjusted EPS measures. See the "at a glance" section for more detail.

I hope that you will be able to support the resolution in the Annual Report at the forthcoming AGM.



IAN CORMACK
Chairman, Remuneration Committee
14 March 2018

THE DIRECTORS' REMUNERATION REPORT – AT A GLANCE

To enable our shareholders to understand the key numbers and the approach we have taken within the wider remuneration report we have designed an "at a glance" section for easier accessibility.

KEY STRATEGIC FINANCIAL HIGHLIGHTS

- IFRS adjusted operating profit: £220.6m
- IFRS new business profit: £169.8m
- Merger synergies: £18m

SUMMARY OF OUR REMUNERATION PACKAGES (ILLUSTRATION)

	2018	2019	2020	2021	2022	2023
FIXED PAY	Salary					
	Benefits and pension allowance					
SHORT TERM INCENTIVE PLAN	Performance period	Deferral period				
	Subject to achievement of a combination of corporate financial and personal non-financial performance measures. 1/3 deferred into shares under the Deferred Share Bonus Plan, with awards normally vesting after a three year period.					
LONG TERM INCENTIVE PLAN	Performance period			Holding period		
	50% of the award is subject to an EPS performance measure and 50% of the award is subject to the relative TSR performance. Executive Directors are required to retain the LTIP shares that vest (net of tax and NICs) for a period of two years.					

HOW MUCH OUR EXECUTIVE DIRECTORS EARNED IN 2017 – SINGLE FIGURE (£'000)

	Salary	Pensions and benefits	Short Term Incentive	Long Term Incentive	All-Employee Share Plans	Single figure total remuneration
Rodney Cook	640	148	926	653	2	2,369
David Richardson	451	88	624	-	3	1,166
Simon Thomas	374	76	542	289	2	1,283

OUR PERFORMANCE AND INCENTIVE OUTCOMES FOR 2017

The following financial performance measures account for two-thirds of the Short Term Incentive Plan.

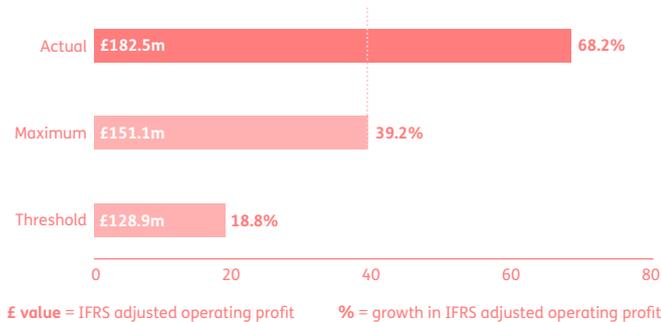
Further information on the achievement on the personal non-financial performance measures which accounts for the remaining half of the STIP plan can be found on page 64.

2017 Financial performance	Pre-tax adjusted operating profit Actual £220.6m vs target of £156m	IFRS new business profit Actual £169.8m vs target of £130m	Run rate synergies Actual £18m vs target of £10m
Short Term Incentive Plan outcome as % of maximum	Rodney Cook 95.0%	David Richardson 91.7%	Simon Thomas 95.0%

OUTCOMES OF 2014 LONG TERM INCENTIVE AWARDS WHICH VESTED DURING THE YEAR

2014 LTIP OVERALL OUTCOME 50% ACHIEVEMENT

GROWTH OVER 3 YEARS IN IFRS ADJUSTED OPERATING PROFIT (%)



TOTAL SHAREHOLDER RETURN

Source: Datastream (Thomson Reuters)



This graph shows the value, on a daily basis, of Just Group's performance against the performance of the median TSR of the FTSE 250 (excluding investment trusts, mining companies and oil & gas producers) over the performance period, 1 July 2014 to 30 June 2017.

KEY IMPLEMENTATION DECISIONS FOR 2018

SALARY

- Salaries increased by 2.2% to 2.6% for Executive Directors in line with the workforce
- Rodney Cook CEO: £667,000
- David Richardson Deputy CEO: £464,000
- Simon Thomas CFO: £390,000

SHORT TERM INCENTIVE PLAN

- Maximum opportunity is unchanged at 150% of base salary
- Corporate financial measures for 2018 will be adjusted IFRS operating profit and IFRS new business profit (two-thirds of the bonus). Strategic personal performance represents one-third of the bonus

LONG TERM INCENTIVE PLAN

- Maximum opportunity remains 250%, normal award level is 200% for CEO, and 150% for Deputy CEO and CFO
- Measures are unchanged being relative TSR and adjusted EPS
- Two year holding period applies

2. DIRECTORS' REMUNERATION POLICY

The Directors' Remuneration Policy sets out the Group's Remuneration Policy for its Executive and Non-Executive Directors. The Policy has been developed taking into account the principles of the UK Corporate Governance Code, guidelines from major investors and guidance from the UK regulators, the Prudential Regulation Authority ("PRA") and the Financial Conduct Authority ("FCA"), on best practice. The Policy was approved by shareholders at the 2017 AGM. A full copy of the Policy can be found on page 67 of last year's report. For reference, we have included the key elements of the Policy below.

Remuneration components

Element	Purpose and link to strategy	Operation (including framework used to assess performance)	Opportunity
BASE SALARY	<p>Provides a competitive and appropriate level of basic fixed pay to help recruit and retain Directors of a sufficiently high calibre.</p> <p>Reflects an individual's experience, performance and responsibilities within the Group.</p>	<p>Set at a level which provides a fair reward for the role and which is competitive amongst relevant peers.</p> <p>Normally reviewed annually with any changes taking effect from 1 April.</p> <p>Set taking into consideration individual and Group performance, the responsibilities and accountabilities of each role, the experience of each individual, his or her marketability and the Group's key dependencies on the individual.</p> <p>Reference is also made to salary levels amongst relevant insurance peers and other companies of equivalent size and complexity.</p> <p>The Committee considers the impact of any basic salary increase on the total remuneration package.</p>	<p>There is no formal maximum; however, increases will normally be in line with the general increase for the broader employee population. More significant increases may be awarded from time to time to recognise, for example, development in role and change in position or responsibility.</p> <p>Current salary levels are disclosed in the "at a glance" section.</p>
BENEFITS	<p>Provides competitive, appropriate and cost-effective benefits.</p>	<p>Each Executive Director currently receives an annual benefits allowance in lieu of pension, car, private medical insurance and other benefits. Each Executive Director also receives life assurance and permanent health insurance.</p> <p>The benefits provided may be subject to minor amendment from time to time by the Committee within this Policy.</p> <p>The Group operates a money purchase pension scheme into which Directors may elect to pay part of their benefits allowance as a company contribution, having regard to government limits on both annual amounts and lifetime allowances.</p>	<p>The benefits allowance is subject to an annual cap of 15% of base salary plus £20,000, although this may be subject to minor amendment to reflect changes in market rates.</p> <p>The cost of the other insurance benefits varies from year to year and there is no prescribed maximum limit. However, the Committee monitors annually the overall cost of the benefits provided to ensure that it remains appropriate.</p>

Remuneration components

Element	Purpose and link to strategy	Operation (including framework used to assess performance)	Opportunity
SHORT TERM INCENTIVE PLAN (“STIP”)	<p>Incentivises the execution of annual goals by driving and rewarding performance against individual and corporate targets.</p> <p>Compulsory deferral of a proportion into Group shares provides alignment with shareholders.</p>	<p>Paid annually, any bonus under the STIP is discretionary and subject to achievement of a combination of stretching corporate financial and personal non-financial performance measures. Corporate measures normally determine at least two-thirds of the STIP opportunity.</p> <p>One-third (or such higher proportion as has been determined by the Committee) of any bonus earned will be deferred into awards over shares under the Deferred Share Bonus Plan, with awards normally vesting after a three year period.</p> <p>The Committee has the discretion to adjust the deferral percentage if required to comply with future regulatory requirements relevant to the insurance industry.</p> <p>The Committee has the authority to apply a malus adjustment to all, or a portion of, an outstanding award in specific circumstances. The Committee also has the authority to recover (clawback) all, or a portion of, amounts already paid in specific circumstances and within a defined timeframe. These provisions apply to both the cash and deferred elements of the STIP.</p>	<p>The on-target bonus payable to Executive Directors is 75% of base salary with 150% of base salary the maximum payable.</p> <p>The bonus payable at the minimum level of performance varies from year to year and is dependent on the degree of stretch and the absolute level of budgeted profit.</p> <p>Dividends will accrue on DSBP awards over the vesting period and be paid out either as cash or as shares on vesting and in respect of the number of shares that have vested.</p>
LONG TERM INCENTIVE PLAN (“LTIP”)	<p>Rewards the achievement of sustained long-term financial and operational performance and is therefore aligned with the delivery of value to shareholders.</p> <p>Facilitates share ownership to provide further alignment with shareholders.</p> <p>Granting of annual awards aids retention.</p>	<p>Annual awards of performance shares normally vest after three years subject to performance conditions and continued service. Performance is normally tested over a period of at least three financial years.</p> <p>Awards are normally subject to an absolute financial growth measure and Total Shareholder Return relative to the constituents of a relevant comparator index or peer group.</p> <p>25% vests at threshold under the financial growth measure. 25% vests at median for the relative TSR condition. There is straight-line vesting for performance between threshold and maximum.</p> <p>Different performance measures and/or weightings may be applied for future awards as appropriate. However, the Committee will consult in advance with major shareholders prior to any significant changes being made.</p> <p>The Committee has the authority to apply a malus adjustment to all, or a portion, of an outstanding award in specific circumstances. The Committee also has the authority to recover (clawback) all, or a portion of, amounts already paid in specific circumstances and within a defined timeframe.</p> <p>A post-vesting holding period will apply to Executive Directors for awards made in 2018 and beyond. Executive Directors are required to retain the LTIP shares that vest (net of tax and NICs) for a period of two years. The two year holding requirement will continue if they leave employment during the holding period. The shares held will count towards the Executive Director’s normal holding requirement.</p>	<p>The maximum opportunity is 250% of base salary. However, the normal policy is that awards made to the CEO and other Executive Directors are 200% and 150% of base salary respectively.</p> <p>Dividends will accrue on LTIP awards over the vesting period and be paid out either as cash or as shares on vesting and in respect of the number of shares that have vested.</p>

Element	Purpose and link to strategy	Operation (including framework used to assess performance)	Opportunity
ALL-EMPLOYEE SHARE PLANS	Encourages employee share ownership and therefore increases alignment with shareholders.	The Group may from time to time operate tax-approved share plans (such as HMRC-approved Save As You Earn Share Option Plan and Share Incentive Plan) for which Executive Directors could be eligible.	The schemes are subject to the limits set by HMRC from time to time.
SHAREHOLDING GUIDELINE	Encourages Executive Directors to build a meaningful shareholding in the Group so as to further align interests with shareholders.	Each Executive Director must build up and maintain a shareholding in the Group equivalent to 200% of base salary. Until the guideline is met, Executive Directors are required to retain 50% of any LTIP or DSBP awards that vest (or are exercised), net of tax and NICs.	Not applicable.

1 Awards may be structured as nil-cost options which will be exercisable until the tenth anniversary of the grant date.

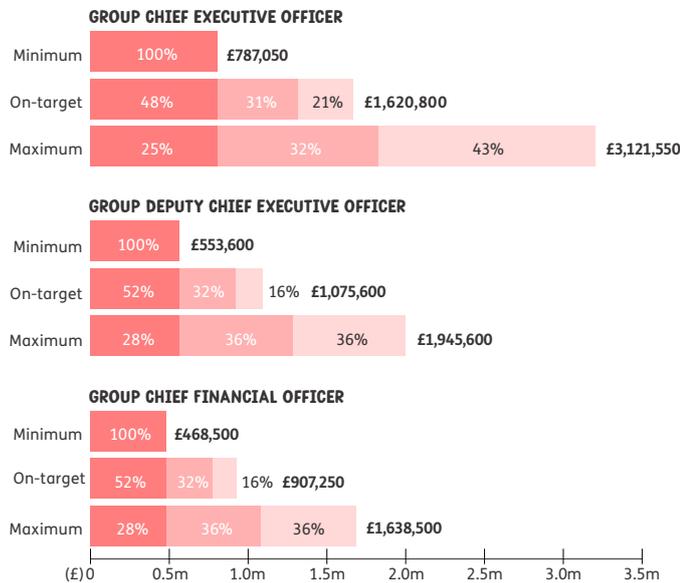
Illustration of the 2018 Remuneration Policy

Under the Directors' Remuneration Policy, a significant proportion of total remuneration is linked to Group performance. The following charts illustrate how the Executive Directors' total pay package varies under three different performance scenarios: fixed pay only, on-target and at maximum. These charts are indicative, as share price movement and dividend accrual have been excluded. All assumptions made are noted below.

Assumptions:

- Minimum = fixed pay only (salary + benefits allowance)
- On-target = fixed pay plus 50% payout of the maximum STIP opportunity and 25% of maximum LTIP award¹
- Maximum = fixed pay plus 100% or maximum payout of the STIP and LTIP awards¹

ILLUSTRATION OF 2018 REMUNERATION POLICY



1 Awards under the LTIP can be up to 250% of base salary; however, the normal policy is that awards made to the Group Chief Executive Officer and other Executive Directors are 200% and 150% of base salary respectively. The normal policy figures have been used in the charts above.

The Executive Directors can participate in any all-employee share schemes on the same basis as other employees. The value that may be received under these schemes is subject to tax-approved limits. For simplicity, the value that may be received from participating in these schemes has been excluded from the above charts.

REMUNERATION POLICY ON RECRUITMENT OR PROMOTION

Remuneration package on appointment

The on-going remuneration package for a new Executive Director would be set in accordance with the terms of the Group's shareholder-approved Remuneration Policy at the time of appointment and the maximum limits set out therein.

Salaries may be set at a below-market level initially with a view to increasing them to the market rate, subject to individual performance and developing into the role, by making phased above-inflation increases.

Maximum opportunity under the incentive plans

Currently, for an Executive Director, STIP payments will not exceed 150% of base salary and LTIP payments will not normally exceed 200% of base salary (not including any arrangements to replace forfeited entitlements).

Where necessary, specific STIP and LTIP targets may be introduced for an individual for the first year of appointment if it is appropriate to do so to reflect the individual's responsibilities and the point in the year at which they joined the Board.

Payments beyond the Remuneration Policy

The Committee retains flexibility to offer additional cash and/or share-based awards on appointment to take account of remuneration or benefit arrangements forfeited by an Executive Director on leaving a previous employer. If shares are used, such awards may be made under the terms of the LTIP or as permitted under the Listing Rules.

Such payments would take into account the nature of awards forfeited and would reflect (as far as possible) performance conditions, attributed expected value and the time over which they would have vested or been paid.

The Committee may agree that the Group will meet certain relocation, legal, tax equalisation and any other incidental expenses as appropriate, so as to enable the recruitment of the best people including those who need to relocate.

Internal appointments

In the case of an internal Executive Director appointment, any variable pay element awarded in respect of the prior role may be allowed to pay out according to its terms, and adjusted as relevant to take into account the appointment. In addition, any other on-going remuneration obligations existing prior to appointment may continue.

EXECUTIVE DIRECTORS' TERMS OF EMPLOYMENT AND LOSS OF OFFICE

Service agreements and notice periods

The Executive Directors have entered into service agreements with an indefinite term that may be terminated by either party on six months' written notice. Contracts for new appointments will be terminable by either party on a maximum of six months' written notice.

An Executive Director's service contract may be terminated summarily without notice and without any further payment or compensation, except for sums accrued up to the date of termination, if they are deemed to be guilty of gross misconduct or for any other material breach of the obligations under their employment contract.

The Group may suspend an Executive Director or put them on a period of garden leave during which they will be entitled to salary and benefits.

If the employment of an Executive Director is terminated in other circumstances, compensation is limited to base salary due for any unexpired notice period and any amount assessed by the Committee as representing the value of other contractual benefits which would have been received during the period. At the Company's discretion a payment in lieu of notice ("PILON") may be made. Such PILON payments will normally be phased and subject to mitigation. The Group may choose to continue providing some benefits instead of paying a cash sum representing their cost.

Any statutory entitlements or sums to settle or compromise claims in connection with a termination (including, at the discretion of the Committee, reimbursement for legal advice and provision of outplacement services) would be paid as necessary.

Executive Directors' service contracts are available for inspection at the Group's registered office during normal business hours and will be available for inspection at the AGM.

STIP

There will be no automatic entitlement to a bonus if an Executive Director has ceased employment or is under notice on the last day of the financial year. However, the Committee may at its discretion pay a pro-rated bonus in respect of the proportion of the financial year worked. Such payment could be payable in cash and not subject to deferral. The Committee retains authority to apply a clawback adjustment to all, or a portion of the payment.

LTIP and DSBP

Any share-based entitlements granted to an Executive Director under the Group's share plans will be treated in accordance with the relevant plan rules. Usually, any outstanding awards lapse on cessation of employment. However, in certain prescribed circumstances, such as death, ill-health, injury, disability, redundancy, retirement with the consent of the Committee, the sale of the entity that employs him/her out of the Group, or any other circumstances at the discretion of the Committee, "good leaver" status may be applied.

For good leavers under the LTIP, outstanding awards will vest at the original vesting date to the extent that the performance condition has been satisfied and be reduced on a pro-rata basis to reflect the period of time which has elapsed between the grant date and the date on which the participant ceases to be employed by the Group. The Committee retains the discretion to vest awards (and measure performance accordingly) on cessation and disapply time pro-rating; however, it is envisaged that this would only be applied in exceptional circumstances. For good leavers under the DSBP, unvested awards will usually vest in full upon cessation.

In determining whether a departing Executive Director should be treated as a good leaver, the Committee will take into account the performance of the individual and the business unit/Group over the whole period of employment and the reasons for the individual's departure.

Treatment of outstanding share awards if there is a takeover or other corporate event

The treatment of outstanding awards on a takeover (or other corporate event such as a demerger, delisting, special dividend or other event which, in the opinion of the Committee, may affect the current or future value of shares) mirrors that set out above in relation to a good leaver (albeit with the vesting period automatically ending on the date of the relevant event).

Alternatively, the Committee may permit or, in the case of an internal reorganisation or if the Board so determines, require both LTIP and DSBP awards to be exchanged for equivalent awards which relate to shares in a different company.

EXTERNAL DIRECTORSHIPS

Executive Directors are permitted to accept one external appointment with the prior approval of the Chairman and where there is no impact on their role with the Group. The Board will determine on a case-by-case basis whether the Executive Directors will be permitted to retain any fees arising from such appointments, details of which will be provided in the Annual Report on Remuneration section.

NON-EXECUTIVE DIRECTORS ("NEDS")

Appointment letters

All Non-Executive Directors have letters of appointment with the Group for an initial period of three years, subject to annual re-election by the Group at a general meeting. Directors' letters of appointment are available for inspection at the registered office of the Group during normal business hours and will be available for inspection at the AGM.

The Chairman's appointment may be terminated by either party with six months' notice. It may also be terminated at any time if he is removed as a Director by resolution at a general meeting or pursuant to the Articles, provided that in such circumstances the Group will (except where the removal is by reason of his misconduct) pay the Chairman an amount in lieu of his fees for the unexpired portion of his notice period.

The appointment of each Non-Executive Director may be terminated at any time with immediate effect if he/she is removed as a Director by resolution at a general meeting or pursuant to the Articles. The Non-Executive Directors (other than the Chairman) are not entitled to receive any compensation on termination of their appointment.

Recruitment policy on appointment of a new Chairman or Non-Executive Director

For a new Chairman or Non-Executive Director, the fee arrangement would be set in accordance with the approved Remuneration Policy in force at that time.

Non-Executive Director

	Contract/letter of appointment effective dates
Chris Gibson-Smith	4 April 2016
Tom Cross Brown	1 August 2013
Keith Nicholson	9 October 2013
Michael Deakin	30 April 2014
Steve Melcher	15 May 2015
Ian Cormack	4 April 2016
Paul Bishop	4 April 2016
Clare Spottiswoode	4 April 2016

The following table sets out the key elements of remuneration and policy for the NEDs

Element	Purpose and link to strategy	Operation (including framework used to assess performance)	Opportunity
NON-EXECUTIVE DIRECTOR FEES	To attract and retain a high-calibre Chairman and Non-Executive Directors by offering market-competitive fee levels.	<p>The Chairman is paid a single fixed fee. The Non-Executive Directors are paid a basic fee. The Chairs of the main Board Committees and the Senior Independent Director are paid an additional fee to reflect their extra responsibilities. Additional fees may be paid where in exceptional circumstances the normal time commitment of the Chairman is significantly exceeded in any year.</p> <p>Reviewed periodically by the Committee and Group Chief Executive Officer for the Chairman, and by the Chairman and Executive Directors for the Non-Executive Directors.</p> <p>Set taking into consideration market levels in comparably sized FTSE companies, the time commitment and responsibilities of the role, and to reflect the experience and expertise required.</p> <p>The Chairman and the Non-Executive Directors are entitled to reimbursement of reasonable expenses. They may also receive limited travel or accommodation-related benefits in connection with their role as a Director.</p> <p>The Non-Executive Directors will not participate in the Group's share, bonus or pension schemes.</p>	<p>The Company's Articles of Association place a limit on the aggregate fees of the Non-Executive Directors of £1m per annum.</p> <p>The Committee is guided by the general increase for the broader employee population, but on occasions may need to recognise, for example, changes in responsibility, and/or time commitments.</p> <p>Current fee levels are disclosed in the Annual Report on Remuneration section.</p>

3. ANNUAL REPORT ON REMUNERATION

This report describes the details of the Remuneration Policy for our Executive Directors and Non-Executive Directors and sets out how this Policy has been used and, accordingly, the amounts paid relating to the year ended 31 December 2017.

The report has been prepared in accordance with the provisions of the Companies Act 2006, the FCA's Listing Rules and The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, as amended. The report has also been prepared in line with the recommendations of the UK Corporate Governance Code.

Various disclosures of the detailed information about the Directors' remuneration set out below have been audited by the Group's independent auditor, KPMG LLP.

Total remuneration – Executive Director single figure (audited)

In line with regulatory requirements, the total remuneration table contained within the Annual Report on Remuneration section covers the financial period 1 January 2017 to 31 December 2017. As we are required to do so by the regulations, the single figure includes the value of long-term awards vesting in respect of the financial year within the single figure table. Therefore, pre-merger LTIP plans for Just Retirement awarded in 2014 (for Rodney Cook and Simon Thomas) and Partnership Assurance (David Richardson) are included. The latter had a performance period ending 31 December 2016 but vested in 2017. As mentioned in the Remuneration Chairman's statement, the tables below show a 12 month comparison with the 12 month period from 1 January to 31 December 2016, and also as required by law with the original 18 month financial reporting period as shown in the 2016 Remuneration Report. Information for the 12 month period from 1 January to 31 December 2016 is unaudited.

£'000	Salary	Benefits ⁴	STIP ¹		LTIP ²	All-Employee Share Plans ³	Total
			Cash	Deferred ¹			
1 Jan – 31 Dec 2017							
Executive Director							
Rodney Cook	640	148 ⁵	618	308	653	2	2,369
David Richardson	451	88	416	208	-	3	1,166
Simon Thomas	374	76	361	181	289	2	1,283

£'000	Salary	Benefits ⁴	STIP ¹		LTIP ²	All-Employee Share Plans ³	Total
			Cash	Deferred ¹			
1 Jan – 31 Dec 2016 (unaudited)							
Executive Director							
Rodney Cook	602	110	599	299	258	2 ⁸	1,870
David Richardson ⁶	332	65	318	160	108	-	983
Simon Thomas	353	73	348	174	114	2 ⁸	1,064

£'000	Salary	Benefits ⁴	STIP ¹		LTIP ²	All-Employee Share Plans ³	Total
			Cash	Deferred ¹			
1 July 2015 – 31 Dec 2016							
Executive Director							
Rodney Cook	892	164	877	437	258	2 ⁸	2,630
David Richardson ⁶	332	65	318	160	108	-	983
Simon Thomas	523	108 ⁷	502	251	114	2 ⁸	1,500

1 One-third of bonus payments have been deferred into awards over shares under the DSBP and will vest after three years.

2 Awards were made under the LTIP in the period and the respective values will be reported on vesting in the respective Annual Report on Remuneration section.

3 All-employee share plans includes the value of SAYE and SIP awards that vest after three or five years for SAYE, and three years for SIP.

4 Benefits include Executive allowance for which the Executives can purchase their own benefits, for example a pension or private medical cover.

5 Benefits for Rodney Cook includes a taxable cash payment of £32,500 for reimbursement of holiday which had to be cancelled to deal with urgent Company business. This is in line with Company policy for employees in similar circumstances.

6 Figures for David Richardson represent a 9 month period as he was appointed an Executive Director on 4 April 2016. Included is the actual vest value of £108,104 relating to 20% vesting of the Partnership Assurance LTIP 2015 for the performance period ended 31 December 2016, the terms of which were set out in the merger agreement. An estimated value of this award was omitted in the 2016 Directors' Remuneration Report.

7 The cost of private medical insurance for Simon Thomas in the 18 month period to 31 December 2016 was paid via the benefit allowance and should not have been added to the benefit total. Accordingly, the 18 month period figure of £111,118 reported in the 2016 Directors' Remuneration Report has been restated.

8 At the time of the IPO 2013, and under the same terms as other employees, Executive Directors received the opportunity to subscribe for free Company shares, which vested in June 2016 and November 2016 respectively, three years from grant. This was omitted in the 2016 Directors' Remuneration Report.

Directors' Remuneration Report *continued*

2017 EXECUTIVE DIRECTORS' SHORT TERM INCENTIVE PLAN AWARDS (audited)

Two-thirds of the 2017 bonus was based on corporate financial performance measures, split equally across three measures, and one-third based on personal non-financial performance measures. The performance outcome against the targets set for the STIP in 2017 was as follows:

Corporate financial performance

For 2017, STIP payouts as a percentage of maximum were 95.0% for Rodney Cook, 91.7% for David Richardson, and 95.0% for Simon Thomas. The table below illustrates performance against each of the measures.

Measure	Threshold (20%)	Target (50%)	Maximum (100%)	Weighting as % of total STIP opportunity	Results (% of maximum)			
					Actual	Rodney Cook	David Richardson	Simon Thomas
Pre-tax adjusted operating profit	£135m	£156m	£176m	22.2%	£220.6m	22.2%	22.2%	22.2%
IFRS new business profit	£110m	£130m	£150m	22.2%	£169.8m	22.2%	22.2%	22.2%
Run rate synergy savings	£7m	£10m	£12m	22.2%	£18m	22.2%	22.2%	22.2%
Total				66.7%		66.7%	66.7%	66.7%

Strategic personal performance

Personal objectives represent one-third of the overall STIP potential. A performance commentary is shown in the table below:

Executive Director	Weighting as % of total STIP opportunity	Strategic personal objectives	Key achievements	Pay out as % of maximum
Rodney Cook	33.3%	<ul style="list-style-type: none"> Strategic development of the business, leading initiatives that ensure Just is in a strong position in our chosen markets. Continuing the diversification of our portfolio. Engaging with key stakeholders, investors and customers and developing bench strength in the executive management team for talent succession. 	<ul style="list-style-type: none"> Just retained leadership in key markets. HUB Financial Solutions is now well positioned as the core distribution business. Achievement of Financial Adviser 5 Star service awards for both GIFL and LTM. During the year significant personal engagement with investors updating them on Company progress post-merger. Strong commitment to talent succession; increased the number of women at Executive Committee level. 	28.3%
David Richardson	33.3%	<ul style="list-style-type: none"> Delivering improved new business profits in the Defined Benefit De-risking Solutions ("DB") business. Ensuring strong pricing discipline across the Group. Developing a robust and progressive investment strategy and initiating the people plan for diversity and inclusion. 	<ul style="list-style-type: none"> DB new business profits, securing key new business customers. Established consistent pricing discipline across new business lines which helped deliver record new business profits. Strong delivery on investments in excess of plan, especially non-LTM assets. Sponsor for diversity and inclusion for the Group; during 2017 he developed an outline approach to the Group Board on the organisation's plans for delivery. 	25.0%
Simon Thomas	33.3%	<ul style="list-style-type: none"> Improved Group capital and financing capacity to enable the business to support its growth potential. Deepening our investor relationships. Building the finance functional test capability. 	<ul style="list-style-type: none"> Group capital and finance capacity - achieved a Fitch Insurer Financial Strength rating for our largest Life Company at A+. Capture of additional merger synergy benefits and ahead of schedule. Investor relations - several investor relations seminars in the year. Finance talent - enabled several talent moves within the function to build succession capacity and strengthen functional expertise. 	28.3%

Risk consideration

The Committee reviewed a comprehensive report from the Group Chief Risk Officer to ascertain that the Executive Directors' objectives had been fulfilled within the risk appetite of the Group. In addition, the Committee received feedback from the Group Regulatory Risk and Compliance function and from the Group Legal Counsel that there were no material issues to consider around regulatory breaches, customer outcomes or litigation that would prevent payment of any STIP award or trigger any malus. The Committee was satisfied that the STIP awards should be paid.

Deferral policy

In line with our policy, one-third of the 2017 STIP award will be deferred into nil cost options (DSBP), subject to continued employment and clawback/malus provisions.

Executive Director	Results (% of maximum)	Results (% of salary)	Cash STIP	Deferred amount	Total STIP
Rodney Cook	95.0%	142.5%	£617,500	£308,750	£926,250
David Richardson	91.7%	137.5%	£416,167	£208,083	£624,250
Simon Thomas	95.0%	142.5%	£361,000	£180,500	£541,500

VESTING OF LTIP AWARDS WITH A PERFORMANCE PERIOD ENDING IN 2017 (AUDITED)

The 2014 Just Retirement LTIP award vested at 50% in September 2017 based on award measures of adjusted operating profit ("OP") and relative TSR over the three year period ending 30th June 2017 (see tables below). As previously disclosed to shareholders, operating profit performance was measured from the year ending 30 June 2015 as operating profit from the year ended 30 June 2014 was considered by the Committee to be an inappropriate base from which to measure growth in light of the changes to the previous annuity market announced in the budget for that year. In line with the policy, the Committee considered the pre and post-merger performance of the companies, including risk considerations, and saw no reason not to allow the LTIP to vest in accordance with the performance conditions.

At grant, the end of performance period for the 2014 award was intended to be the three financial years from the year ended 30 June 2014. The change to the Company's financial year, which resulted in an 18 month financial reporting period from 30 June 2015 to 31 December 2016, would have resulted in a 42 month performance period which ended after the vesting date of the awards. The Committee therefore determined that performance should be measured over the original 36 month period. In order to measure OP growth to 30 June 2017, pro forma OP figures for the half year to 31 December 2016 and the half year to 30 June 2017 were combined as shown in the table below.

Award	Measure	Weighting	Vesting scale	OP for 12 months ended 30 June 2017	Annual performance achieved	Cumulative performance achieved	% of this award vesting
2014	Adjusted operating profit	50%	No vesting if OP growth below 9% p.a., 25% vests if OP growth equal to 9% p.a., 100% vests if OP growth exceeds 18% p.a. Straight-line pro-rata basis from 25% to 100% if OP growth exceeds 9% p.a. but is less than 18% p.a.	£182.5m	29.7%	68.2%	100%
2014	Relative TSR	50%	No vesting if TSR is below the median TSR, 25% vests if equal to median TSR, 100% vests at upper quartile. Pro-rata vesting between the median and upper quartile TSR (25% to 100%).	Actual median TSR	Actual upper quartile TSR	Actual achievement	% of this award vesting
				28.3%	68.5%	-8.3%	0%

Details of how the Just Retirement LTIP 2014 vested

	Number of shares at grant	% vested	Number of shares vested	Number of shares lapsed	Share price at vesting (25 Sept 2017)	Total value at vesting including cash equivalent dividend ¹
Rodney Cook	815,737	50%	407,868	407,869	£1.50	£652,851
Simon Thomas	360,526	50%	180,263	180,263	£1.50	£288,537

¹ The value of the LTIP for 2017 relates to the 2014 LTIP award, with a three year performance period ending 30 June 2017. 50% of the award vested in September 2017. The value of the LTIP award is based on the mid-market price of 25 September 2017, and also includes the amount received for the cash equivalent dividend payment based on number of shares vested.

Partnership Assurance LTIP 2015

As part of the merger agreement the Partnership 2015 LTIP was converted to Just Group plc with 20% vesting on completion of the original vesting period 31 December 2016.

	Number of shares at grant	% vested	Number of shares vested	Number of shares lapsed	Share price at vesting ¹	Value at vesting
David Richardson	355,609	20% vested on 31 December 2016	71,121	Nil	£1.52	£108,104

¹ For the 2016 single figure, the value of vest is reported based at the point the awards were converted into Just Group shares on 4 April 2016. The remaining 80% is subject to performance conditions in line with the Just 2015 LTIP.

Directors' Remuneration Report *continued*

2017 LTIP AWARDS GRANTED (audited)

As outlined in last year's report, in order to take account of the change to the Company's year end from 30 June to 31 December, the Remuneration Committee reviewed the timing of the annual grant of long-term incentive awards, bringing forward the grant of the 2016 awards from November to April 2016. As a result of this and the change of timing in the grant of awards, the aggregate value of awards granted to the former Executive Directors of Just Retirement was greater than the level that might normally be expected under the Policy in an 18 month period. The Committee was aware that this situation was anomalous and when determining award levels for the grant of the 2017 LTIP ensured that, when considered over the 30 month period from 1 July 2015 to 31 December 2017, the aggregate level of awards granted is appropriate. As a result, the following awards were made:

	Date of grant	Type of award	% of salary at grant	Number of shares ¹	Face value ¹	Threshold vesting ²	End of performance period ²
Rodney Cook	17 May 2017	nil-cost options	170% of £650,000	846,613	£1,105,000	25%	31 December 2019
David Richardson	17 May 2017	nil-cost options	150% of £454,000	521,759	£681,000	25%	31 December 2019
Simon Thomas	17 May 2017	nil-cost options	127.5% of £380,000	371,207	£484,500	25%	31 December 2019

- Awards were granted at a share price of 130.52p, being the average of the middle-market quotations of shares over the five consecutive dealing days immediately prior to the date of grant.
- Half of the award is subject to growth in the Group's adjusted earnings per share ("EPS") performance target. If the adjusted EPS growth target for the 12 months ending 31 December 2019 exceeds the adjusted EPS growth target for the financial year ending 31 December 2016 by 6% p.a. (equivalent to 19.1% cumulative growth), 25% of the award will vest. The award will vest in full for growth of 12% p.a. (equivalent to 40.5% cumulative growth) with payment on a sliding scale in-between these points. No award will vest if cumulative growth is below 19.1%. Half of the award is subject to TSR performance relative to the constituent companies of the FTSE 250 Index (excluding investment trusts, mining companies and oil and gas producers). Vesting of 25% of these awards will occur for median performance and the maximum 100% will vest for upper quartile performance or above, with straight-line vesting between these points. None of these awards will vest if TSR is below the median.

DIRECTORS' SHAREHOLDING GUIDELINES (audited)

To align the interests of the Executive Directors with shareholders, each Executive Director must build up and maintain a shareholding in the Group equivalent to 200% of base salary, in line with the Policy. Until the guideline is met, Executive Directors are required to retain 50% of any LTIP and DSBP share awards that vest (or are exercised), net of tax and NICs.

Details of the Directors' interests in shares are shown in the table below.

Director	Beneficially owned shares at 31 December 2017	Shareholding guideline achieved	Beneficially owned shares at 14 March 2018	Unvested and subject to performance conditions			Unvested and subject to continued employment		Vested but not exercised	
				LTIP	DSBP	SAYE	LTIP	SIP ²		
Rodney Cook	2,885,612	YES	2,885,612	2,447,370	463,582	16,822	-	-	1,659	
David Richardson ³	358,172	NO	366,122	1,365,503	266,286	-	71,121	-	236	
Simon Thomas ¹	973,788	YES	973,788	1,074,987	260,882	16,822	-	-	2,654	

- As an eligible employee, the spouse of Simon Thomas holds 995 shares under the Group's Share Incentive Plan (includes dividend shares) and holds 4,510 ordinary shares.
- Dividend shares are included in the SIP total.
- David Richardson fulfilled the Company Share Ownership guidelines in Partnership Assurance prior to the merger but fell below the new Group threshold following transfer of Partnership Assurance Group plc shares for JRP Group plc shares. David Richardson was appointed Executive Director on 4 April 2016.

DIRECTORS' OUTSTANDING INCENTIVE SCHEME INTERESTS (audited)

The tables below summarises the outstanding awards made to the Executive Directors:

Rodney Cook

Scheme	Interests at 31 December 2016	Granted in 12 month period	Vested in 12 month period	Lapsed in 12 month period	Exercised in 12 month period	Interests at 31 December 2017	Date of grant	Exercise price (£)	End of performance period	Vesting date	Expiry date
LONG TERM INCENTIVE PLAN ("LTIP")											
LTIP (2017) ⁴	-	846,613	-	-	-	846,613	17 May 2017	nil	31 Dec 2019	17 May 2020	17 May 2027
LTIP (2016) ³	42,606	-	-	-	-	42,606	28 Sep 2016	nil	31 Dec 2018	28 Sep 2019	28 Sep 2026
LTIP (2016) ³	852,126	-	-	-	-	852,126	21 Apr 2016	nil	31 Dec 2018	21 Apr 2019	21 Apr 2026
LTIP (2015) ²	706,025	-	-	-	-	706,025	6 Nov 2015	nil	30 Jun 2018	6 Nov 2018	6 Nov 2025
LTIP (2014) ¹	815,737	-	407,868	407,869	407,868	-	25 Sep 2014	nil	30 Jun 2017	25 Sep 2017	25 Sep 2024
LTIP (2013)	199,022	-	-	-	199,022	-	15 Nov 2013	nil	30 Jun 2016	15 Nov 2016	15 Nov 2023

DEFERRED SHARE BONUS PLAN ("DSBP")

DSBP (2017)	-	207,358	-	-	-	207,358	17 Mar 2017	nil	n/a	17 Mar 2020	17 Mar 2027
DSBP (2016)	99,201	-	-	-	-	99,201	21 Apr 2016	nil	n/a	21 Apr 2019	21 Apr 2026
DSBP (2015)	157,023	-	-	-	-	157,023	6 Nov 2015	nil	n/a	6 Nov 2018	6 Nov 2025
DSBP (2014)	130,000	-	130,000	-	130,000	-	25 Sep 2014	nil	n/a	25 Sep 2017	25 Sep 2024

SAVE AS YOU EARN ("SAYE")

SAYE (2017)	-	16,822	-	-	-	16,822	21 Jun 2017	1.07	n/a	1 Sep 2020	1 Mar 2021
SAYE (2014)	15,038	-	15,038	-	15,038	-	12 May 2014	1.1969	n/a	1 Jun 2017	1 Dec 2017

SHARE INCENTIVE PLAN ("SIP")

SIP ⁶	1,618	41	-	-	-	1,659	15 Nov 2013	nil	n/a	15 Nov 2016	n/a
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David Richardson

Scheme	Interests at 31 December 2016	Granted in 12 month period	Vested in 12 month period	Lapsed in 12 month period	Exercised in 12 month period	Interests at 31 December 2017	Date of grant	Exercise price (£)	End of performance period	Vesting date	Expiry date
LONG TERM INCENTIVE PLAN											
LTIP (2017) ⁴	-	521,759	-	-	-	521,759	17 May 2017	nil	31 Dec 2019	17 May 2020	17 May 2027
LTIP (2016) ³	6,060	-	-	-	-	6,060	28 Sep 2016	nil	31 Dec 2018	28 Sep 2019	28 Sep 2026
LTIP (2016) ³	482,075	-	-	-	-	482,075	21 Apr 2016	nil	31 Dec 2018	21 Apr 2019	21 Apr 2026
LTIP (2015) (Partnership) ⁵	355,609	-	71,121	-	-	355,609	11 Aug 2015	nil	30 Jun 2018	11 Aug 2018	11 Aug 2025
DEFERRED SHARE BONUS PLAN											
DSBP (2017)	-	147,001	-	-	-	147,001	17 Mar 2017	nil	n/a	17 Mar 2020	17 Mar 2027
DSBP (2016)	119,285	-	-	-	-	119,285	21 Apr 2016	nil	n/a	21 Apr 2019	21 Apr 2026
SAVE AS YOU EARN											
SAYE (2014) (Partnership) ⁵	7,950	-	7,950	-	-	7,950	1 Nov 2014	1.1319	n/a	1 Nov 2017	1 May 2018
SHARE INCENTIVE PLAN											
SIP (Partnership) ⁶	232	4	-	-	-	236	12 Jun 2013	nil	n/a	12 Jun 2016	n/a

Simon Thomas

Scheme	Interests at 31 December 2016	Granted in 12 month period	Vested in 12 month period	Lapsed in 12 month period	Exercised in 12 month period	Interests at 31 December 2017	Date of grant	Exercise price (£)	End of performance period	Vesting date	Expiry date
LONG TERM INCENTIVE PLAN											
LTIP (2017) ⁴	-	371,207	-	-	-	371,207	17 May 2017	nil	31 Dec 2019	17 May 2020	17 May 2027
LTIP (2016) ³	18,732	-	-	-	-	18,732	28 Sep 2016	nil	31 Dec 2018	28 Sep 2019	28 Sep 2026
LTIP (2016) ³	374,641	-	-	-	-	374,641	21 Apr 2016	nil	31 Dec 2018	21 Apr 2019	21 Apr 2026
LTIP (2015) ²	310,407	-	-	-	-	310,407	6 Nov 2015	nil	30 Jun 2018	6 Nov 2018	6 Nov 2025
LTIP (2014) ¹	360,526	-	180,263	180,263	180,263	-	25 Sep 2014	nil	30 Jun 2017	25 Sep 2017	25 Sep 2024
LTIP (2013)	87,961	-	-	-	87,961	-	15 Nov 2013	nil	30 Jun 2016	15 Nov 2016	15 Nov 2023
DEFERRED SHARE BONUS PLAN											
DSBP (2017)	-	120,524	-	-	-	120,524	17 Mar 2017	nil	n/a	17 Mar 2020	17 Mar 2027
DSBP (2016)	55,091	-	-	-	-	55,091	21 Apr 2016	nil	n/a	21 Apr 2019	21 Apr 2026
DSBP (2015)	85,267	-	-	-	-	85,267	6 Nov 2015	nil	n/a	6 Nov 2018	6 Nov 2025
DSBP (2014)	73,583	-	-	-	73,583	-	25 Sep 2014	nil	n/a	25 Sep 2017	21 Sep 2024
SAVE AS YOU EARN											
SAYE (2017)	-	16,822	-	-	-	16,822	21 Jun 2017	1.07	n/a	1 Sep 2020	1 Mar 2021
SAYE (2014)	15,038	-	-	-	15,038	-	12 May 2014	1.1969	n/a	1 Jun 2017	1 Dec 2017
SHARE INCENTIVE PLAN											
SIP ⁶	1,618	41	-	-	-	1,659	15 Nov 2013	nil	n/a	15 Nov 2016	n/a

- Vesting of the LTIP awards made in September 2014 was based half on adjusted operating profit growth and half on relative TSR performance as described earlier in this report.
- Vesting of the LTIP awards made in November 2015 is based half on adjusted operating profit growth and half on relative TSR performance. Half of the award is subject to growth in the Group's adjusted operating profit. If adjusted operating profit for the 12 months ending 30 June 2018 exceeds adjusted operating profit for the financial year ending 30 June 2015 by 7.5% p.a. (equivalent to 24.2% cumulative growth), 25% of the award will vest. The award will vest in full for growth of 15% p.a. (equivalent to 52% cumulative growth) with payment on a sliding scale in-between these points. No award will vest if cumulative growth is below 24.2%. Half of the award is subject to TSR performance relative to the constituent companies of the FTSE 250 index (excluding investment trusts). Vesting of 25% of these awards will occur for median performance and the maximum 100% will vest for upper quartile performance or above, with straight-line vesting between these points. None of these awards will vest if TSR is below the median.
- Vesting of the LTIP awards made in April and September 2016 is based 25% adjusted operating profit growth, 50% on relative TSR performance and 25% cost-synergy targets. 25% of the award is subject to growth in the Group's adjusted operating profit. If adjusted operating profit for the 12 months ending 31 December 2018 exceeds adjusted operating profit for the 12 months ending 31 December 2015 by 9% p.a. (equivalent to 29.5% cumulative growth), 25% of the award will vest. The award will vest in full for growth of 15% p.a. (equivalent to 52% cumulative growth) with payment on a sliding scale in-between these points. No award will be made if cumulative growth is below 29.5%. 50% of the award is subject to TSR performance relative to the constituent companies of the FTSE 250 index (excluding investment trusts, mining companies and oil and gas producers). Vesting of 25% of these awards will occur for median performance and the maximum 100% will vest for upper quartile performance or above, with straight-line vesting between these points. None of these awards will vest if TSR is below the median. 25% of the award is subject to cost-synergy targets. Where the Company's total pre-tax realised cost savings per annum over the performance period are at £40m, the Annual Synergy Saving Performance percentage shall be 25% (threshold). The Committee has set the 100% vesting level at a stretching target which is above the £45m advised to the market. Between each point, intermediate results shall be calculated by interpolation.
- Vesting of the LTIP awards made in May 2017 is based half on growth in the Group's adjusted earnings per share ("EPS") and half on relative TSR performance as described earlier in this report.
- These were issued in Partnership Assurance Group plc and converted into the Just Group plc scheme on acquisition at 4 April 2016.
- Dividend shares are included in the SIP total.

The closing share price of the Group's ordinary share price at 31 December 2017 was £1.704 and the closing price range from the start of the financial year to the year end was £1.215 to £1.704.

Dilution

The Committee supports the Investment Association guidelines regarding dilution and regularly monitors the Group's compliance with these requirements. Assuming that all awards made under the Group's share plans vest in full, the Group has utilised 2.15% of the 10% in ten years' dilution limit and 1.68% of the 5% in ten years' dilution limit.

PAYMENTS MADE TO PAST DIRECTORS DURING 2017 (AUDITED)

There were no payments made to past Directors during 2017.

PAYMENTS FOR LOSS OF OFFICE MADE DURING 2017 (AUDITED)

There were no loss of office payments made during the year.

NON-EXECUTIVE DIRECTORS REMUNERATION SINGLE FIGURE (AUDITED)

The fees for Non-Executive Directors were not reviewed in 2017 and remain as detailed in the table below:

	31 Dec 2017
Board Chairman	£250,000
Deputy Chairman	£180,000
Basic fee	£60,000
Additional fee for Senior Independent Director	£10,000
Additional fee for Committee Chairman	£15,000

The table below shows the actual fees paid to our Non-Executive Directors from 1 January to 31 December 2016 and 1 January to 31 December 2017.

Non-Executive (£'000)	Committee membership	12 month period ended 31 December 2017	12 month period ended 31 December 2016 (unaudited)	18 month period ended 31 December 2016
Chris Gibson-Smith, Chairman	A N R RI	250	188 ¹	188 ¹
Tom Cross Brown, Deputy Chairman ²	N RI	180	180	270
Keith Nicholson, Senior Independent Director	A N RI	89	80	120
Michael Deakin ²	N R	79	70	105
Steve Melcher	A N RI	79	70	105
Ian Cormack	N R RI	77	64 ¹	64 ¹
Paul Bishop ²	A N	75	56 ¹	56 ¹
Clare Spottiswoode	A RI	60	45 ¹	45 ¹

1 This is a fee for only 9 months ended 2016 following their appointment to the Board in April 2016.

2 The reported fees are inclusive of membership to the JRL and PLACL Investment Committee.

Committee Key

- A Audit
- N Nomination
- R Remuneration
- RI Group Risk and Compliance
- Denotes Chair of Committee

NED Shareholdings guidelines (audited)

Each of the Chairman and the Non-Executive Directors are encouraged to invest in the shares of the Company within two years of their date of appointment.

	Beneficially owned shares at 31 December 2017	Beneficially owned shares at 14 March 2018
Chris Gibson-Smith	582,787	582,787
Tom Cross Brown	725,000	725,000
Keith Nicholson	29,775	29,775
Michael Deakin	42,036	42,036
Steve Melcher	79,439	79,439
Ian Cormack	10,831	10,831
Paul Bishop	-	-
Clare Spottiswoode	-	-

Directors' Remuneration Report *continued*

Remuneration Committee 2017

The Committee is made up exclusively of Independent Non-Executive Directors. The Committee is chaired by Ian Cormack (appointed on 4 April 2016) and its other members are Chris Gibson-Smith (appointed on 4 April 2016), Michael Deakin (appointed on 23 March 2015), and Steve Melcher (appointed on 4 April 2016).

The terms of reference are available on the Company website. The focus of the Committee includes the remuneration strategy and policy for the whole Company as well as the Executive Directors.

The key activities of the Committee during the year include:

- Reviewing and approving the Directors' Remuneration Report;
- Approving of the grant of the 2017 awards and performance conditions under the Long Term Incentive Plan;
- Assessing the performance of Executive Directors against the 2017 corporate financial and personal non-financial performance targets set for the annual bonus and approving the payments;
- Review of the Company's Gender Pay Gap data; and
- Monitoring the developments in the corporate governance environment and investor expectations.

External assistance provided to the Committee

New Bridge Street ("NBS"), part of Aon plc, is retained as the independent adviser to the Remuneration Committee. NBS has no other connection with the Group and provides no other services to the Group.

NBS has been appointed by the Committee to provide advice and information. NBS is a signatory to the Remuneration Consultants' Code of Conduct, which requires that its advice be objective and impartial. The Committee will review annually the performance and independence of its advisers.

The total fees paid to NBS for providing advice and information related to remuneration and employee share plans to the Committee during the year were £104,920. The fees charged are predominantly charged on a "time spent" basis.

Internal assistance provided to the Committee

The Group Chief Executive Officer and other senior management, including the Group HR Director and the Group Chief Risk Officer were invited to attend meetings as the Committee considered appropriate, but did not take part in discussions directly regarding their own remuneration.

STATEMENT OF VOTING AT THE ANNUAL GENERAL MEETING (UNAUDITED)

At the JRP Group AGM held on 18 May 2017, shareholders were asked to vote on the new Directors' Remuneration Policy and the 2016/17 Directors' Remuneration Report.

The resolutions received significant votes in favour by shareholders. The votes received were:

Resolution	Votes for	% of votes	Votes against	% of votes	Votes withheld
To approve the Directors' Remuneration Report	783,439,479	97.79%	17,683,522	2.21%	9,627,154
To approve the Directors' Remuneration Policy	785,635,441	96.90%	25,111,348	3.10%	3,366

SHAREHOLDER VIEWS

The Group values and is committed to dialogue with its shareholders. The Committee will consider investor feedback and the voting results received in relation to relevant AGM resolutions each year. In addition, the Committee will engage proactively with shareholders, and will ensure that shareholders are consulted in advance where any material changes to the Directors' Remuneration Policy are proposed. During the year, the Committee consulted with shareholders in relation to 2017 salary increases and the grant of the 2017 long-term incentive awards.

REMUNERATION FOR EMPLOYEES BELOW THE BOARD

General Remuneration Policy

The Remuneration Policy for the wider Group is designed to attract, retain and motivate new and existing employees. It is in line with the sector in which we operate and our overall total remuneration approach is to pay a market competitive level of remuneration that is structured to appropriately reward employees, align them with the interests of our shareholders, customers and be relevant to the markets/geographies in which we operate. We define total remuneration as base salary, annual incentive (STIP), and any benefits, for example pension. For those eligible to participate in the LTIP this will also be included.

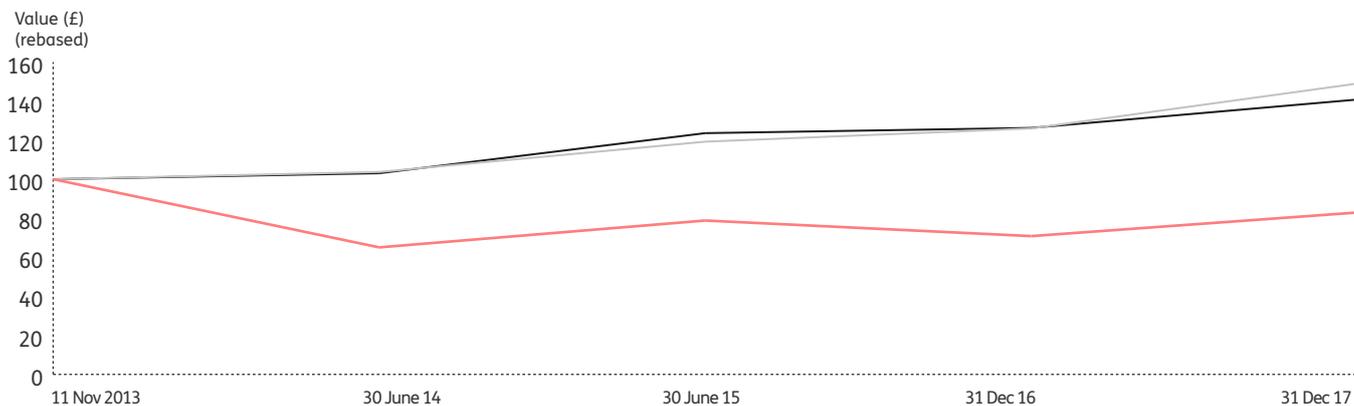
Summary of the remuneration structure for employees below Executive Director

Remuneration element	Policy approach
BASE SALARY	To attract and retain key employees we pay salaries which deliver market competitive total remuneration. We take into account the following when determining the base salary: the size of the role, and its scope, the required skills, knowledge and experience, relevant pay in terms of the wider organisation and appropriate market comparative data. For 2017 the salary average increase for all employees was set at 2.5%. This is an average figure, with individual increases varying within a range depending on the factors above.
SHORT TERM INCENTIVE PLAN ("STIP")	Most of our employees participate in a discretionary bonus plan, unless an alternative plan, for example in relation to sales roles, is in operation. This plan is based on the achievement of corporate (Company) performance and personal performance, the latter is based on objectives, behaviours in line with our culture and conduct in the role. For regulated roles, for example in risk, audit or compliance roles, an element of the financial performance may be replaced by functional performance. The Group also operates bonus plans for certain types of roles, for example sales, based on objectives, behaviours in line with our culture and conduct in the role. The Remuneration Committee has the ultimate discretion on all incentive plans and these are reviewed on an annual basis. Bonuses for all of the Executive team who are not Board members have an element of bonus deferred into shares for three years.
LONG TERM INCENTIVE PLAN ("LTIP")	Participation in the LTIP is for a small number of executives and key roles each year in recognition of the strategic and critical roles that they hold in supporting the strategic direction of the business and delivering Company performance. In 2017 fewer than 50 people were granted awards.
OTHER SHARE PLANS	The Company operates a deferred share bonus plan ("DSBP") which provides the vehicle for the deferral of the STIP award.
PENSION	All employees are provided with the opportunity to participate in the Group defined contribution pension plan.
OTHER BENEFITS	All employees are able to participate in the private medical cover scheme.

Group's share performance compared to the FTSE 250 Index

This graph shows a comparison of the Group's Total Shareholder Return (share price growth plus dividends paid) with that of the FTSE 250 Index (excluding investment trusts, mining companies, and oil and gas producers). The Group has selected this index as it comprises companies of a comparable size and complexity and provides a good indication of the Group's relative performance. The FTSE 250 (excluding investment trusts, mining companies and oil and gas producers) is also included as it is the comparator group used for the 2014 PSP award that vested during the year under review.

TOTAL SHAREHOLDER RETURN (UNAUDITED)



This graph shows the value, by 31 December 2017, of £100 invested in Just Group on 11 November 2013, compared with the value of £100 invested in the FTSE 250, FTSE 250 (excluding investment trusts, mining companies and oil & gas producers) indices on the same date. The other points plotted are the values at intervening financial year-ends.

— Just Group — FTSE 250 (excluding investment trusts) — Median company performance of FTSE 250 (excluding investment trusts, mining companies and oil & gas producers)

Source: Datastream (Thomson Reuters)

Total remuneration of the CEO during the same period (unaudited)

The total remuneration of the CEO over the last five years is shown in the table below.

	12 month period ended 31 December	12 month period ended 31 December	18 month period ended 31 December	Year ended 30 June		
	2017	2016	2016	2015	2014	2013
Total remuneration (£'000)	2,369	1,870	2,630	1,357	1,196	1,052
STIP (as a % of maximum opportunity)	95.0%	98.3%	97.5%	89%	63%	86%
LTIP vesting (as a % of maximum opportunity)	50.0%	39.5%	39.5%	n/a	n/a	n/a

Percentage annual change in the Group Chief Executive Officer's pay compared to that for Just employees (unaudited)

The table below shows the percentage change in each of the Group Chief Executive Officer's salary, taxable benefits and STIP earned between 2016 and 2017, compared to that for the average employee of the Group (on a per capita basis). To allow for a meaningful comparison, 2016 is taken as being 1 January to 31 December 2016, rather than the 18 month financial period.

£'000	Year ended 31 Dec 2017	Rodney Cook, CEO			Average employee			
		12 month period ended 31 Dec 2016	18 month period ended 31 Dec 2016	% change	Year ended 31 Dec 2017 ¹	12 month period ended 31 Dec 2016 ¹	18 month period ended 31 Dec 2016	% change
Salary	640	602	892	6.3	55	53	70	3.8
Benefits	148	110	164	34.5 ³	3	3	9	12.4 ²
Bonus	926	898	1,314	3.1	17	16	19	6.3

1 All permanent employees in the UK who were in employment during the two calendar year periods of 2016 and 2017 were selected as the most appropriate comparator.

2 Average employee values were £2,856 (2016) and £3,210 (2017), a change of 12.4%. Employee benefits increased due to car allowance in 2017 of Partnership Assurance being aligned with Just Retirement.

3 Without exceptional one-off holiday reimbursement, the actual benefit increase is 5.5%.

Relative importance of spend on pay (unaudited)

The table below illustrates the relative importance of spend on pay compared to shareholder dividends paid. To allow for a more meaningful comparison, the difference in spend between years has been taken as the difference between the year ended 31 December 2017 and the 12 month period ended 31 December 2016, where the 12 month period ended 31 December 2016 includes personnel costs in respect of Partnership Assurance Group as if the merger had taken place at the beginning of 2016.

	Year ended 31 Dec 2017	12 month period ended 31 Dec 2016	% difference	18 month period ended 31 Dec 2016
Total personnel costs (£m)	113.8	116.1	- 2.0	138.0
Dividends paid (£m)	33.2	20.5	62.0	32.9

Implementation of the Remuneration Policy in 2018 (unaudited) for Executive Directors**Salary**

- Salaries increased 2.2% to 2.6% in line with workforce
- Rodney Cook CEO: £667,000
- David Richardson Deputy CEO: £464,000
- Simon Thomas CFO: £390,000

Short Term Incentive Plan

- Maximum opportunity remains unchanged at 150%
- Corporate financial measures for 2018 will be IFRS operating profit and IFRS new business profit (two-thirds of bonus). Strategic personal performance represents one-third of bonus

The Committee has chosen not to disclose in advance details of the STIP performance targets for the forthcoming year as these include items which the Committee considers commercially sensitive. An explanation of bonus payouts and performance achieved will be provided in next year's Annual Report on Remuneration.

Long Term Incentive Plan

- Maximum opportunity remains 250%, the normal award level is 200% for CEO, and 150% for Deputy CEO and CFO. The awards made in 2018 will be subject to the following performance conditions, measured over the three financial years to 31 December 2020
- Measures remain unchanged at TSR and EPS growth

Adjusted earnings per share (50% of award)

Half the award will be subject to growth in adjusted earnings per share over three years from the 12 months ending 31 December 2017. These targets had not yet been finalised and will be disclosed to shareholders at the time of grant.

Relative TSR (50% of the award)

Half of the award will be subject to TSR performance relative to the constituents of a relevant comparator index or peer group. Vesting of 25% of these awards will occur for threshold performance and the maximum 100% will vest for upper quartile performance or above, with straight-line vesting between these points. None of these awards will vest if TSR is below the median.

APPROVAL

This report was approved by the Board of Directors on 14 March 2018 and signed on its behalf by:


IAN CORMACK

Chairman, Remuneration Committee
14 March 2018

Directors' Report

The Directors present their Annual Report and the audited financial statements for Just Group plc ("Just"), registered in England & Wales No: 8568957, for the year ended 31 December 2017.

OVERVIEW

The Annual Report contains forward-looking statements. These forward-looking statements are not guarantees of future statements. Rather they are based on current views and assumptions and involve known and unknown risks, uncertainties and other factors that may cause actual results to differ from any future results or developments expressed in, or implied by, the forward-looking statements. Each forward-looking statement speaks only as of the date of that particular statement.

The Directors' Report of the Group for the year ended 31 December 2017 is set out on pages 73 to 76 inclusive. Additional information which is incorporated by reference into this Directors' Report, including information required in accordance with the Companies Act 2006 and the Listing Rule 9.8.4R of the UK Financial Conduct Authority's Listing Rules, can be located as follows:

Disclosure	Location
Description of the Group's business model and information relating to the performance of the Group's business during the financial year, the position of the Group at the end of the year, and likely future developments	Throughout the Strategic Report (pages 1 to 36)
Employee involvement	Our colleagues (page 13)
Financial risk management objectives and policies (including hedging policy and use of financial instruments)	Note 34 to the financial statements (pages 119 to 123)
Details of long-term incentive schemes	Note 11 to the financial statements (pages 101 to 104)
Directors' Responsibility Statement	Page 77

Both the Directors' Report and the Strategic Report have been drawn up and presented in accordance with, and in reliance upon, applicable English company law. The liabilities of the Directors in connection with those reports shall be subject to the limitations and restrictions provided by such law.

The Company does not have any overseas branches within the meaning of the Companies Act 2006.

GOING CONCERN AND VIABILITY STATEMENT

The Directors are required to assess the prospect of the Group as a going concern over the next 12 months, and also its longer-term viability in accordance with provision C.2.2 of the UK Corporate Governance Code 2016.

GOING CONCERN

Under the annotated version of the UK Corporate Governance Code, the Directors are required to state whether in their assessment the business is a going concern. In considering this requirement, the Directors have taken into account the following:

- The Group plan, which was approved by the Board in the first quarter of 2018, and in particular the forecast regulatory solvency position calculated on a Solvency II basis.
- The findings of the August 2017 Group Own Risk and Solvency Assessment ("ORSA"), and in particular sensitivity to the most significant risks faced by the Group as referred to on pages 19 to 23 of this report.
- The projected liquidity position of the Group as at 31 December 2017, current financing arrangements and contingent liabilities.

Having due regard to these matters and after making appropriate enquiries, the Directors confirm that they consider it appropriate to prepare the financial statements on the going concern basis.

VIABILITY STATEMENT

The Directors also confirm that they have a reasonable expectation that the Group will continue in operation and meet its liabilities, as they fall due, over the next five years. The Directors have carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity, and make this assessment with reference to the risk appetite of the Board and the processes and controls in place to mitigate the principal risks and uncertainties as detailed in the Strategic Report.

The Group undertakes stress and scenario testing to consider the Group's capacity to respond to a series of relevant financial, insurance, changes to financial regulations, or operational shocks should future circumstances or events differ from current assumptions. The review also considers mitigating actions available to the Group should an extreme stress scenario occur.

The Directors note that the Group is subject to the Prudential Regulatory Regime for Insurance Groups which monitors the Group's compliance with Solvency Capital Requirements. While the Directors have no reason to believe that the Group will not be viable over a longer period, given the inherent uncertainty which increases as longer time frames are considered, the Directors consider five years to be an appropriate time frame upon which they can report with a reasonable degree of confidence. A five year time frame has been selected for this statement, although the Group, as with any insurance group, has policyholder liabilities in excess of five years and therefore performs its modelling and stress and scenario testing on timeframes extending to the expected settlement of these liabilities, with results reported in the Group's ORSA.

RESULTS AND DIVIDEND

The financial statements set out the results of the Group for the year ended 31 December 2017 and are shown on page 85.

The first interim dividend for the year of 1.17 pence per ordinary share was paid on 24 November 2017 to shareholders on the register at the close of business on 3 November 2017 (2016: first and second interim dividends of 1.1 pence per share).

The Directors are recommending a final dividend for the year of 2.55 pence per ordinary share which, together with the interim dividend, makes a total dividend for the period of 3.72 pence (2016: 3.5 pence) per ordinary share. Subject to approval by shareholders of the recommended final dividend, the dividend award to shareholders for 2017 will total £34.8m. If approved, the Company will pay the final dividend on 25 May 2018 to shareholders on the register at the close of business on 4 May 2018.

DIRECTORS

The current Directors of the Company, including their biographical details, are set out on pages 38 to 41. Each served throughout the year ended 31 December 2017.

Directors on the Board during the year and up to the date of this report are as follows:

Chris Gibson-Smith, Chairman
 Tom Cross Brown, Deputy Chairman
 Rodney Cook, Group Chief Executive Officer
 David Richardson, Group Deputy Chief Executive Officer and Managing Director, UK Corporate Business
 Simon Thomas, Group Chief Financial Officer
 Paul Bishop, Non-Executive Director
 Peter Catterall, Non-Executive Director (resigned 17 May 2017)
 Ian Cormack, Non-Executive Director
 Michael Deakin, Non-Executive Director
 James Fraser, Non-Executive Director (resigned 17 May 2017)
 Steve Melcher, Non-Executive Director
 Keith Nicholson, Senior Independent Director
 Clare Spottiswoode, Non-Executive Director

In accordance with the UK Corporate Governance Code, the Company is continuing to follow the recommendation that all Directors seek their election or re-election, as relevant, at the 2018 AGM. The shareholders may by special resolution, remove any Director before the expiration of that Director's period of office.

Copies of Executive Directors' service contracts and the Non-Executive Directors' letters of appointment are available to shareholders for inspection at the Company's registered office and at the AGM. Details of the Directors' remuneration and service contracts and their interests in the shares of the Company are included in the Directors' Remuneration Report which is set out on pages 55 to 72. The Non-Executive Directors do not have service agreements.

COMPLIANCE WITH THE UK CORPORATE GOVERNANCE CODE

The statements describing how the Company has applied the main principles of the UK Corporate Governance Code ("the Code") are set out in the Company's Corporate Governance Report on pages 42 to 47, and together with the information on share rights set out in note 11 on pages 101 to 104 forms part of this Directors' Report and is incorporated by reference.

The Board considers that it has complied with the provisions of the Code during the year and up to the date of the Directors' Report.

The Code recommends that at least half the Board, excluding the Chairman, should comprise Non-Executive Directors determined by the Board to be independent in character and judgement and free from relationships or circumstances which may affect, or could appear to affect, their judgement. More than half of its members (including the Chairman) comprised of Non-Executive Directors, are independent in the manner required by the Code and the Board feels that there is a right balance of skills and experience to support the Group's challenges ahead.

DIRECTORS' INSURANCE AND INDEMNITIES

The Directors and Officers of the Company benefit from an indemnity provision in the Company's Articles of Association against any liability they may incur in relation to the Company's affairs, subject to the provisions of the Companies Act 2006 as amended. Each Director of the Company benefits from a deed of indemnity in respect of the costs of defending claims against him or her and third party liabilities (the terms of which are in accordance with the Companies Act 2006 as amended). Such qualifying third party indemnity provision remains in force at the date of this report. Directors' and Officers' liability insurance cover was maintained throughout the year at the Company's expense and remains in force at the date of this report.

SHARE CAPITAL

As at the date of this report, the Company had an issued share capital of 938,308,340 ordinary shares of 10 pence each. No shares are held in treasury. The ordinary shares are listed on the London Stock Exchange.

The Company's Articles specify that, subject to the authorisation of an appropriate resolution passed at a General Meeting of the Company, Directors can allot relevant securities under Section 551 of the Companies Act up to the aggregate nominal amount specified by the relevant resolution. In addition, the Articles state that the Directors can seek the authority of shareholders at a General Meeting to allot equity securities for cash, without first being required to offer such shares to existing ordinary shareholders in proportion to their existing holdings under Section 561 of the Companies Act, in connection with a rights issue and in other circumstances up to the aggregate nominal amount specified by the relevant resolution.

At the Annual General Meeting held on 18 May 2017, the Directors were (i) authorised to allot ordinary shares in the Company up to a maximum aggregate nominal amount of £62,194,736 and (ii) empowered to allot equity securities for cash on a non pre-emptive basis up to an aggregate nominal amount of £4,664,605 and further granted an additional power to disapply pre-emption rights representing a further 5% only to be used in specified circumstances, and (iii) authorised to make market purchases of up to an aggregate of 93,292,104 ordinary shares, representing approximately 10% of the Company's issued ordinary share capital as of 9 March 2017. No shares were purchased by the Company during the year. The Directors propose to renew these authorities at the 2018 Annual General Meeting for a further year. In the year ahead, other than in respect of the Just Group's ability to satisfy rights granted to employees under its various share-based incentive arrangements, the Directors have no present intention of issuing any share capital of Just Group plc.

The holders of ordinary shares are entitled to receive the Company's Annual Report and Accounts, to attend and speak at Company general meetings including the AGM, to appoint proxies and to exercise voting rights.

The share price on 31 December 2017 was £1.704.

Further information relating to the Company's issued share capital can be found in note 21 on page 112.

SECURITIES CARRYING SPECIAL RIGHTS

No person holds securities in the Company carrying special rights with regard to control of the Company.

RESTRICTIONS ON TRANSFER OF SHARES AND VOTING

The Company's Articles of Association ("Articles") do not contain any specific restrictions on the size of a holding or on the transfer of shares, except that certain restrictions may from time to time be imposed by laws and regulations (for example by the Market Abuse Regulations ("MAR") and insider trading law) or pursuant to the Listing Rules of the Financial Conduct Authority whereby certain employees of the Company require the approval of the Company to deal in the Company's ordinary shares. The Directors are not aware of any agreements between holders of the Company's shares that may result in restrictions on the transfer of securities or voting rights.

No person has any special rights with regard to the control of the Company's share capital and all issued shares are fully paid. This is a summary only and the relevant provisions of the Articles should be consulted if further information is required.

SHARE PLANS

The Group operates a number of share-based incentive plans. For these plans the Group can satisfy entitlements by the acquisition of existing shares or by the issue of new shares. Existing shares are held in an employee benefit trust ("EBT"). The trustee of the EBT purchases shares in the open market as required to enable the Group to meet liabilities for the issue of shares to satisfy awards that vest. The trustee does not register votes in respect of these shares and has waived the right to receive any dividends.

During the 12 months to 31 December 2017, 5,424,307 ordinary shares of 10 pence each were issued in satisfaction of the exercise of employee share options under the terms of the Just Retirement Share Plan 2013.

Details of the Group's employee share plans are set out on pages 101 to 104.

SUBSTANTIAL SHAREHOLDINGS/INTERESTS IN THE COMPANY'S SHARES

The Company had been notified in accordance with DTR 5 of the Disclosure and Transparency Rules of the following interests of 3% or more, of its issued ordinary shares. The information below was correct at the date of notification.

Shareholder	Ordinary shareholdings at 31 December 2017	% of capital	Ordinary shareholdings at 14 March 2018 ¹	% of capital
Avallux S.à.r.l.	216,057,001	23.03	166,057,001	17.70
Standard Life Aberdeen plc	73,710,039	7.86	77,961,248	8.31
Baillie Gifford & Co	58,079,222	6.19	58,515,211	6.24
Schroder Investment Management	62,872,803	6.70	47,477,165	5.06
Kames Capital	29,524,556	3.15	46,608,826	4.97
Cinven Limited/ Cinven Funds	51,479,320	5.49	N/A	0

1 Being the last practical date prior to publication of the Annual Report

DIRECTORS' INTERESTS

The interests of Directors and their connected persons in the ordinary shares of the Company as disclosed in accordance with the Listing Rules of the UK Listing Authority are as set out on pages 66 and 69 of the Directors' Remuneration Report and details of the Directors' long-term incentive awards are set out on pages 67 and 68.

There are no potential conflicts of interest between any duties owed by the Directors to the Company and their private interests or other duties. No other Director had any material interest in any significant contract with the Company or with any Group undertaking during the year.

EMPLOYEES

Equal opportunities employment

Just Group plc is an equal opportunities employer and decisions on recruitment, development, training and promotion and other employment related issues are made solely on the grounds of individual ability, achievement, expertise and conduct. These principles are operated on a non-discriminatory basis, without regard to race, colour, nationality, culture, ethnic origin, religion, belief, gender, sexual orientation, age, disability or any other reason not related to job performance or prohibited by applicable law. If there were to be an instance of an employee becoming disabled during their employment with the Group, support for continued employment would be provided and workplace adjustments made as appropriate in respect of their duties and working environment.

EMPLOYEE COMMUNICATION

We want to ensure that Just is a great place to work and communicating and engaging with our employees is critical to our success. We have a well-defined communication and engagement programme in place so that all employees understand our organisation's goals and how we need to work together to achieve them. This includes regular emails to all employees, news items on our intranet, videos, face to face briefing sessions, breakfast gatherings, events and lunch and learns. We also encourage employees to communicate directly with each other through our collaboration tool, Yammer.

We consistently monitor the engagement of our employees and their views on things that are important to them, including their wellbeing, opportunities for personal growth and if they feel recognised for the good work that they do. This is achieved through formal methods, such as surveying, as well as informal approaches which include gathering feedback via word of mouth. All of these insights allow us to put in place specific and tangible actions to ensure that our employees find Just a fulfilling place to work and are proud to be part of our organisation.

Further information on employee communications, development and diversity is given on page 13.

CHANGE OF CONTROL PROVISIONS

There are a number of agreements that take effect, alter or terminate upon a change of control of the Company, such as commercial contracts, bank loan agreements, property lease arrangements and employee share plans. In the context of the Group as a whole, none of these are deemed to be significant in terms of their potential impact except for the following:

The Relationship Agreement with Avallux S.à.r.l. dated 12 November 2013 (the Company's principal shareholder holding 17.70% of the issued ordinary share capital) will continue for so long as the Company is premium-listed on the London Stock Exchange's main market and is entitled to control the exercise of 15% or more of the votes able to be cast on all or substantially all matters at general meetings of the Company. Under the Relationship Agreement, Avallux S.à.r.l. is entitled to appoint one Non-Executive Director to the Board of the Company, but has chosen to waive its right to do so.

The following reinsurance treaties may be terminated by the reinsurer on a change of control as set out below:

- the Hannover Re treaty between Just Retirement Limited and Hannover Rueck SE, Hannover (dated 20 September 2012 and as amended on 16 October 2013, 22 December 2014 and 17 December 2015) in relation to Just Retirement Limited's GifL (non-profit pension annuities) policies written from 1 July 2004 to 31 December 2015 and underwritten using the Merica underwriting system;
- the Hannover Re treaty between Just Retirement Limited and Hannover Life Reassurance Bermuda Ltd (dated 17 December 2015) in relation to Just Retirement Limited's GifL (non-profit pension annuities) policies written for the underwriting years 2004/05, 2005/06 and 2006/07, and underwritten using the Merica underwriting system;
- the RGA lead treaty between Just Retirement Limited and RGA International Reinsurance Company Limited (acting as lead reinsurer) and the treaty between Just Retirement Limited and RGA Americas Reinsurance Company Ltd (acting as following reinsurer) (both treaties dated 19 June 2013 and as amended on 26 September 2013, 1 January 2014, 23 July 2014 and 1 June 2015) in relation to Just Retirement Limited's GifL (non-profit pension annuities) policies written from 1 July 2012 to 31 December 2014 and underwritten using the Merica underwriting system;
- the Achmea Re treaty between Just Retirement Limited and Interpolis Reinsurance Services Limited as novated to Achmea Reinsurance Company NV (dated 1 December 2005 and as subsequently amended, most recently on 1 January 2013) in relation to Just Retirement Limited's GifL (non-profit pension annuities) policies written from 1 July 2004 to 30 June 2012 and underwritten using the Merica underwriting system; and
- the Nomura treaty between Just Retirement Limited and Nomura Reinsurance 51C Limited (dated 30 September 2015) in relation to Just Retirement Limited's GifL (individual underwritten annuities) policies written from 1 July 2009 to 1 July 2013 and underwritten using the Merica underwriting system.

In the case of the RGA reinsurance treaties, the reinsurer can immediately terminate if there is any material change in the ownership, management or control of Just Retirement Limited, its parent or ultimate parent. In the case of the Achmea Re treaty, the reinsurer can immediately terminate if there is any material change in the ownership, management or control of Just Retirement Limited). In the case of the Hannover Rueck SE and Hannover Life Reassurance Bermuda Ltd treaties ("Hannover"), and in the case of the Nomura treaty, the reinsurer may terminate upon three months' prior written notice, if (i) the new controller has a long-term credit rating below BBB as rated by Standard and Poor's or if Standard and Poor's does not provide a credit rating, an equivalent rating of Moody's or Fitch; or (ii) if the new controller does not have a long-term credit rating and such change of control has or is likely to have a material adverse effect on the creditworthiness of Just Retirement Limited; or (in the case of Hannover only) the new controller of Just Retirement Limited is a major competitor). If such termination occurs, the treaty is terminated in respect of new business and the reinsurer may exercise an option either to continue the treaty in respect of business already written or to require recapture of that business, which has the effect of withdrawing the reinsurance in respect of past business (subject to any repayment by Just Retirement Limited not causing it to breach its PRA minimum capital requirements).

The Company does not have any agreements with any Non-Executive Director, Executive Director or employee that would provide compensation for loss of office or employment resulting from a change of control.

FINANCIAL INSTRUMENTS

Derivatives are used to manage the Group's capital position which entails a surplus of long dated fixed interest assets when liabilities are measured on a realistic basis. Details of these derivatives are contained in note 16 to the financial statements. Disclosure with respect to financial risk is included on pages 20 to 23 of the Strategic Report and in note 34 to the financial statements.

POLITICAL CONTRIBUTIONS

No political contributions were made, or political expenditure incurred, by the Company and its subsidiaries during the year (2017: £nil).

MODERN SLAVERY

In compliance with section S4(1) of the Modern Slavery Act 2015, the Group published its slavery and human trafficking statement online.

GREENHOUSE GAS EMISSIONS

Information on our reporting of greenhouse gas emissions and the methodology used to record these is given on page 36.

AMENDMENT OF ARTICLES OF ASSOCIATION

The Company may make amendments to the Articles by way of special resolution in accordance with the Companies Act.

DISCLOSURE OF INFORMATION TO THE AUDITOR

Each of the persons who is a Director of the Company at the date of approval of this Directors' Report has confirmed that, so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware. Each Director has taken all the steps that he or she ought to have taken as a Director in order to make himself or herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

AUDITOR

The Company's auditor has indicated its willingness to continue in office. The Board has agreed, based on the recommendation of the Audit Committee, that a resolution will be put to shareholders at the forthcoming AGM for the appointment of KPMG LLP as Auditor of the Company for the period ending 31 December 2018 and to authorise the Board's Audit Committee to determine the remuneration of the auditor. The Audit Committee reviews the appointment of the auditor and the auditor's effectiveness and relationship with the Group, including the level of audit and non-audit fees paid. Further details on the work of the Audit Committee are set out on pages 50 to 52 in the Corporate Governance Report.

ANNUAL GENERAL MEETING

The Company's 2018 AGM will be held at 8 Fenchurch Place, Fenchurch Street, London EC3M 4PB at 10:00am on 17 May 2018. The Notice is being sent separately to shareholders with this Report.

The Directors' Report has been approved by the Board and is signed on its behalf by:



SIMON O'HARA

Group Company Secretary
14 March 2018

Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and Parent Company financial statements for each financial year. Under that law they have elected to prepare both the Group and Parent Company financial statements in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRSs" as adopted by the "EU") and applicable law, and have elected to prepare the Parent Company financial statements on the same basis.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Parent Company and of their profit or loss for that period. In preparing each of the Group and Parent Company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- assess the Group and Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the Parent Company, and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report, Directors' Report, Directors' Remuneration Report and Corporate Governance Statement that complies with that law and those regulations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

DIRECTORS' RESPONSIBILITY STATEMENT

We confirm to the best of our knowledge that:

- the financial statements, prepared in accordance with IFRS as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and comprehensive income of the Company and the undertakings included in the consolidation taken as a whole;
- the Strategic Report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face; and
- the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance business model and strategy.

The Strategic Report contains certain forward-looking statements providing additional information to shareholders to assess the potential for the Company's strategies to succeed. Such statements are made by the Directors in good faith, based on the statements available to them up to the date of their approval of this report, and should be treated with caution due to the inherent uncertainties underlying forward-looking information.

Neither the Company nor the Directors accept any liability to any person in relation to the Annual Report and Accounts except to the extent that such liability could arise under English law. Accordingly, any liability to a person who has demonstrated reliance on any untrue or misleading statement or omission shall be determined in accordance with Section 90A and Schedule 10A of the Financial Services and Markets Act 2000.

By order of the Board:



RODNEY COOK
Group Chief Executive Officer



SIMON THOMAS
Group Chief Financial Officer
14 March 2018

FINANCIAL STATEMENTS

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Independent Auditor's Report to the members of Just Group plc

1. OUR OPINION IS UNMODIFIED

We have audited the financial statements of Just Group plc ("the Company") for the year ended 31 December 2017 which comprise:

- the Consolidated statement of comprehensive income, Consolidated statement of changes in equity, Consolidated statement of financial position, Consolidated statement of cash flows, and the related notes, including the accounting policies in note 1; and
- the statement of financial position of the Company, statement of changes in equity of the Company, statement of cash flows of the Company and the related notes, including the accounting policies in note 1 of the Company financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2017 and of the Group's comprehensive income for the year then ended;
- the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU);
- the Parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the EU and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. Our audit opinion is consistent with our report to the Audit Committee.

We were appointed as auditor by the shareholders in 2006. The period of total uninterrupted engagement is for the 12 financial years ended 31 December 2017. We have fulfilled our ethical responsibilities under, and we remain independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed public interest entities. No non-audit services prohibited by that standard were provided.

Overview

Materiality: Group financial statements as a whole	£11.5m (2016: £11.5m) 0.7% (2016: 0.7%) of Group net assets
Coverage	98% (2016: 98%) of Group net assets
Risks of material misstatement	vs 2016
Recurring risks	
Valuation of insurance liabilities	No change
Valuation of loans secured by residential mortgages	No change
Valuation of reinsurance assets and deposits received from insurers	No change
Parent: Recoverability of Parent Company's investment in subsidiaries	No change

Independent Auditor's Report *continued* to the members of Just Group plc

2. KEY AUDIT MATTERS: OUR ASSESSMENT OF RISKS OF MATERIAL MISSTATEMENT

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. We summarise below the key audit matters, in decreasing order of audit significance, in arriving at our audit opinion above, together with our key audit procedures to address those matters and, as required for public interest entities, our results from those procedures. These matters were addressed, and our results are based on procedures undertaken, in the context of, and solely for the purpose of, our audit of the financial statements as a whole, and in forming our opinion thereon, and consequently are incidental to that opinion, and we do not provide a separate opinion on these matters.

	The risk	Our response
<p>Valuation of insurance liabilities (2017: £16,633million, 2016: £15,748 million).</p> <p>The risk compared to the prior year is unchanged.</p> <p>Refer to page 50 (Audit Committee report), page 95 (accounting policy) and pages 113 to 116 (financial disclosures).</p>	<p>Subjective valuation The Group has significant insurance liabilities representing 75% (31 December 2016: 71%) of the Group's total liabilities. This is an area that involves significant judgement over uncertain future outcomes, mainly the ultimate total settlement value of long-term policyholder liabilities.</p> <p>The Group is required to use judgement in the selection of key assumptions covering both operating assumptions and economic assumptions.</p> <p>The key operating assumptions are mortality, (determined by reference to the Group's own experience and expected levels of future mortality), and the expected level of future expenses, (which is based on the expected future costs of administering the underlying policies).</p> <p>The key economic assumption is credit risk that is based on the Group's view of expected future investment defaults.</p> <p>Calculation error and data capture The Group uses complex actuarial models to calculate policyholder liabilities. There is the risk that the modelling does not appropriately reflect the model specifications and / or the product features due to incorrect or incomplete data input into the model and / or unauthorised or erroneous changes to the models.</p>	<p>We used our own actuarial specialists to assist us in performing our procedures in this area. Our procedures included:</p> <p>Control design and performance:</p> <ul style="list-style-type: none"> • Testing of the design, implementation and operating effectiveness of key controls over the processes to determine the valuation of the policyholder liabilities including Group's review and approval of the methods and assumptions adopted the calculation of policyholder liabilities and appropriate change management controls over the actuarial models. • Testing of the design, implementation and operating effectiveness of the reconciliation controls to ensure completeness and accuracy of data flows from policy administration systems and data warehouses to the actuarial models. <p>Methodology cover: We have assessed the methodology for selecting assumptions and calculating the policyholder liabilities. This included:</p> <ul style="list-style-type: none"> • Applying our understanding of developments in the business and the impact of changes in methodology on the selection of assumptions; • Comparing changes in methodology to our expectations derived from market experience; and • Evaluating the analysis of the movements in insurance liabilities during the year, including consideration of whether the movements were in line with the methodology and assumptions adopted. <p>Benchmarking assumptions and sector experience:</p> <ul style="list-style-type: none"> • Evaluating the evidence used to prepare the Group's mortality experience investigation, together with industry data on expectations of future mortality improvements and assessing whether this supports the assumptions adopted. • Assessing whether the expense assumptions reflect the expected future costs of administering the underlying policies by analysing current year unit costs, considering the expected future level of expense inflation and testing the appropriateness of the Group's best estimate of future cost savings based on management actions and forecast budgets. • Assessing the credit risk assumptions and appropriateness of the Group's methodology used to determine the liquidity premium applied to the risk-free rate, by reference to industry practice and our expectations derived from market experience. <p>Independent reperformance:</p> <ul style="list-style-type: none"> • Using our own valuation models to calculate the insurance liability balance for a sample of policies across the reserves and compare to the balances recorded by the Group. <p>Assessing transparency:</p> <ul style="list-style-type: none"> • Considering whether the Group's disclosures in relation to the assumptions used in the calculation of insurance liabilities appropriately represent the sensitivities of these assumptions to alternative scenarios and inputs. <p>Our results</p> <ul style="list-style-type: none"> • We found the valuation of insurance liabilities to be acceptable (2016: acceptable).

The risk	Our response
<p>Valuation of loans secured by residential mortgages (2017: £6,833 million, 2016: £6,430 million).</p> <p>The risk compared to the prior year is unchanged.</p> <p>Refer to page 50 (Audit Committee report), page 94 (accounting policy) and pages 107 to 111 (financial disclosures).</p>	<p>Subjective valuation</p> <p>The loans are measured at fair value determined through projecting future discounted cash flows using internally developed models. The Group is required to use judgement in the selection of key assumptions in determining the projected cash flows and in determining the liquidity premium applied to the discount rate.</p> <p>The key assumptions include property price inflation, property price volatility, mortality (determined by reference to the Group's own experience and expected levels of future mortality) and the liquidity premium added to the swap curve.</p> <p>A small change in these assumptions can have a significant impact on the overall valuation.</p>
<p>Valuation of reinsurance assets and deposits received from insurers</p> <p>Reinsurance Asset (2017: £5,285 million, 2016: £6,057 million).</p> <p>Deposits received from insurers (2017: £4,556 million, 2016: £5,231 million).</p> <p>The risk compared to the prior year is unchanged.</p> <p>Refer to page 50 (Audit Committee report), page 94 (accounting policy) and pages 113 to 117 (financial disclosures).</p>	<p>Accounting treatment</p> <p>The Group needs to determine, based on the underlying cash flows and complex treaty terms, whether the deposits received from reinsurers should be accounted for as insurance contracts or as financial liabilities. The classification of the treaty impacts the valuation basis applied.</p> <p>Subjective valuation</p> <p>Reinsurance assets and deposits received from insurers are measured at fair value. The valuation of the reinsurance assets is sensitive to movements in mortality and economic assumptions and the valuation of the deposits received from reinsurers is driven by the discount rate applied to the related cash flows. The calculation of these fair values involves significant judgement over uncertain future outcomes.</p>
<p>We used our own actuarial specialists to assist us in performing our procedures in this area. Our procedures included:</p> <p>Control design and performance:</p> <ul style="list-style-type: none"> Testing of the design, implementation and operating effectiveness of key controls over the process to review and approve the estimates and assumptions used in the valuation process. <p>Benchmarking assumptions and sector experience:</p> <ul style="list-style-type: none"> Evaluating the appropriateness of the property price inflation assumption used within the valuation process by assessing the expected property price inflation with reference to market data and industry benchmarks. Assessing the reasonableness of the property price volatility assumption by considering historic volatility in property prices and comparing the assumption to industry benchmarks. Evaluating the evidence used to prepare the Group's mortality experience analysis, together with industry data on expectations of future mortality improvements to assess the reasonableness of the assumptions adopted. Assessing the appropriateness of the liquidity premium applied to the risk-free rate, by reference to industry practice and our expectations derived from market experience. <p>Independent reperformance:</p> <ul style="list-style-type: none"> Using our own valuation models to value the loans secured by residential mortgages balance for a sample of policies and comparing to the balances recorded by the Group. <p>Assessing transparency:</p> <ul style="list-style-type: none"> Considering the adequacy of the Group's disclosures in relation to the valuation of loans secured by residential mortgages, in particular the sensitivity of the valuations adopted to alternative outcomes. <p>Our results</p> <ul style="list-style-type: none"> We found the valuation of loans secured by residential mortgages to be acceptable (2016: acceptable). 	<p>Our procedures included:</p> <p>Accounting analysis:</p> <ul style="list-style-type: none"> Evaluating the classification of deposits from reinsurers under relevant accounting standards as insurance contracts or financial liabilities based on the underlying cash flows and terms of the treaties. <p>We used our own actuarial specialists to assist us in performing our procedures in this area.</p> <p>Methodology implementation:</p> <ul style="list-style-type: none"> Comparing the methodology applied for the valuation of the reinsurance assets and deposits received from reinsurers to confirm that it is appropriate and is consistent with the terms and conditions set out in the reinsurance treaties. <p>Expectation vs outcome:</p> <ul style="list-style-type: none"> Assessing the Group's analysis of the movements in reinsurance assets and deposits received from reinsurers' liabilities with reference to the movement in policyholder liabilities driven by changes in mortality and economic assumptions, increase in new business and recorded claims. <p>Assessing transparency:</p> <ul style="list-style-type: none"> Considering the adequacy of the Group's disclosures in relation to the assumptions used in the calculation of reinsurance assets and deposits received from reinsurers, in particular the sensitivities of these assumptions to alternative scenarios and inputs. <p>Our results</p> <ul style="list-style-type: none"> We found the valuation of reinsurance assets and deposits received from reinsurers to be acceptable (2016: acceptable).

Independent Auditor's Report *continued* to the members of Just Group plc

	The risk	Our response
<p>Recoverability of Parent Company's investment in subsidiaries (Parent Specific Risk) (2017: £1,135 million, 2016: £1,124 million).</p> <p>The risk compared to the prior year is unchanged.</p> <p>Refer to page 50 (Audit Committee report), page 129 (accounting policy and financial disclosures).</p>	<p>Low risk, high value The carrying amount of the Parent Company's investments in subsidiaries represents 91% (2016: 87%) of the Company's total assets. Their recoverability is not at a high risk of significant misstatement or subject to significant judgement. However, due to their materiality in the context of the Parent Company financial statements, this is considered to be the area that had the greatest effect on our overall Parent Company audit.</p>	<p>Our procedures included:</p> <p>Tests of detail:</p> <ul style="list-style-type: none"> Comparing the carrying amount of a sample of the highest value investments, representing 100% (2016: 100%) of the total investment balance with the relevant subsidiaries' financial statements to identify whether their net assets, being an approximation of their minimum recoverable amount, were in excess of their carrying amount and assessing whether those subsidiaries have historically been profit-making. <p>Assessing subsidiary audits:</p> <ul style="list-style-type: none"> Assessing the audit work performed on that sample of those subsidiaries and considering the results of that work, on those subsidiaries' profits and net assets. <p>Our results</p> <ul style="list-style-type: none"> We found the Group's assessment of the recoverability of the investment in subsidiaries to be acceptable (2016: acceptable).

Following the acquisition of Partnership Assurance Group plc as at 1 April 2016, we identified acquisition accounting as a key audit matter for the audit of the financial statements of Just Group plc for the 18 month period ended 31 December 2016. As the risk related to acquisition accounting was an event-driven risk in the prior period and is not related to the audit of the financial statements of Just Group plc for the year ended 31 December 2017, we have not assessed this as a significant risk in our current year audit and, therefore, it is not separately identified in our report this year.

3. OUR APPLICATION OF MATERIALITY AND AN OVERVIEW OF THE SCOPE OF OUR AUDIT

Materiality for the Group financial statements as a whole was set at £11.5m (31 December 2016: £11.5m), determined with reference to a benchmark of 2016 Group net assets (of which it represents 0.7%; (2016: 0.7%)).

Materiality for the Parent Company financial statements as a whole was set at £8 million (2016: £ 7.1 million) in line with component materiality, determined by reference to Company net assets, of which it represents 0.8 % (2016: 0.7%).

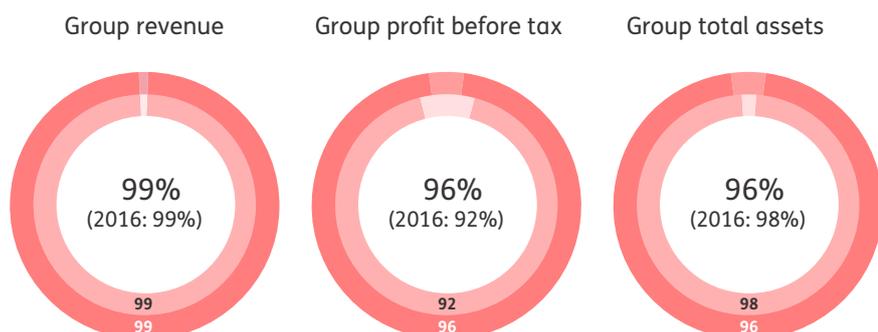
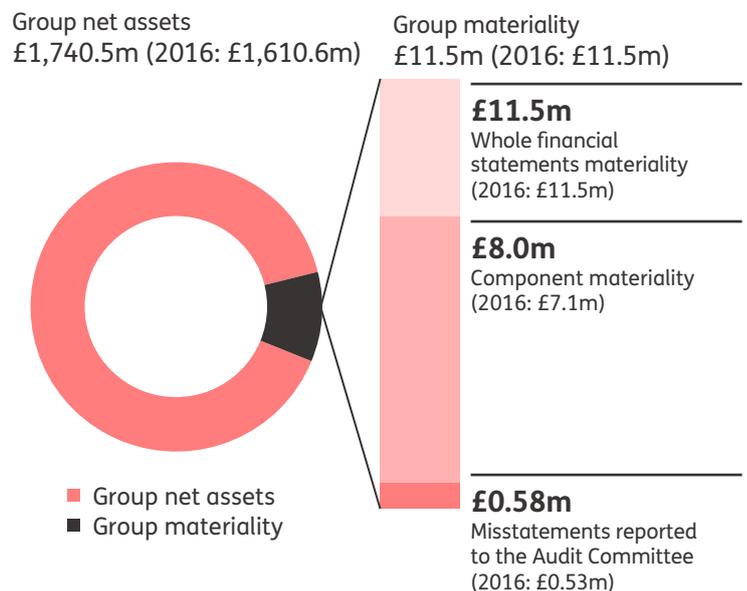
We agreed to report to the Audit Committee any corrected or uncorrected identified misstatements exceeding £0.58 million (2016: £0.53m), in addition to other identified misstatements below that threshold that warranted reporting on qualitative grounds.

Of the Group's 26 (2016: 28) reporting components, we subjected seven (2016: six) to full scope audits for Group purposes.

The components within the scope of our work accounted for the percentages illustrated opposite.

For the residual components, we performed analysis at an aggregated Group level to re-examine our assessment that there were no significant risks of material misstatements within these.

The Group audit team approved component materiality, which was set at £8.0 million (31 December 2016: £7.1m), having regard to the mix of size and risk profile of the Group across the components. The work on all seven (2016: six) components, including the audit of the Parent Company, was performed by the Group team based at Just's offices in London and Reigate.



■ Full scope for Group audit purposes 31 December 2017
■ Full scope for Group audit purposes 31 December 2016

4. WE HAVE NOTHING TO REPORT ON GOING CONCERN

We are required to report to you if:

- we have anything material to add or draw attention to in relation to the Directors' statement in note 1 to the financial statements on the use of the going concern basis of accounting with no material uncertainties that may cast significant doubt over the Group and Company's use of that basis for a period of at least 12 months from the date of approval of the financial statements; or
- the related statement under the Listing Rules set out on page 73 is materially inconsistent with our audit knowledge.

We have nothing to report in these respects.

5. WE HAVE NOTHING TO REPORT ON THE OTHER INFORMATION IN THE ANNUAL REPORT

The Directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Strategic Report and Directors' Report

Based solely on our work on the other information:

- we have not identified material misstatements in the Strategic Report and the Directors' Report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Directors' Remuneration Report

In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

Disclosures of principal risks and longer-term viability

Based on the knowledge we acquired during our financial statements audit, we have nothing material to add or draw attention to in relation to:

- the Directors' confirmation within the viability statement on page 73 that they have carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency and liquidity;
- the principal risks disclosures on pages 19 to 23 describing these risks and explaining how they are being managed and mitigated; and
- the Directors' explanation in the viability statement of how they have assessed the prospects of the Group, over what period they have done so and why they considered that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Under the Listing Rules we are required to review the viability statement. We have nothing to report in this respect.

Corporate governance disclosures

We are required to report to you if:

- we have identified material inconsistencies between the knowledge we acquired during our financial statements audit and the Directors' statement that they consider that the Annual Report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy; or
- the section of the Annual Report describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee.

We are required to report to you if the Corporate Governance Statement does not properly disclose a departure from the 11 provisions of the UK Corporate Governance Code specified by the Listing Rules for our review.

We have nothing to report in these respects.

6. WE HAVE NOTHING TO REPORT ON THE OTHER MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

Independent Auditor's Report *continued* to the members of Just Group plc

7. RESPECTIVE RESPONSIBILITIES

Directors' responsibilities

As explained more fully in their statement set out on page 77, the Directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud, other irregularities (see below), or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud, other irregularities or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

Irregularities – ability to detect

Our audit aimed to detect non-compliance with relevant laws and regulations (irregularities) that could have a material effect on the financial statements. We identified relevant areas of laws and regulations from our sector experience, through discussion with the Directors (as required by auditing standards), and from inspection of the Group's regulatory and legal correspondence.

We had regard to laws and regulations in areas that directly affect the financial statements including financial reporting (including related company legislation) and taxation legislation. We considered the extent of compliance with those laws and regulations as part of our procedures on the related financial statements items.

In addition, we considered the impact of laws and regulations in the specific areas of regulatory capital, recognising the financial and regulated nature of the Group's activities. With the exception of any known or possible non-compliance, and as required by auditing standards, our work in respect of these was limited to enquiry of the Directors and other management and inspection of regulatory and legal correspondence.

We communicated the identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

As with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

8. THE PURPOSE OF OUR AUDIT WORK AND TO WHOM WE OWE OUR RESPONSIBILITIES

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Daniel Cazeaux (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants
15 Canada Square
London E14 5GL
14 March 2018

Consolidated statement of comprehensive income for the year ended 31 December 2017

	Note	Year ended 31 December 2017 £m	18 months ended 31 December 2016 £m
Gross premiums written		1,893.4	2,693.5
Reinsurance premiums ceded		(17.1)	(1,553.4)
Reinsurance recapture		467.5	1,166.9
Net premium revenue		2,343.8	2,307.0
Net investment income	3	621.1	1,616.8
Fee and commission income		5.8	17.1
Total revenue		2,970.7	3,940.9
Gross claims paid		(1,098.8)	(1,204.5)
Reinsurers' share of claims paid		460.7	512.4
Net claims paid		(638.1)	(692.1)
Change in insurance liabilities:			
Gross amount		(884.7)	(2,687.1)
Reinsurers' share		(304.3)	1,447.3
Reinsurance recapture		(467.5)	(1,166.9)
Net change in insurance liabilities		(1,656.5)	(2,406.7)
Change in investment contract liabilities	23	(6.3)	(15.5)
Acquisition costs	4	(43.1)	(53.6)
Other operating expenses	5	(238.4)	(341.5)
Finance costs	6	(207.0)	(232.7)
Total claims and expenses		(2,789.4)	(3,742.1)
Profit before tax	7	181.3	198.8
Income tax	8	(26.2)	(51.3)
Profit for the period		155.1	147.5
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		–	0.4
Total comprehensive income for the period		155.1	147.9
Profit attributable to:			
Equity holders of Just Group plc		155.1	147.5
Profit for the period		155.1	147.5
Total comprehensive income attributable to:			
Equity holders of Just Group plc		155.1	147.9
Total comprehensive income for the period		155.1	147.9
Basic earnings per share (pence)	12	16.68	20.16
Diluted earnings per share (pence)	12	16.54	20.02

The notes on pages 89 to 125 are an integral part of these financial statements.

Consolidated statement of changes in equity for the year ended 31 December 2017

Year ended 31 December 2017	Note	Share capital £m	Share premium £m	Reorganisation reserve £m	Merger reserve £m	Shares held by trusts £m	Accumulated profit ² £m	Total shareholders' equity £m
Balance at 1 January 2017		93.3	91.7	348.4	532.7	(1.6)	546.1	1,610.6
Profit for the year		–	–	–	–	–	155.1	155.1
Other comprehensive income for the year		–	–	–	–	–	–	–
Total comprehensive income for the year		–	–	–	–	–	155.1	155.1
Contributions and distributions								
Shares issued	21	0.5	2.5	–	–	–	–	3.0
Dividends	13	–	–	–	–	–	(33.2)	(33.2)
Share-based payments		–	–	–	–	(3.4)	8.4	5.0
Total contributions and distributions		0.5	2.5	–	–	(3.4)	(24.8)	(25.2)
Balance at 31 December 2017		93.8	94.2	348.4	532.7	(5.0)	676.4	1,740.5

18 months ended 31 December 2016	Note	Share capital £m	Share premium £m	Reorganisation reserve £m	Merger reserve £m	Shares held by trusts £m	Accumulated profit ² £m	Total shareholders' equity £m
Balance at 1 July 2015		50.1	1.2	348.4	–	(0.7)	415.0	814.0
Profit for the period		–	–	–	–	–	147.5	147.5
Other comprehensive income for the period		–	–	–	–	–	0.4	0.4
Total comprehensive income for the period		–	–	–	–	–	147.9	147.9
Contributions and distributions								
Shares issued (net of issue costs) ¹	21	43.2	90.5	–	532.7	–	–	666.4
Dividends	13	–	–	–	–	–	(32.9)	(32.9)
Share-based payments		–	–	–	–	(0.9)	16.1	15.2
Total contributions and distributions		43.2	90.5	–	532.7	(0.9)	(16.8)	648.7
Balance at 31 December 2016		93.3	91.7	348.4	532.7	(1.6)	546.1	1,610.6

1 Share issue costs recognised directly in equity were £4.1m.

2 Includes currency translation reserve.

The notes on pages 89 to 125 are an integral part of these financial statements.

Consolidated statement of financial position as at 31 December 2017

	Note	2017 £m	2016 £m
Assets			
Intangible assets	14	193.5	217.0
Property, plant and equipment	15	19.6	17.1
Financial investments	16	18,287.1	17,319.6
Investment in joint ventures and associates		0.3	0.3
Reinsurance assets	22	5,285.3	6,057.1
Deferred tax assets	17	13.0	10.3
Current tax assets	29	3.7	11.1
Prepayments and accrued income	18	56.5	53.3
Insurance and other receivables	19	44.5	137.3
Cash and cash equivalents	20	261.4	71.4
Total assets		24,164.9	23,894.5
Equity			
Share capital	21	93.8	93.3
Share premium	21	94.2	91.7
Reorganisation reserve		348.4	348.4
Merger reserve	21	532.7	532.7
Shares held by trusts		(5.0)	(1.6)
Accumulated profit		676.4	546.1
Total equity attributable to owners of Just Group plc		1,740.5	1,610.6
Liabilities			
Insurance liabilities	22	16,633.0	15,748.0
Investment contract liabilities	23	220.7	222.3
Loans and borrowings	24	343.9	343.1
Other financial liabilities	25	5,045.4	5,740.8
Deferred tax liabilities	17	39.2	46.4
Other provisions	28	2.1	8.5
Current tax liabilities	29	9.2	27.3
Accruals and deferred income	30	45.4	34.4
Insurance and other payables	31	85.5	113.1
Total liabilities		22,424.4	22,283.9
Total equity and liabilities		24,164.9	23,894.5

The notes on pages 89 to 125 are an integral part of these financial statements.

The financial statements were approved by the Board of Directors on 14 March 2018 and were signed on its behalf by:



Simon Thomas
Director

Consolidated statement of cash flows for the year ended 31 December 2017

	Note	Year ended 31 December 2017 £m	18 months ended 31 December 2016 £m
Cash flows from operating activities			
Profit before tax		181.3	198.8
Depreciation of equipment		1.8	2.6
Loss on disposal of equipment		3.1	-
Amortisation of intangible assets		25.2	24.3
Impairment of intangible assets		-	3.8
Share-based payments		5.0	15.2
Interest income		(636.4)	(683.1)
Interest expense		207.0	232.7
Increase in financial investments		(410.3)	(2,794.5)
Decrease/(increase) in reinsurance assets		771.8	(280.5)
Increase in prepayments and accrued income		(3.2)	(47.0)
Decrease/(increase) in insurance and other receivables		92.5	(61.7)
Increase in insurance liabilities		885.0	2,687.9
Decrease in investment contract liabilities		(1.6)	(6.0)
(Decrease)/increase in deposits received from reinsurers		(675.9)	98.2
Increase in accruals and deferred income		11.0	4.3
(Decrease)/increase in insurance and other payables		(27.6)	53.6
(Decrease)/increase in other creditors		(22.6)	219.4
Interest received		399.0	388.1
Interest paid		(170.8)	(208.6)
Taxation paid		(46.8)	(35.9)
Net cash inflow/(outflow) from operating activities		587.5	(188.4)
Cash flows from investing activities			
Cash acquired on the acquisition of Partnership Assurance Group plc	2	-	268.6
Additions to internally generated intangible assets		(1.7)	-
Acquisition of property and equipment		(7.4)	(10.3)
Net cash (outflow)/inflow from investing activities		(9.1)	258.3
Cash flows from financing activities			
Increase in borrowings		-	202.1
Interest paid		(32.6)	(6.0)
Dividends paid		(33.2)	(32.9)
Issue of ordinary share capital (net of costs)		3.0	96.9
Net cash (outflow)/inflow from financing activities		(62.8)	260.1
Net increase in cash and cash equivalents		515.6	330.0
Cash and cash equivalents at start of period		643.7	313.7
Cash and cash equivalents at end of period		1,159.3	643.7
Cash available on demand		261.4	71.4
Units in liquidity funds		897.9	572.3
Cash and cash equivalents at end of period	20	1,159.3	643.7

The notes on pages 89 to 125 are an integral part of these financial statements.

Notes to the consolidated financial statements

1 SIGNIFICANT ACCOUNTING POLICIES

General information

Just Group plc (formerly JRP Group plc) (the “Company”) was incorporated and registered in England and Wales on 13 June 2013 as a public company limited by shares. The Company’s registered office is Vale House, Roebuck Close, Bancroft Road, Reigate, Surrey, RH2 7RU.

1.1 Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as adopted by the European Union effective for accounting periods commencing on or before 1 January 2017 and those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

The financial statements of Just Group plc have been prepared on a going concern basis. The Directors of the Company have a reasonable expectation that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future. In accordance with the requirements of IAS 1 the financial statements’ assets and liabilities have been presented based on order of liquidity which provides information that is more reliable and relevant for a financial institution.

The following new accounting standards, interpretations and amendments to existing accounting standards in issue, but not yet effective, have not been early adopted by the Group. Unless stated, the new and amended standards and interpretations are being assessed but are not expected to have a significant impact on the Group’s financial statements:

- Amendments to IFRS 4, Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (effective 1 January 2018).

The amendments to IFRS 4 allow the deferral of the application of IFRS 9 until accounting periods commencing on 1 January 2021. This is intended to align with the effective date of IFRS 17, the replacement insurance contracts standard. This option, which the Group intends to adopt, is subject to meeting criteria relating to the predominance of insurance activity. At 31 December 2017, the Group’s insurance liabilities in relation to its total liabilities were 96% and deferral of IFRS 9 was applicable.

The impact of adopting the amendments to IFRS 4 from 1 January 2018 is that additional disclosures will be required to allow comparison with those entities which have adopted IFRS 9 from 1 January 2018. On application of IFRS 9 there is potential for certain financial assets that are currently classified as fair value through profit or loss to be reclassified as fair value through other comprehensive income. However, the Group anticipates that it will continue to designate these assets as fair value through profit or loss under IFRS 9 under the option to do so when it eliminates or significantly reduces an accounting mismatch which would otherwise occur. Therefore the Group believes the impact of adopting the amendments to IFRS 4 is not significant.

- IFRS 15, Revenue from Contracts with Customers (effective 1 January 2018).

IFRS 15 specifies how and when an entity recognises revenue, providing a single, principles-based model to be applied to all contracts with customers, whilst requiring more informative and relevant disclosures. Insurance contracts, although contracts with customers, are outside the scope of IFRS 15. The core principle of IFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. In the year to 31 December 2017 the main source of non-insurance contract income was fee and commission income, which amounted to £5.8m. Under the Group’s existing accounting policies, fee and commission income is recognised when the service is rendered. Therefore, the application of IFRS 15 will not result in a material difference to when revenue is recognised by the Group based on the current recognition policy of non-insurance contract income.

- IFRS 16, Leases (effective 1 January 2019).

IFRS 16 specifies how to recognise, measure, present and disclose leases. The standard provides a single accounting model, requiring lessees to recognise assets and liabilities for leases unless the term is 12 months or less, or the underlying asset has a low value.

The effect of applying this standard at 31 December 2017 would be to recognise operating lease assets and lease payment liabilities on the balance sheet with an approximate value of £11.9m.

- IFRS 17, Insurance Contracts (effective 1 January 2021, not yet endorsed by the EU).

IFRS 17 provides a comprehensive approach for accounting for insurance contracts including their valuation, income statement presentation and disclosure. The Group has initiated a project to assess the financial and operational implications of the standard and to prepare for adoption.

1.2 Significant accounting policies and the use of judgements, estimates and assumptions

The preparation of financial statements requires the Group to select accounting policies and make estimates and assumptions that affect items reported in the Consolidated statement of comprehensive income, Consolidated statement of financial position, other primary statements and Notes to the consolidated financial statements.

The major areas of judgement used as part of accounting policy application are summarised below.

Accounting policy	Item involving judgement	Critical accounting judgement
1.6	Classification of insurance and investment contracts	Assessment of significance of insurance risk transferred.
1.18	Financial investments	Classification of financial investments, including assessment of market observability of valuation inputs.

1 SIGNIFICANT ACCOUNTING POLICIES continued

All estimates are based on management's knowledge of current facts and circumstances, assumptions based on that knowledge and predictions of future events and actions. Actual results may differ significantly from those estimates.

The table below sets out those items the Group considers susceptible to changes in critical estimates and assumptions together with the relevant accounting policy.

Accounting policy and notes	Item involving estimates and assumptions	Critical estimates and assumptions
1.18, 16(a) and (d)	Measurement of fair value of loans secured by residential mortgages	<p>The critical estimates used in valuing loans secured by residential mortgages include the projected future receipts of interest and loan repayments, future house prices, and the future costs of administering the loan portfolio.</p> <p>The key assumptions used as part of the valuation calculation include future property prices and their volatility, mortality, the rate of voluntary redemptions and the liquidity premium added to the risk-free curve and used to discount the mortgage cash flows.</p>
1.19, 22, 25	Measurement of reinsurance assets and deposits received from reinsurers arising from reinsurance arrangements	<p>The critical estimates used in measuring the value of reinsurance assets include the projected future cash flows arising from reinsurers' share of the Group's insurance liabilities.</p> <p>Deposits received from reinsurers are measured in accordance with the reinsurance contract and taking account of an appropriate discount rate for the timing of the expected cash flows of the liabilities.</p> <p>The key assumptions used in the valuation include discount rates and mortality experience, as described below, and assumptions around the reinsurers' ability to meet its claim obligations.</p>
1.22, 22(b), 23(b)	Measurement of insurance liabilities arising from writing Retirement Income insurance/ investment contracts	<p>The critical estimates used in measuring insurance liabilities include the projected future Retirement Income payments and the cost of administering payments to policyholders.</p> <p>The key assumptions are the discount rates and mortality experience used in the valuation of future Retirement Income payments. The valuation discount rates are derived from yields on supporting assets after deducting allowances for default. Mortality assumptions are derived from the appropriate standard mortality tables, adjusted to reflect the future expected mortality experience of the policyholders.</p> <p>Further detail can be found in notes 22 and 23.</p>
1.16, 2, 14	Assessment of carrying value of intangible assets recognised on acquisition of Partnership Assurance Group ("PAG")	<p>Intangible assets recognised on the acquisition of PAG in 2016, including the value of the acquired in-force business are reviewed for indicators of impairment and if such indicators exist, are tested for impairment. The key impairment testing assumptions include the choice of discount rate used, which represents a weighted-average cost of capital determined using a capital asset pricing model ("CAPM") approach.</p>

1.3 Consolidation principles

The consolidated financial statements incorporate the assets, liabilities, results and cash flows of the Company and its subsidiaries.

Subsidiaries are those investees over which the Group has control. The Group has control over an investee if all of the following are met: (1) it has power over the investee; (2) it is exposed, or has rights, to variable returns from its involvement with the investee; and (3) it has the ability to use its power over the investee to affect its own returns.

Subsidiaries are consolidated from the date on which control is transferred to the Group and are excluded from consolidation from the date on which control ceases. All inter-company transactions, balances and unrealised surpluses and deficits on transactions between Group companies are eliminated. Accounting policies of subsidiaries are aligned on acquisition to ensure consistency with Group policies.

The Group uses the acquisition method of accounting for business combinations. Under this method, the cost of acquisition is measured as the aggregate of the fair value of the consideration at date of acquisition and the amount of any non-controlling interest in the acquiree. The excess of the consideration transferred over the identifiable net assets acquired is recognised as goodwill.

The Group uses the equity method to consolidate its investments in joint ventures and associates. Under the equity method of accounting the investment is initially recognised at fair value and adjusted thereafter for the post-acquisition change in the Group's share of net assets of the joint ventures and associates.

1 SIGNIFICANT ACCOUNTING POLICIES continued

1.4 Segments

The Group's segmental results are presented on a basis consistent with internal reporting used by the Chief Operating Decision Maker ("CODM") to assess the performance of operating segments and the allocation of resources. The CODM has been identified as the Group Executive Office Committee.

The internal reporting used by the CODM includes product information (which comprises analysis of product revenues, LTM advances and amounts written under investment contracts) and information on adjusted operating profit and profit before tax for the Group's operating segments.

Product information is analysed by product line and includes DB, GifL, Care Plans, Protection, LTM and Capped Drawdown products.

An operating segment is a component of the Group that engages in business activities from which it earns revenues and incurs expenses.

The operating segments from which the Group derives revenues and incurs expenses are as follows:

- The writing of insurance products for distribution to the at- or in-retirement market, which is undertaken through the activities of the life company (this is referred to as the insurance segment in note 7, Segmental reporting);
- The arranging of guaranteed income for life contracts and lifetime mortgages through regulated advice and intermediary services; and
- The provision of licensed software to financial advisers, banks, building societies, life assurance companies and pension trustees.

Operating segments, where certain materiality thresholds in relation to total results from operating segments are not exceeded, are combined when determining reportable segments. For segmental reporting, the arranging of guaranteed income for life contracts, providing intermediary mortgage advice and arranging, plus the provision of licensed software, are included in the Other segment along with Group activities, such as capital and liquidity management, and investment activities.

The information on adjusted operating profit and profit before tax used by the CODM is presented on a combined product basis within the insurance operating segment and is not analysed further by product.

1.5 Foreign currencies

Transactions in foreign currencies are translated to sterling at the rates of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the end of the financial year. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

The assets and liabilities of foreign operations are translated to sterling at the rates of exchange at the reporting date. The revenues and expenses are translated to sterling at the average rates of exchange for the period. Foreign exchange differences arising on translation to sterling are accounted for through other comprehensive income.

1.6 Classification of insurance and investment contracts

The measurement and presentation of assets, liabilities, income and expenses arising from life and pensions business contracts is dependent upon the classification of those contracts as either insurance or investment contracts.

A contract is classified as insurance only if it transfers significant insurance risk. Insurance risk is significant if an insured event could cause an insurer to pay significant additional benefits to those payable if no insured event occurred. A contract that is classified as an insurance contract remains an insurance contract until all rights and obligations are extinguished or expire.

Any contracts not considered to be insurance contracts under IFRS are classified as investment contracts. Capped Drawdown pension business and Flexible Pension Plan contracts are classified as investment contracts as there is no transfer of longevity risk due to the fixed term and unit-linked natures of these respective contracts.

1.7 Premium revenue

Premium revenue in respect of individual GifL contracts is accounted for when the premiums are received, which coincides with when the liability to pay the GifL contract is established.

Premium revenue in respect of Defined Benefit De-risking contracts is accounted for when the Company becomes 'on risk', which is the date from which the policy is effective. If a timing difference occurs between the date from which the policy is effective and the receipt of payment, the amount due for payment but not yet received is recognised as a receivable in the Consolidated statement of financial position.

Premium revenue in respect of Care Plans and Protection policies are recognised in the accounting period in which the insurance contract commences.

Facilitated adviser charges, are not accounted for within premium revenue, and do not represent a charge on the Group.

Deposits collected under investment contracts are not accounted for through the Consolidated statement of comprehensive income, except for fee income and attributable investment income, but are accounted for directly through the Consolidated statement of financial position as an adjustment to the investment contract liability.

Reinsurance premiums payable in respect of reinsurance treaties are accounted for when the reinsurance premiums are due for payment under the terms of the contract. Reinsurance premiums previously incurred can be recaptured under certain conditions, notably once reinsurance financing for an underwriting year is fully repaid.

1 SIGNIFICANT ACCOUNTING POLICIES continued**1.8 Net investment income**

Investment income consists of interest receivable for the period and realised and unrealised gains and losses on financial assets and liabilities at fair value through profit and loss.

Interest income is recognised as it accrues.

Realised gains and losses on financial assets and liabilities occur on disposal or transfer and represent the difference between the proceeds received net of transaction costs, and the original cost.

Unrealised gains and losses arising on financial assets and liabilities represent the difference between the carrying value at the end of the reporting period and the carrying value at the start of the reporting period or purchase value during the year, less the reversal of previously recognised unrealised gains and losses in respect of disposals made during the period.

1.9 Fee and commission income

Fee and commission income, which consists of fee income for initial advances made on loans secured by mortgages, investment management fees, administration fees and commission, are recognised as the services are rendered. Revenue is recognised in full on acceptance and inception of the contract by the product provider as there are no post-placement obligations. In addition, operating income includes fees from software licensing which are recognised across the licence period.

1.10 Claims paid

Policyholder benefits are accounted for when due for payment. Reinsurance paid claim recoveries are accounted for in the same period as the related claim.

Death claims are accounted for when notified.

1.11 Acquisition costs

Acquisition costs comprise direct costs such as commission and indirect costs of obtaining and processing new business. Acquisition costs are not deferred as they relate to single premium business.

1.12 Leases

Leases, where a significant portion of the risks and rewards of ownership are retained by the lessor, are classified as operating leases. Payments made under operating leases, net of any incentives received from the lessor, are charged to profit or loss on a straight-line basis over the term of the lease.

1.13 Finance costs

Finance costs on deposits received from reinsurers are recognised as an expense in the period in which they are incurred. Interest on reinsurance financing is accrued in accordance with the terms of the financing arrangements.

Interest on loans and borrowings is accrued in accordance with the terms of the loan agreement. Loan issue costs are capitalised and amortised on a straight-line basis over the term of the loan issued. Interest expense is calculated using the effective interest rate method.

1.14 Employee benefits**Defined contribution plans**

The Group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Group in funds managed by a third party. Obligations for contributions to the defined contribution pension scheme are recognised as an expense in profit or loss when due.

Share-based payment transactions

Equity-settled share-based payments to employees are measured at the fair value of the equity instruments at grant date, determined using stochastic and scenario-based modelling techniques where appropriate. The fair value is expensed in the Consolidated statement of comprehensive income on a straight-line basis over the vesting period, with a corresponding credit to equity, based on the Group's estimate of the equity instruments that will eventually vest. At each balance sheet date, the Group revises its estimate of the number of equity instruments that will eventually vest as a result of changes in non-market-based vesting conditions, and recognises the impact of the revision of original estimates in the Consolidated statement of comprehensive income over the remaining vesting period, with a corresponding adjustment to equity. Where a leaver is entitled to their scheme benefits, this is treated as an acceleration of the vesting in the period they leave. Where a scheme is modified before it vests, any change in fair value as a result of the modification is recognised over the remaining vesting period. Where a scheme is cancelled, this is treated as an acceleration in the period of the vesting of all remaining options.

1.15 Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted-average number of ordinary shares outstanding during the period. The calculation of the weighted-average number of ordinary shares excludes ordinary shares held in trusts on behalf of employee share schemes.

For diluted earnings per share, the weighted-average number of ordinary shares outstanding during the period, excluding ordinary shares held in trusts on behalf of employee share schemes, is adjusted to assume conversion of potential ordinary shares, such as share options granted to employees, if their conversion would dilute earnings per share.

1 SIGNIFICANT ACCOUNTING POLICIES continued

1.16 Intangible assets

Intangible assets consist of goodwill, which is deemed to have an indefinite useful life, Purchased Value of In-Force (“PVIF”), brand and purchased and internally developed software (including Prognosis™), which are deemed to have finite useful lives.

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group’s share of the net assets of the acquired subsidiary and represents the future economic benefit arising from assets that are not capable of being individually identified and separately recognised. Goodwill is measured at initial value less any accumulated impairment losses. Goodwill is not amortised, but assessed for impairment annually or when circumstances or events indicate there may be uncertainty over the carrying value.

For the purpose of impairment testing, goodwill has been allocated to cash generating units and an impairment is recognised when the carrying value of the cash generating unit exceeds its recoverable amount. Impairment losses are recognised directly in the Consolidated statement of comprehensive income and are not subsequently reversed.

Other intangible assets are recognised if it is probable that the relevant future economic benefits attributable to the asset will flow to the Group, and are measured at cost less accumulated amortisation and any impairments.

PVIF, representing the present value of future profits from the purchased in-force business, is recognised upon acquisition and is amortised over its expected remaining economic life up to 16 years on a straight-line basis.

Prognosis™ is the Group’s proprietary underwriting engine. The Group has over two million person-years of experience collected over 20 years of operations. It is enhanced by an extensive breadth of external primary and secondary healthcare data and medical literature.

Costs that are directly associated with the production of identifiable and unique software products controlled by the Group are capitalised and recognised as an intangible asset. Direct costs include the incremental software development team’s employee costs. All other costs associated with researching or maintaining computer software programmes are recognised as an expense as incurred.

Intangible assets with finite useful lives are amortised on a straight-line basis over their useful lives, which range from three to 16 years. The useful lives are determined by considering relevant factors, such as usage of the asset, potential obsolescence, competitive position and stability of the industry.

For intangible assets with finite useful lives, impairment testing is performed where there is an indication that the carrying value of the assets may be subject to an impairment. An impairment loss is recognised where the carrying value of an intangible asset exceeds its recoverable amount.

The significant intangible assets recognised by the Group, their useful economic lives and the methods used to determine the cost of intangibles acquired in a business combination are as follows:

Intangible asset	Estimated useful economic life	Valuation method
PVIF	Up to 16 years	Estimated value in-force using European Embedded Value model
Brand	2 – 5 years	Estimated royalty stream if the rights were to be licensed
Distribution network	3 years	Estimated discounted cash flow
Software	2 – 3 years	Estimated replacement cost
Intellectual property	12 – 15 years	Estimated replacement cost

The useful economic lives of intangible assets recognised by the Group other than those acquired in a business combination are as follows:

Intangible asset	Estimated useful economic life
Prognosis™	12 years
Software	3 years

1.17 Property, plant and equipment

Land and buildings are measured at their revalued amounts less subsequent depreciation, and impairment losses are recognised at the date of revaluation. Valuations are performed with sufficient frequency to ensure that the fair value of the revalued asset does not differ materially from its carrying value.

A revaluation surplus is recognised in Other comprehensive income and credited to the revaluation reserve in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognised in profit or loss, the increase is recognised in profit or loss. A revaluation deficit is recognised in profit or loss, except to the extent that it offsets an existing surplus on the same asset recognised in the revaluation reserve.

Buildings are depreciated on a straight-line basis over the estimated useful lives of the buildings of 25 years.

Equipment is stated at cost less accumulated depreciation and impairment losses. Depreciation is calculated on a straight-line basis to write down the cost to residual value over the estimated useful lives as follows:

Computer equipment – 3 to 4 years
Furniture and fittings – 2 to 10 years

1 SIGNIFICANT ACCOUNTING POLICIES continued**1.18 Financial investments****Classification**

The Group classifies financial investments in accordance with IAS 39 whereby, subject to specific criteria, they are accounted for at fair value through profit and loss. This comprises assets designated by management as fair value through profit and loss on inception, as they are managed on a fair value basis, and derivatives that are classified as held for trading. These investments are measured at fair value with all changes thereon being recognised in investment income in the Consolidated statement of comprehensive income.

Purchases and sales of investments are recognised on the trade date, which is the date that the Group commits to purchase or sell the assets. Amounts payable or receivable on unsettled purchases or sales are recognised in other payables or other receivables respectively. Transaction costs are expensed through profit and loss.

Loans secured by residential mortgages are recognised when cash is advanced to borrowers.

The Group receives and pledges collateral in the form of cash or gilts in respect of derivative contracts. Collateral received is recognised as an asset in the Consolidated statement of financial position with a corresponding liability for the repayment in other financial liabilities. Collateral pledged is recognised in the Consolidated statement of financial position within the appropriate asset classification.

Derivatives are recognised at fair value through profit and loss. The fair values are obtained from quoted market prices or, if these are not available, by using standard valuation techniques based on discounted cash flow models or option pricing models. All derivatives are carried as assets when the fair value is positive and liabilities when the fair values are negative. The Group does not use hedge accounting.

The Group's policy is to derecognise financial investments when it is deemed that substantially all the risks and rewards of ownership have been transferred.

Use of fair value

The Group uses current bid prices to value its investments with quoted prices. Actively traded investments without quoted prices are valued using prices provided by third parties. If there is no active established market for an investment, the Group applies an appropriate valuation technique such as discounted cash flow analysis.

Determining the fair value of financial investments when the markets are not active

The Group holds certain financial investments for which the markets are not active. These comprise financial investments which are not quoted in active markets and include loans secured by residential mortgages, derivatives and other financial investments for which markets are not active. When the markets are not active, there is generally no or limited observable market data that can be used in the fair value measurement of the financial investments. The determination of whether an active market exists for a financial investment requires management's judgement.

If the market for a financial investment of the Group is not active, the fair value is determined using valuation techniques. The Group establishes fair value for these financial investments by using quotations from independent third parties or internally developed pricing models. The valuation technique is chosen with the objective of arriving at a fair value measurement which reflects the price at which an orderly transaction would take place between market participants on the measurement date. The valuation techniques include the use of recent arm's length transactions, reference to other instruments that are substantially the same, and discounted cash flow analysis. The valuation techniques may include a number of assumptions relating to variables such as credit risk and interest rates and, for loans secured by mortgages, mortality, future expenses, voluntary redemptions and house price assumptions. Changes in assumptions relating to these variables impact the reported fair value of these financial instruments positively or negatively.

The financial investments measured at fair value are classified into the following three-level hierarchy on the basis of the lowest level of inputs that are significant to the fair value measurement of the financial investment concerned:

- Level 1: Quoted price (unadjusted) in active markets for identical assets and liabilities;
- Level 2: Inputs other than quoted prices included within Level 1 that are observable either directly or indirectly (i.e. derived from prices); and
- Level 3: Significant inputs for the asset or liability that are not based on observable market data (unobservable inputs).

1.19 Reinsurance**Reinsurance assets**

Amounts recoverable from reinsurers are measured in a consistent manner with insurance liabilities and are classified as reinsurance assets. If a reinsurance asset is impaired, the carrying value is reduced accordingly and that impairment loss is recognised in the Consolidated statement of comprehensive income.

Financial liabilities

Where reinsurance contracts entered into by the Group are structured to provide financing, with financing components to be repaid in future periods, such amounts are classified as "reinsurance finance" and included in other financial liabilities in the Consolidated statement of financial position.

Where reinsurance contracts entered into by the Group require deposits received from reinsurers to be repaid, such amounts are classified as "deposits received from reinsurers" and included in other financial liabilities in the Consolidated statement of financial position. Where the liability carries no insurance risk, it is initially recognised at fair value at the date the deposited asset is recognised and subsequently re-measured at fair value at each balance sheet date. The resulting gain or loss is recognised in the Consolidated statement of comprehensive income. Fair value is determined as the amount payable discounted from the first date that the amount is required to be paid. All other deposits received from reinsurers are valued in accordance with the terms of the reinsurance contracts, which take into account an appropriate discount rate for the timing of expected cash flows.

1 SIGNIFICANT ACCOUNTING POLICIES continued

Amounts receivable/payable

Where reinsurance contracts the Group has entered into include longevity swap arrangements, such contracts are settled on a net basis and amounts receivable from or payable to the reinsurers are included in the appropriate heading under either Insurance and other receivables or Insurance and other payables.

1.20 Cash and cash equivalents

Cash and cash equivalents consist of cash at bank and in hand, deposits held at call with banks, and other short-term highly liquid investments with less than 90 days' maturity from the date of acquisition.

1.21 Equity

The difference between the proceeds received on issue of the shares, net of share issue costs, and the nominal value of the shares issued is credited to the share premium account.

Interim dividends are recognised in equity in the period in which they are paid. Final dividends are recognised when they have been approved by shareholders.

Where the Company purchases shares for the purposes of employee incentive plans, the consideration paid, net of issue costs, is deducted from equity. Upon issue or sale any consideration received is credited to equity net of related costs.

The reserve arising on the reorganisation of the Group represents the difference in the value of the shares in the Company and the value of shares in Just Retirement Group Holdings Limited for which they were exchanged as part of the Group reorganisation in November 2013.

1.22 Insurance liabilities

Measurement

Long-term insurance liabilities arise from the Group writing Retirement Income contracts, including Defined Benefit De-risking Solutions, long-term care insurance, and whole of life and term protection insurance. Their measurement uses estimates of projected future cash flows arising from payments to policyholders plus the costs of administering them. Valuation of insurance liabilities is derived using discount rates, adjusted for default allowance, and mortality assumptions, taken from the appropriate mortality tables and adjusted to reflect actual and expected experience.

Liability adequacy test

The Group performs adequacy testing on its insurance liabilities to ensure the carrying amount is sufficient to cover the current estimate of future cash flows. Any deficiency is immediately charged to the Consolidated statement of comprehensive income.

1.23 Investment contract liabilities

Investment contracts are measured at fair value through profit and loss in accordance with IAS 39. The fair value of investment contracts is estimated using an internal model and determined on a policy-by-policy basis using a prospective valuation of future Retirement Income benefit and expense cash flows, but with an adjustment to amortise any day-one gain over the life of the contract.

1.24 Loans and borrowings

Loans and borrowings are initially recognised at fair value, net of transaction costs, and subsequently amortised through profit and loss over the period to maturity at the effective rate of interest required to recognise the discounted estimated cash flows to maturity.

1.25 Other provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. The amount recorded as a provision is the best estimate of the expenditure required to settle the obligation at the balance sheet date. Where the effect of the time value of money is material, the provision is the present value of the expected expenditure.

1.26 Taxation

The current tax expense is based on the taxable profits for the year, using tax rates substantively enacted at the Consolidated statement of financial position date, and after any adjustments in respect of prior years. Tax, including tax relief for losses if applicable, is allocated over profits before taxation and amounts charged or credited to components of other comprehensive income and equity as appropriate.

Provision is made for deferred tax liabilities, or credit taken for deferred tax assets, using the liability method, on all material temporary differences between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. The principal temporary differences arise from the revaluation of certain financial assets and liabilities, including technical provisions and other insurance items and tax losses carried forward, and include amortised transitional tax adjustments resulting from changes in tax basis.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

2 ACQUISITION OF PARTNERSHIP ASSURANCE GROUP PLC

On 4 April 2016, the Group completed the acquisition of 100% of the ordinary share capital of Partnership Assurance Group plc ("PAG") through an all share exchange which gave PAG shareholders 0.834 Just Retirement Group plc ("JRP") shares for every PAG share held, with effective control having passed on 1 April 2016. In total, 368,376,421 new JRP shares were issued and commenced trading on 4 April 2016. As a result, PAG shareholders held approximately 40% of the enlarged share capital of the Combined Group. At the closing price of 154.60 pence on 1 April 2016, the share exchange represented consideration of £569.5m. As part of the acquisition certain employee share schemes granted to PAG employees have been exchanged for equivalent JRP employee share schemes. The fair value cost of replacing those schemes, included in the consideration for PAG, was £2.4m.

When compared with total consideration of £571.9m, goodwill of £0.3m arose on acquisition, as follows:

	Fair value £m
Assets	
Acquired value of in-force business and intangible assets – before goodwill	169.6
Property, plant and equipment	8.7
Financial investments	5,293.9
Investment in joint ventures and associates	0.2
Reinsurance assets	3,299.5
Deferred tax assets	8.3
Prepayments and accrued income	3.1
Insurance and other receivables	41.5
Cash and cash equivalents	268.6
Total assets	9,093.4
Liabilities	
Insurance liabilities	5,619.8
Loans and borrowings	94.3
Financial liabilities	2,737.2
Deferred tax liabilities	32.5
Current tax liabilities	1.3
Insurance and other payables	36.7
Total liabilities	8,521.8
Net assets	571.6
Goodwill arising on acquisition	0.3
Total net assets acquired	571.9
Fair value of shares exchanged	569.5
Fair value cost of exchanging employee share schemes	2.4
Total consideration	571.9

The issue of new shares in the Company in exchange for shares of PAG attracted merger relief under section 612 of the Companies Act 2006. Of the £569.5m, £36.8m was credited to share capital (representing 10 pence per ordinary share) and the remaining £532.7m was credited to the merger reserve within equity.

Fair value and accounting policy adjustments**Insurance liabilities and reinsurance assets**

On completion of the acquisition, the economic assumptions applied to the actuarial models used to determine the value of insurance liabilities and reinsurance assets were reviewed across the Group. Following this review, consistent economic and other assumptions were applied to all Group entities, resulting in an increase of £37.3m to PAG's insurance liabilities and an increase of £6.2m to PAG's reinsurance assets recognised on acquisition. Similarly, consistent economic assumptions were applied to the models used to determine the fair value of loan assets secured by mortgages, resulting in an increase of £30.7m to the value of PAG's mortgage loan assets.

Financial liabilities

PAG's subordinated debt liability was recognised at fair value on acquisition. The fair value represented a £5.8m reduction to the amortised cost of the debt liability. The methodology applied to the valuation of reinsurance deposit back liabilities in Partnership Life Assurance Company Limited was also reviewed and a Group accounting basis adopted. Together with the impact of other basis alignments, this resulted in a £74.7m increase in the value of PAG's financial liabilities.

Acquired value of in-force business and intangible assets

An asset of £142.7m was recognised on acquisition representing the present value of future profits from the acquired in-force business as at 1 April 2016. Future profit streams were discounted using a weighted-average cost of capital of 11.1%, which was determined using a capital asset pricing model ("CAPM") approach. This is being amortised in accordance with the Group's accounting policies.

Intangible assets of £26.9m represent PAG's distribution and customer relationships, brands, technology and software including IP, and other intangibles. These balances are being amortised over their remaining useful economic lives, in accordance with the Group's accounting policies.

2 ACQUISITION OF PARTNERSHIP ASSURANCE GROUP PLC continued

Goodwill arising on acquisition

The acquisition resulted in goodwill of £0.3m, representing the excess of purchase consideration over the fair value of assets acquired. The acquisition consideration consisted of shares in the Group exchanged for shares in PAG at a ratio set at the announcement of the transaction on 11 August 2015.

Profit and loss

If the acquisition had been effective on 1 July 2015, on a pro forma basis the Group's revenue is estimated at £4,368.7m and profit before tax attributable to shareholders is estimated at £121.2m for the 18 month period ending 31 December 2016. In determining these amounts, management has assumed that the fair value adjustments that arose on the date of acquisition would have been the same if the acquisition occurred on 1 July 2015. The pro forma results are provided for information purposes only and do not necessarily reflect the actual results that would have occurred had the acquisition taken place on 1 July 2015. For the period from 1 April 2016 to 31 December 2016, £363.3m was recognised within the Group's revenue and £24.0m was recognised within the Group's profit before tax attributable to shareholders arising from the acquired entities.

Acquisition costs of £23.4m incurred to support the transaction were recognised within other operating expenses in the statement of comprehensive income, during the 18 month period ended 31 December 2016.

3 NET INVESTMENT INCOME

	Year ended 31 December 2017 £m	18 months ended 31 December 2016 £m
Interest income:		
Assets at fair value through profit or loss	636.4	683.1
Movement in fair value:		
Financial assets and liabilities designated on initial recognition at fair value through profit and loss	(44.0)	998.7
Derivative financial instruments (note 26)	28.7	(65.2)
Other income	–	0.2
Total net investment income	621.1	1,616.8

4 ACQUISITION COSTS

	Year ended 31 December 2017 £m	18 months ended 31 December 2016 £m
Commission	15.8	25.9
Other acquisition expenses	27.3	27.7
Total acquisition costs	43.1	53.6

5 OTHER OPERATING EXPENSES

	Year ended 31 December 2017 £m	18 months ended 31 December 2016 £m
Personnel expenses (note 10)	113.8	138.0
Investment expenses and charges	11.2	9.8
Depreciation of equipment	1.8	2.6
Operating lease rentals: land and buildings	4.2	4.6
Acquisition integration costs	25.6	40.7
Acquisition transaction costs	–	23.4
Impairment of intangible assets	–	3.8
Amortisation of intangible assets	25.2	24.3
Other costs	56.6	94.3
Total other operating expenses	238.4	341.5

5 OTHER OPERATING EXPENSES continued

During the period the following services were provided by the Group's auditor at costs as detailed below:

	Year ended 31 December 2017 £'000	18 months ended 31 December 2016 £'000
Fees payable for the audit of the Parent Company and consolidated accounts	41	50
Fees payable for other services:		
The audit of the Company's subsidiaries pursuant to legislation	835	468
Corporate finance services	175	2,425
Audit-related assurance services	639	705
Tax compliance services	–	2
Tax advisory services	–	85
Other assurance services	234	15
Auditor remuneration	1,924	3,750
Audit-related assurance services provided by other firms	–	77

Audit-related assurance services mainly include fees relating to the audit of the Group's Solvency II regulatory returns. Other assurance services mainly include fees relating to review procedures in relation to the Group's interim results. Corporate finance services relate to due diligence and reporting accountant services. Details of the process for safeguarding the objectivity independence of the Group's external auditor are given in the Audit Committee Report.

6 FINANCE COSTS

	Year ended 31 December 2017 £m	18 months ended 31 December 2016 £m
Interest payable on deposits received from reinsurers	170.8	208.6
Interest payable on subordinated debt	32.0	11.3
Other interest payable	4.2	12.8
Total finance costs	207.0	232.7

The interest payable on deposits received from reinsurers is as defined by the respective reinsurance treaties and calculated with reference to the risk-adjusted yield on the relevant backing asset portfolio.

7 SEGMENTAL REPORTING**Adjusted operating profit**

The Group reports adjusted operating profit as an alternative measure of profit which is used for decision making and performance measurement. The Board believes that adjusted operating profit, which excludes effects of short-term economic and investment changes, provides a better view of the longer-term performance and development of the business and aligns with the longer-term nature of the products. The underlying operating profit represents a combination of both the profit generated from new business written in the period and profit expected to emerge from the in-force book of business based on current assumptions. Actual operating experience, where different from that assumed at the start of the period and the impacts of changes to future operating assumptions applied in the period, are then also included in arriving at adjusted operating profit.

New business profits represent expected investment returns on financial instruments backing shareholder and policyholder funds after allowances for expected movements in liabilities and acquisition costs. Profits arising from the in-force book of business represent the expected return on surplus assets, the expected unwind of prudent reserves above best estimates for mortality, expenses, corporate bond defaults and, with respect to lifetime mortgages, no-negative guarantee and early redemptions.

Adjusted operating profit excludes the impairment and amortisation of goodwill and other intangible assets arising on consolidation, and restructuring costs, since these items arise outside the normal course of business in the year. Adjusted operating profit also excludes exceptional items. Exceptional items are those items that, in the Directors' view, are required to be separately disclosed by virtue of their nature or incidence to enable a full understanding of the Group's financial performance.

Variances between actual and expected investment returns due to economic and market changes are also disclosed outside adjusted operating profit.

Segmental analysis

The insurance segment writes insurance products for the retirement market – which include Guaranteed Income for Life Solutions, Defined Benefit De-risking Solutions, Care Plans, Flexible Pension Plans and Protection – and invests the premiums received from these contracts in debt securities, gilts, liquidity funds and lifetime mortgage advances.

The professional services business, HUB, is included with other corporate companies in the Other segment. This business is not currently sufficiently significant to separate from other companies' results and the Chief Operating Decision Maker (CODM) does not separately consider its results at present. The Other segment also includes the Group's corporate activities that are primarily involved in managing the Group's liquidity, capital and investment activities.

The Group operates in one material geographical segment which is the United Kingdom.

7 SEGMENTAL REPORTING continued

Segmental reporting and reconciliation to financial information

	Year ended 31 December 2017			18 months ended 31 December 2016		
	Insurance £m	Other £m	Total £m	Insurance £m	Other £m	Total £m
New business operating profit	169.8	–	169.8	171.7	–	171.7
In-force operating profit	71.0	0.3	71.3	88.2	1.1	89.3
Underlying operating profit	240.8	0.3	241.1	259.9	1.1	261.0
Operating experience and assumption changes	34.6	–	34.6	2.5	–	2.5
Other Group companies' operating results	–	(15.1)	(15.1)	–	(18.4)	(18.4)
Reinsurance and financing costs	(43.4)	3.4	(40.0)	(52.0)	22.6	(29.4)
Adjusted operating profit before tax	232.0	(11.4)	220.6	210.4	5.3	215.7
Non-recurring and project expenditure	(10.9)	(0.7)	(11.6)	(18.4)	(2.7)	(21.1)
Investment and economic profits/(losses)	22.6	–	22.6	95.7	(2.6)	93.1
Profit/(loss) before acquisition transaction and amortisation costs, before tax	243.7	(12.1)	231.6	287.7	–	287.7
Acquisition integration costs			(25.6)			(40.7)
Acquisition transaction costs			–			(23.4)
Impairment of intangible assets			–			(3.8)
Amortisation costs			(24.7)			(21.0)
Profit before tax			181.3			198.8

Segmental revenue

All net premium revenue arises from the Group's insurance segment. Net investment income of £621.0m arose from the insurance segment and £0.1m arose from other segments (2016: £1,613.0m and £3.8m respectively). Fee and commission income of £1.6m arose from the insurance segment and £4.2m arose from other segments (2016: £3.5m and £13.6m respectively).

Product information analysis

Additional analysis relating to the Group's products is presented below. The Group's products are from one material geographical segment which is the United Kingdom. The Group's gross premiums written, as shown in the Consolidated statement of comprehensive income, is analysed by product below:

	Year ended 31 December 2017 £m	18 months ended 31 December 2016 £m
Defined Benefit De-risking Solutions ("DB")	997.8	1,644.6
Guaranteed Income for Life contracts ("Gifl")	820.5	949.2
Care Plans ("CP")	71.6	97.1
Protection	3.5	2.6
Gross premiums written	1,893.4	2,693.5

Drawdown and LTM products are accounted for as investment contracts and financial investments respectively in the statement of financial position. An analysis of the amounts advanced during the period for these products is shown below:

	Year ended 31 December 2017 £m	18 months ended 31 December 2016 £m
Drawdown	51.2	32.4
LTM loans advanced	510.0	729.8

Reconciliation of gross premiums written to new business sales

	Year ended 31 December 2017 £m	18 months ended 31 December 2016 £m
Gross premiums written	1,893.4	2,693.5
Change in premiums receivable not included in new business sales ¹	2.5	24.9
Drawdown and LTM new business sales not included in gross premiums written	561.2	762.2
New business sales	2,457.1	3,480.6

¹ Premiums on insurance contracts are recognised when the contract becomes effective in accordance with the terms of the contract. For certain contracts written by Partnership Life Assurance Company Limited ("PLACL"), this is when the contract is issued and completion may be later if the timing of payment differs. PLACL contracts where payment has not been received in the reporting period are excluded from new business sales.

8 INCOME TAX

	Year ended 31 December 2017 £m	18 months ended 31 December 2016 £m
Current taxation		
Current year	44.2	54.0
Adjustments in respect of prior periods	(8.1)	14.0
Total current tax	36.1	68.0
Deferred taxation		
Origination and reversal of temporary differences	(7.3)	(3.0)
Adjustments in respect of prior periods	(2.5)	(12.1)
Rate change	(0.1)	(1.6)
Total deferred tax	(9.9)	(16.7)
Total income tax	26.2	51.3

The current taxation adjustment in respect of prior period of £(8.1)m relates to losses previously treated as available for Group relief in 2015 and carried forward to be utilised against 2016 taxable profits instead have been carried back to be utilised against 2014 taxable profits and revised provision in respect of 2016 taxable profits following submission of the 2016 corporation taxation computations. The deferred tax adjustment in respect of prior period reflects the recognition of share-based payments into the current reporting period.

Reconciliation of total income tax to the applicable tax rate:

	Year ended 31 December 2017 £m	18 months ended 31 December 2016 £m
Profit on ordinary activities before tax	181.3	198.8
Income tax at 19.25% (2016: 20.00%)	34.9	39.8
Effects of:		
Expenses not deductible for tax purposes	0.4	11.8
Rate change	0.4	(1.6)
Higher rate for overseas income	–	–
Unrecognised deferred tax asset	0.5	0.4
Losses utilised	0.6	0.7
Adjustments in respect of prior periods	(10.6)	1.9
Other	–	(1.7)
Total income tax	26.2	51.3

The tax rate for the current year is lower than the prior year, due to changes in the UK corporation tax rate, which decreased from 20% to 19% from 1 April 2017. Changes to the UK corporation tax rates were substantively enacted as part of the Finance Bill 2016 (on 6 September 2016). These include reductions to the main rate to reduce the rate to 17% from 1 April 2020. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

The deferred tax assets and liabilities at 31 December 2017 have been calculated based on the rate at which they are expected to reverse.

Taxation of life insurance companies was fundamentally changed following the publication of the Finance Act 2012. Since 1 January 2013, life insurance tax has been based on financial statements; prior to this date, the basis for profits chargeable to corporation tax was surplus arising within the Pillar 1 regulatory regime. Cumulative differences arising between the two bases, which represent the differences in retained profits and taxable surplus which are not excluded items for taxation, are brought back into the computation of taxable profits. However, legislation provides for transitional arrangements whereby such differences are amortised on a straight-line basis over a ten year period from 1 January 2013. Similarly, the resulting cumulative transitional adjustments for tax purposes in adoption of IFRS will be amortised on a straight-line basis over a ten year period from 1 January 2016. The tax charge for the period to 31 December 2017 includes profits chargeable to corporation tax arising from amortisation of transitional balances of £2.5m (2016: £(10.1)m).

Tax balances included within these financial statements include the use of estimates and assumptions which are based on management's best knowledge of current circumstances and future events and actions. This includes the determination of tax liabilities and recoverables for uncertain tax positions. The actual outcome may differ from the estimated position.

9 REMUNERATION OF DIRECTORS

Information concerning individual Directors' emoluments, interests and transactions is given in the Directors' Remuneration Report. For the purposes of the disclosure required by Schedule 5 to the Companies Act 2006, the total aggregate emoluments of the Directors in the period was £5.7m (2016: £6.7m). Employer contributions to pensions for Executive Directors for qualifying periods were £nil (2016: £nil). The aggregate net value of share awards granted to the Directors in the period was £2.3m (2016: £5.6m). The net value has been calculated by reference to the closing middle-market price of an ordinary share at the date of grant. Two Directors exercised share options during the period whilst a Director of the Company (2016: nil).

10 STAFF NUMBERS AND COSTS

The average number of persons employed by the Group (including Directors) during the financial period, analysed by category, was as follows:

	Year ended 31 December 2017 Number	18 months ended 31 December 2016 Number
Directors	12	13
Senior management	116	136
Staff	963	1,041
Average number of staff	1,091	1,190

The aggregate personnel costs were as follows:

	Year ended 31 December 2017 £m	18 months ended 31 December 2016 £m
Wages and salaries	90.3	106.3
Social security costs	8.9	11.6
Other pension costs	4.3	5.2
Share-based payment expense	10.3	14.9
Total personnel costs	113.8	138.0

The Company does not have any employees.

11 EMPLOYEE BENEFITS

Defined contribution pension scheme

The Group operates a defined contribution pension scheme. The pension cost charge for the period represents contributions payable to the fund and amounted to £4.3m (2016: £5.2m).

Employee share plans

The Group operates a number of employee share option and share award plans. Details of those plans are as follows:

Share Options

Just Retirement Group plc 2013 Long Term Incentive Plan ("LTIP")

The Group has made awards under the LTIP to Executive Directors and other senior managers. Awards are made in the form of nil-cost options which become exercisable on the third anniversary of the grant date, subject to the satisfaction of service and performance conditions set out in the Directors' Remuneration Report. Options are exercisable until the tenth anniversary of the grant date. Options granted in 2017 are subject to a two year holding period after the options have been exercised.

The options are accounted for as equity-settled schemes.

The number and weighted-average remaining contractual life of outstanding options under the LTIP are as follows:

	Year ended 31 December 2017 Number of options	18 months ended 31 December 2016 Number of options
Outstanding at start of period	17,157,164	7,708,723
On acquisition of Partnership Assurance Group plc ("PAG")	–	6,312,856
Granted	4,718,136	10,179,879
Forfeited	(1,450,989)	(1,628,885)
Exercised	(2,439,772)	(592,801)
Expired	(2,247,765)	(4,822,608)
Outstanding at end of period	15,736,774	17,157,164
Exercisable at the end of period	1,117,994	1,173,184
Weighted-average share price at exercise (£)	1.57	1.38
Weighted-average remaining contractual life (years)	1.45	1.68

11 EMPLOYEE BENEFITS continued

Options arising on the acquisition of PAG relate to options awarded to PAG employees in 2014 and 2015 which the Group replaced with options over shares in JRP Group plc in the same ratio as the share exchange which achieved the acquisition of PAG. The replacement options for the 2014 PAG options were subject to achieving a Total Shareholder Return of JRP relative to the constituents of a relevant comparator index or peer group, but to vest on 31 December 2016. The performance conditions were not achieved and all options lapsed. Of the replacement options for the 2015 PAG options, 20% are free awards which vested on 31 December 2016, 40% are subject to an adjusted operating profit growth measure which are due to vest on 11 August 2018, and 40% are subject to the Total Shareholder Return performance which are also due to vest on 11 August 2018.

Options granted in the prior period include 83,596 additional options in respect of modifications to options awarded in 2013 and 2014 to ensure option holders were not adversely affected by the Group's placing and open offer to shareholders in October 2015. There is no change to the fair value of the options as a result of these modifications.

The exercise price for options granted under the LTIP is nil.

During the year to 31 December 2017, awards of LTIPs were made on 17 May 2017 and 3 July 2017. The weighted-average fair value and assumptions used to determine the fair value of options granted during the year under the LTIP are as follows:

Fair value at grant date	£0.91
Option pricing model used – Earnings per share performance	Black-Scholes
Option pricing model used – TSR performance	Stochastic
Option pricing model used – holding period	Finnerty
Share price at grant date	£1.29
Exercise price	Nil
Expected volatility – TSR performance	40.34%
Expected volatility – holding period	40.77%
Option life	3 years + 2 year holding period
Dividends	Nil
Risk-free interest rate – TSR performance	0.10%
Risk-free interest rate – holding period	0.34%

Deferred share bonus plan (“DSBP”)

The DSBP is operated in conjunction with the Group's short-term incentive plan for Executive Directors and other senior managers of the Company or any of its subsidiaries, as explained in the Directors' Remuneration Report. Awards are made in the form of nil-cost options which become exercisable on the third anniversary, and until the tenth anniversary, of the grant date.

The options are accounted for as equity-settled schemes.

The number and weighted-average remaining contractual life of outstanding options under the DSBP are as follows:

	Year ended 31 December 2017 Number of options	18 months ended 31 December 2016 Number of options
Outstanding at start of period	2,257,544	447,916
On acquisition of Partnership Assurance Group plc (“PAG”)	–	1,288,376
Granted	1,493,790	2,115,578
Exercised	(791,618)	(1,594,326)
Outstanding at end of period	2,959,716	2,257,544
Exercisable at end of period	796,252	–
Weighted-average share price at exercise (£)	1.58	1.48
Weighted-average remaining contractual life (years)	1.57	1.85

Options arising on the acquisition of PAG relate to options made to PAG employees in 2014 and 2015 which the Group replaced with options over shares in JRP Group plc in the same ratio as the share exchange which achieved the acquisition of PAG. All options vested in full on completion of the acquisition and all options were exercised in the period.

Options granted in the prior period include 4,894 additional options in respect of a modification to options awarded in 2014 to ensure option holders were not adversely affected by the Group's placing and open offer to shareholders in October 2015. There is no change to the fair value of the options as a result of this modification.

11 EMPLOYEE BENEFITS continued

The exercise price for options granted under the DSBP is nil.

During the year to 31 December 2017, awards of DSBPs were made on 17 March 2017 and 10 April 2017. The weighted-average fair value and assumptions used to determine the fair value of options granted during the period under the DSBP are as follows:

Fair value at grant date	£1.41
Option pricing model used	Black-Scholes
Share price at grant date	£1.41
Exercise price	Nil
Expected volatility	Nil
Option life	3 years
Dividends	Nil
Risk-free interest rate	Nil

Save As You Earn ("SAYE") scheme

The Group operates SAYE plans for all employees, allowing a monthly amount to be saved from salaries over either a three or five year period which can be used to purchase shares in the Company at a predetermined price. The employee must remain in employment for the duration of the saving period and satisfy the monthly savings requirement (except in "good leaver" circumstances). Options are exercisable for up to six months after the saving period.

The options are accounted for as equity-settled schemes.

The number, weighted-average exercise price, weighted-average share price at exercise, and weighted-average remaining contractual life of outstanding options under the SAYE are as follows:

	Year ended 31 December 2017		18 months ended 31 December 2016	
	Number of Options	Weighted- average exercise price (£)	Number of options	Weighted- average exercise price (£)
Outstanding at start of period	4,804,147	1.21	4,390,881	1.22
On acquisition of Partnership Assurance Group plc ("PAG")	–	–	1,321,179	1.21
Granted	3,302,135	1.07	46,875	1.21
Forfeited	(423,430)	1.21	(692,407)	1.22
Cancelled	(621,001)	1.20	(104,190)	1.26
Exercised	(2,539,617)	1.19	(139,623)	1.15
Expired	(120,853)	1.20	(18,568)	1.22
Outstanding at end of period	4,401,381	1.12	4,804,147	1.21
Exercisable at end of period	234,759	1.14	150,717	1.23
Weighted-average share price at exercise		1.42		1.43
Weighted-average remaining contractual life (years)		2.39		1.42

Options arising on the acquisition of PAG relate to options made to PAG employees in 2014 and 2015, which the Group replaced with options over shares in JRP Group plc in the same ratio as the share exchange which achieved the acquisition of PAG. The exercise price of the original options were also adjusted from £0.94 to £1.13 for the 2014 options and from £1.23 to £1.47 for the 2015 options.

Options granted in the prior period include 46,875 additional options in respect of modifications to options awarded in 2014 and 2015 to ensure option holders were not adversely affected by the Group's placing and open offer to shareholders in October 2015. The exercise prices were also adjusted by the same ratio, from £1.21 to £1.20 for the 2014 options and from £1.28 to £1.27 for the 2015 options. There is no change to the fair value of the options as a result of these modifications.

The range of exercise prices of options outstanding at the end of the period are as follows:

	2017 Number of options outstanding	2016 Number of options outstanding
£1.07	3,157,377	–
£1.13	194,057	667,993
£1.20	521,114	3,260,855
£1.27	426,917	683,202
£1.47	101,916	192,097
Total	4,401,381	4,804,147

11 EMPLOYEE BENEFITS continued

During the year to 31 December 2017, awards of SAYEs were made on 21 June 2017. The weighted-average fair value and assumptions used to determine the fair value of options granted during the year under the SAYE are as follows:

Fair value at grant date	£0.46
Option pricing model used	Black-Scholes
Share price at grant date	£1.30
Exercise price	£1.07
Expected volatility - 3 year scheme	50.73%
Expected volatility - 5 year scheme	51.45%
Option life	3-5 years
Dividends	Nil
Risk-free interest rate - 3 year scheme	0.21%
Risk-free interest rate - 5 year scheme	0.41%
Saving forfeit discounts	5%

Share Awards

Share incentive plan ("SIP")

The SIP is an "all-employee" share ownership plan. The Group made an award of 831,070 free shares immediately after admission to all eligible employees. The shares are held in trust on behalf of the employees. The shares are forfeited if the employees cease employment (except in "good leaver" circumstances) within the first three years from the date of the award. The awards vested on 11 November 2016.

On the acquisition of PAG, shares held in trust in respect of SIP awards were converted to JRP shares in the same ratio as the share exchange which achieved the acquisition of PAG. The awards vested on 12 June 2016.

Awards made in the period are in respect of additional shares to existing scheme participants on payment of dividends by the Group. The weighted-average fair value of awards made in the year was £15,857 measured by reference to the quoted share price of the Company at grant date.

Share-based payment expense

The share-based payment expense recognised in the Consolidated statement of comprehensive income for employee services receivable during the period is as follows:

	Year ended 31 December 2017 £m	18 months ended 31 December 2016 £m
Equity-settled schemes	10.3	14.9
Total expense	10.3	14.9

12 EARNINGS PER SHARE

The calculation of basic and diluted earnings per share is based on dividing the profit or loss attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding, and by the diluted weighted average number of ordinary shares potentially outstanding at the end of the period, calculated as follows:

	Year ended 31 December 2017			18 months ended 31 December 2016		
	Earnings £m	Weighted average number of shares million	Earnings per share pence	Earnings £m	Weighted average number of shares million	Earnings per share pence
Basic	155.1	930.0	16.68	147.5	731.6	20.16
Effect of dilutive potential ordinary shares:						
Share options	–	7.5	(0.14)	–	5.3	(0.14)
Diluted	155.1	937.5	16.54	147.5	736.9	20.02

13 DIVIDENDS

Dividends paid in the year were as follows:

	Year ended 31 December 2017 £m	18 months ended 31 December 2016 £m
Final dividend:		
– in respect of the 18 months ended 31 December 2016 (2.4 pence per share, paid on 26 May 2017)	22.3	–
– in respect of the year ended 30 June 2015 (2.2 pence per share, paid on 7 December 2015)	–	12.4
Interim dividend:		
– in respect of the year ended 31 December 2017 (1.17 pence per share, paid on 24 November 2017)	10.9	–
– first interim dividend in respect of the 18 month period ended 31 December 2016 (1.1 pence per share, paid on 20 May 2016)	–	10.2
– second interim dividend in respect of the 18 month period ended 31 December 2016 (1.1 pence per share, paid on 28 October 2016)	–	10.3
Total dividends paid	33.2	32.9

The Group's policy is to pay a progressive dividend subject to sufficient distributable reserves, available funds, and available capital to meet minimum solvency requirements. The Group has sufficient distributable reserves, available funds and a resilient capital position to be able to maintain its current dividend policy for the foreseeable future.

Subsequent to 31 December 2017, the Directors proposed a final dividend for 2017 of 2.55 pence per ordinary share (2016: 2.4 pence), amounting to £23.9m (2016: £22.4m) in total. Subject to approval by shareholders at the AGM, the dividend will be paid on 25 May 2018 and will be accounted for as an appropriation of retained earnings in the year ending 31 December 2018.

14 INTANGIBLE ASSETS

Year ended 31 December 2017	Goodwill £m	Present value of in-force business £m	Distribution network £m	Brand £m	PrognoSys™ and other intellectual property £m	Software £m	Leases £m	Total £m
Cost								
Balance at 1 January 2017	33.9	200.0	26.6	5.6	7.4	23.7	2.0	299.2
Additions	–	–	–	–	–	1.7	–	1.7
At 31 December 2017	33.9	200.0	26.6	5.6	7.4	25.4	2.0	300.9
Amortisation and impairment								
Balance at 1 January 2017	(0.8)	(36.1)	(19.1)	(5.6)	(1.2)	(17.4)	(2.0)	(82.2)
Charge for the year	–	(17.9)	(3.3)	–	(0.2)	(3.8)	–	(25.2)
At 31 December 2017	(0.8)	(54.0)	(22.4)	(5.6)	(1.4)	(21.2)	(2.0)	(107.4)
Net book value at 31 December 2017	33.1	146.0	4.2	–	6.0	4.2	–	193.5
Net book value at 31 December 2016	33.1	163.9	7.5	–	6.2	6.3	–	217.0
18 months ended 31 December 2016	Goodwill £m	Present value of in-force business £m	Distribution network £m	Brand £m	PrognoSys™ and other intellectual property £m	Software £m	Leases £m	Total £m
Cost								
Balance at 1 July 2015	33.6	57.3	16.6	1.6	5.4	14.8	–	129.3
Additions arising on acquisition of Partnership Assurance Group plc	0.3	142.7	10.0	4.0	2.0	8.9	2.0	169.9
At 31 December 2016	33.9	200.0	26.6	5.6	7.4	23.7	2.0	299.2
Amortisation and impairment								
Balance at 1 July 2015	(0.8)	(20.0)	(16.6)	(1.6)	(0.5)	(14.6)	–	(54.1)
Charge for the period	–	(16.1)	(2.5)	(1.5)	(0.7)	(2.8)	(0.7)	(24.3)
Impairment	–	–	–	(2.5)	–	–	(1.3)	(3.8)
At 31 December 2016	(0.8)	(36.1)	(19.1)	(5.6)	(1.2)	(17.4)	(2.0)	(82.2)
Net book value at 31 December 2016	33.1	163.9	7.5	–	6.2	6.3	–	217.0
Net book value at 30 June 2015	32.8	37.3	–	–	4.9	0.2	–	75.2

14 INTANGIBLE ASSETS continued**Amortisation and impairment charge**

The amortisation and impairment charge is recognised in other operating expenses in profit or loss. The fair value attributed to the Partnership brand has been impaired following the adoption of the Just brand. The lease intangible asset has been impaired as a result of the rationalisation of office space.

Impairment testing

Goodwill is tested for impairment in accordance with IAS 36, Impairment of assets, at least annually.

The Group's goodwill of £33.1m at 31 December 2017 represents £0.3m recognised on the 2016 acquisition of the Partnership Assurance Group and £32.8m on the 2009 acquisition by Just Retirement Group Holdings Limited of Just Retirement (Holdings) Limited, the holding company of Just Retirement Limited ("JRL").

The existing goodwill has been allocated to the insurance segment as the cash generating unit. The recoverable amounts of goodwill have been determined from value-in-use. The key assumptions of this calculation are noted below:

	2017	2016
Period on which management approved forecasts are based	5 years	5 years
Discount rate (pre-tax)	10.0%	12.0%

The value-in-use of the insurance operating segment is considered by reference to latest business plans over the next five years, which reflect management's best estimate of future profits based on historical experience, expected growth rates and assumptions around market share, customer numbers, expense inflation and mortality rates. A stressed scenario that assumes no growth in sales for the next five years and discount rate of 20% is also considered. The outcome of the impairment assessment under both scenarios is that the goodwill in respect of the insurance operating segment is not impaired and that the value-in-use is higher than the carrying value of goodwill.

Any reasonably possible changes in assumption will not cause the carrying value of the goodwill to exceed the recoverable amounts.

15 PROPERTY, PLANT AND EQUIPMENT

Year ended 31 December 2017	Freehold land and buildings £m	Computer equipment £m	Furniture and fittings £m	Total £m
Cost				
Balance at 1 January 2017	9.7	5.5	10.5	25.7
Acquired during the year	6.9	0.5	–	7.4
Disposed during the year	–	–	(4.8)	(4.8)
At 31 December 2017	16.6	6.0	5.7	28.3
Depreciation				
Balance at 1 January 2017	(0.3)	(4.6)	(3.7)	(8.6)
Charge of the year	(0.4)	(0.5)	(0.9)	(1.8)
Disposed during the year	–	–	1.7	1.7
At 31 December 2017	(0.7)	(5.1)	(2.9)	(8.7)
Net book value at 31 December 2017	15.9	0.9	2.8	19.6
Net book value at 31 December 2016	9.4	0.9	6.8	17.1
18 months ended 31 December 2016	Freehold land and buildings £m	Computer equipment £m	Furniture and fittings £m	Total £m
Cost				
Balance at 1 July 2015	–	3.9	2.8	6.7
Acquired during the period	9.7	0.5	0.1	10.3
Additions arising on the acquisition of Partnership Assurance Group plc	–	1.1	7.6	8.7
At 31 December 2016	9.7	5.5	10.5	25.7
Depreciation				
Balance at 1 July 2015	–	(3.2)	(2.8)	(6.0)
Charge for the period	(0.3)	(1.4)	(0.9)	(2.6)
At 31 December 2016	(0.3)	(4.6)	(3.7)	(8.6)
Net book value at 31 December 2016	9.4	0.9	6.8	17.1
Net book value at 30 June 2015	–	0.7	–	0.7

Included in freehold land and buildings is land of value £3.6m (2016: £3.6m).

16 FINANCIAL INVESTMENTS

This note explains the methodology for valuing the Group's financial assets and liabilities measured at fair value, including financial investments, and provides disclosures in accordance with IFRS 13: Fair value measurement, including an analysis of such assets and liabilities categorised in a fair value hierarchy based on market observability of valuation inputs.

All of the Group's financial investments are measured at fair value through the profit or loss, and are either designated as such on initial recognition or, in the case of derivative financial assets, classified as held for trading.

	Fair value		Cost	
	2017 £m	2016 £m	2017 £m	2016 £m
Units in liquidity funds	897.9	572.3	897.9	572.3
Investment funds	46.3	–	45.6	–
Debt securities and other fixed income securities	9,589.5	9,751.9	8,745.8	8,907.6
Deposits with credit institutions	87.9	73.2	87.9	73.2
Derivative financial assets	100.2	107.0	2.6	–
Loans secured by residential mortgages	6,833.3	6,430.4	4,127.0	3,927.5
Loans secured by commercial mortgages	215.4	163.8	211.7	159.0
Other loans	444.3	192.5	408.0	160.9
Amounts recoverable from reinsurers on investment contracts	72.3	28.5	67.6	29.1
Total	18,287.1	17,319.6	14,594.1	13,829.6

The majority of investments included in debt securities and other fixed income securities are listed investments.

Units in liquidity funds comprise wholly of units in funds which invest in cash and cash equivalents.

Deposits with credit institutions with a carrying value of £87.1m (2016: £71.0m) have been pledged as collateral in respect of the Group's derivative financial instruments. Amounts pledged as collateral are deposited with the derivative counterparty.

(a) Determination of fair value and fair value hierarchy

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy described as follows, based on the lowest level input that is significant to the fair value measurement as a whole.

Level 1

Inputs to Level 1 fair values are unadjusted quoted prices in active markets for identical assets and liabilities that the entity can access at the measurement date.

Level 2

Inputs to Level 2 fair values are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. If the asset or liability has a specified (contractual) term, a Level 2 input must be observable for substantially the full term of the instrument. Level 2 inputs include the following:

- Quoted prices for similar assets and liabilities in active markets;
- Quoted prices for identical assets or similar assets in markets that are not active, the prices are not current, or price quotations vary substantially either over time or among market makers, or in which very little information is released publicly;
- Inputs other than quoted prices that are observable for the asset or liability; and
- Market-corroborated inputs.

Where the Group uses broker/asset manager quotes and no information as to observability of inputs is provided by the broker/asset manager, the investments are classified as follows:

- Where the broker/asset manager price is validated by using internal models with market-observable inputs and the values are similar, the investment is classified as Level 2; and
- In circumstances where internal models are not used to validate broker/asset manager prices, or the observability of inputs used by brokers/asset managers is unavailable, the investment is classified as Level 3.

The majority of the Group's debt securities held at fair value and financial derivatives are valued using independent pricing services or third party broker quotes, and therefore classified as Level 2.

Level 3

Inputs to Level 3 fair values are unobservable inputs for the asset or liability. Unobservable inputs may have been used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. However, the fair value measurement objective remains the same, i.e. an exit price at the measurement date from the perspective of a market participant that holds the asset or owes the liability. Unobservable inputs reflect the same assumptions as those that the market participant would use in pricing the asset or liability.

The Group's assets and liabilities held at fair value which are valued using valuation techniques for which significant observable market data is not available and classified as Level 3 include loans secured by mortgages, asset-backed securities, investment contract liabilities, and deposits received from reinsurers.

16 FINANCIAL INVESTMENTS continued

The valuation of loans secured by mortgages is determined using internal models which project future cash flows expected to arise from each loan. Future cash flows allow for assumptions relating to future expenses, future mortality experience, voluntary redemptions and repayment shortfalls on redemption of the mortgages due to the no-negative equity guarantee. The fair value is calculated by discounting the future cash flows at a swap rate plus a liquidity premium.

Under the “no-negative equity” guarantee, the amount recoverable by the Group on termination of mortgages is generally capped at the net sale proceeds of the property. This guarantee does not apply where the mortgage redemption is not accompanied by a sale of the underlying property. This could occur when, for example, the property is remortgaged with another provider. The time value of this option and guarantee is allowed for in the asset valuation using closed form calculations, based on a variant of the Black-Scholes option pricing formula. The formula incorporates a number of assumptions, including those for risk-free interest rates, future property growth and future property price volatility.

The Level 3 bonds are either private placement bonds or asset-backed securities. Such securities are valued using discounted cash flow analyses using prudent assumptions based on the repayment of the underlying bond.

The Level 3 Other loans are infrastructure-related loans, and are valued using discounted cash flow analysis using prudent assumptions based on the repayment of the underlying loan.

Investment contract liabilities are calculated on a policy-by-policy basis using a prospective valuation of future retirement income benefits and expense cash flows, but with an adjustment to amortise any day-one gain over the life of the contract.

There are no non-recurring fair value measurements as at 31 December 2017 (2016: nil).

(b) Analysis of assets and liabilities held at fair value according to fair value hierarchy

	2017				2016			
	Level 1 £m	Level 2 £m	Level 3 £m	Total £m	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Assets held at fair value								
Units in liquidity funds	894.3	3.6	–	897.9	572.3	–	–	572.3
Investment funds	–	46.3	–	46.3	–	–	–	–
Debt securities and other fixed income securities	553.5	8,295.5	740.5	9,589.5	645.2	8,927.7	179.0	9,751.9
Deposits with credit institutions	87.0	0.9	–	87.9	71.0	2.2	–	73.2
Derivative financial assets	–	100.2	–	100.2	–	107.0	–	107.0
Loans secured by residential mortgages	–	–	6,833.3	6,833.3	–	–	6,430.4	6,430.4
Loans secured by commercial mortgages	–	–	215.4	215.4	–	–	163.8	163.8
Other loans	–	11.0	433.3	444.3	–	3.8	188.7	192.5
Recoveries from reinsurers on investment contracts	–	–	72.3	72.3	–	–	28.5	28.5
Total assets held at fair value	1,534.8	8,457.5	8,294.8	18,287.1	1,288.5	9,040.7	6,990.4	17,319.6
Liabilities held at fair value								
Investment contract liabilities	–	–	220.7	220.7	–	–	222.3	222.3
Derivative financial liabilities	–	236.3	–	236.3	–	189.3	–	189.3
Obligations for repayment of cash collateral received	16.3	–	–	16.3	21.6	30.5	–	52.1
Deposits received from reinsurers	–	–	2,654.1	2,654.1	–	–	2,741.1	2,741.1
Total liabilities held at fair value	16.3	236.3	2,874.8	3,127.4	21.6	219.8	2,963.4	3,204.8

(c) Transfers between levels

The Group's policy is to assess pricing source changes and determine transfers between levels as of the end of each half-yearly reporting period. During the period there were no transfers between Level 1 and Level 2. The transfer from Level 2 to Level 3 followed a change in the availability of market prices for specific bonds.

16 FINANCIAL INVESTMENTS continued

(d) Level 3 assets and liabilities measured at fair value

Reconciliation of the opening and closing recorded amount of Level 3 assets and liabilities held at fair value.

	Debt securities and other fixed income securities £m	Loans secured by residential mortgages £m	Loans secured by commercial mortgages £m	Other loans £m	Recoveries from reinsurers on investment contracts £m	Investment contract liabilities £m	Deposits received from reinsurers £m
Year ended 31 December 2017							
At start of year	179.0	6,430.4	163.8	188.7	28.5	(222.3)	(2,741.1)
Purchases/Advances/Deposits	27.0	510.0	60.5	240.2	49.4	(51.2)	(31.1)
Transfers from Level 2	534.3	–	–	–	–	–	–
Sales/Redemptions/Payments	(11.5)	(360.3)	(7.8)	–	(8.9)	59.1	191.7
Realised gains and losses recognised in profit or loss within net investment income	0.1	167.5	(0.1)	0.4	–	–	–
Unrealised gains and losses recognised in profit or loss within net investment income	11.6	(164.6)	(1.5)	4.0	3.3	–	19.7
Interest accrued	–	250.3	0.5	–	–	–	(93.3)
Change in fair value of liabilities recognised in profit or loss	–	–	–	–	–	(6.3)	–
At end of year	740.5	6,833.3	215.4	433.3	72.3	(220.7)	(2,654.1)
18 months ended 31 December 2016							
At start of period	18.8	3,471.8	–	–	–	(228.3)	–
On acquisition of Partnership Assurance Group plc	0.1	1,623.6	117.2	–	–	–	(2,659.6)
Purchases/Advances/Deposits	135.0	744.9	44.6	157.1	29.1	(32.4)	(54.5)
Transfers from Level 2	20.5	–	–	–	–	–	–
Sales/Redemptions/Payments	(6.8)	(254.3)	0.1	–	(1.9)	53.9	173.5
Realised gains and losses recognised in profit or loss within net investment income	12.4	5.3	–	31.6	–	–	–
Unrealised gains and losses recognised in profit or loss within net investment income	(0.8)	567.2	1.5	–	1.3	–	(128.8)
Interest accrued	(0.2)	271.9	0.4	–	–	–	(71.7)
Change in fair value of liabilities recognised in profit or loss	–	–	–	–	–	(15.5)	–
At end of period	179.0	6,430.4	163.8	188.7	28.5	(222.3)	(2,741.1)

Debt securities and other fixed income securities

Debt securities classified as Level 3 are either private placement bonds or asset-backed securities.

Principal assumptions underlying the calculation of the debt securities and other fixed income securities classified as Level 3

Redemption and defaults

The redemption and default assumptions used in the valuation of infrastructure private placement bonds are similar to the rest of the Group's bond portfolio.

For asset-backed securities, the assumptions are that the underlying loans supporting the securities are redeemed in the future in a similar profile to the existing redemptions on an average rate of 3% per annum, and that default levels on the underlying basis remain at the current level of the Group's bond portfolio.

Sensitivity analysis

Reasonable possible alternative assumptions for unobservable inputs used in the valuation technique could give rise to significant changes in the fair value of the assets. The sensitivity of the valuation of bonds to the default assumption is determined by reference to movement in credit spreads. The Group has estimated the impact on fair value to changes to these inputs as follows:

	Debt securities and other fixed income securities
	Credit spreads +100bps
Net increase/(decrease) in fair value (£m)	
2017	(44.8)
2016	(17.0)

16 FINANCIAL INVESTMENTS continued**Loans secured by residential mortgages****Principal assumptions underlying the calculation of loans secured by residential mortgages**

All gains and losses arising from loans secured by mortgages are largely dependent on the term of the mortgage, which in turn is determined by the longevity of the customer. Principal assumptions underlying the calculation of loans secured by mortgages include the following:

Maintenance expenses

Assumptions for future policy expense levels are based on the Group's recent expense analyses. The assumed future expense levels incorporate an annual inflation rate allowance of 4.2% for loans written by JRL (2016: 4.3%) and PLACL (2016: 4.3%).

Mortality

Mortality assumptions have been derived with reference to CMI 2016 mortality tables for both base table rates and mortality improvements (2016: ELT17 for base table rates, CMI 2015 for mortality improvements). These tables have been adjusted to reflect the expected future mortality experience of mortgage contract holders, taking into account the medical and lifestyle evidence collected during the sales process and the Group's assessment of how this experience will develop in the future. This assessment takes into consideration relevant industry and population studies, published research materials and management's own experience.

Property prices

The value of a property at the date of valuation is calculated by taking the latest valuation for that property and indexing this value using the Office for National Statistics monthly index for the property's location. The appropriateness of this valuation basis is regularly tested on the event of redemption of mortgages.

Future property prices

In the absence of a reliable long-term forward curve for UK residential property price inflation, the Group has made an assumption about future residential property price inflation based upon available market and industry data. These assumptions have been derived with reference to the long-term expectation of the UK retail price inflation, "RPI", (consistent with the Bank of England inflation target) plus an allowance for the expectation of house price growth above RPI (property risk premium) less a margin for a combination of risks including property dilapidation and basis risk. An additional allowance is made for the volatility of future property prices. This results in a single rate of future house price growth of 4.25%, with a volatility assumption of 12% per annum.

Voluntary redemptions

Assumptions for future voluntary redemption levels are based on the Group's recent analyses and external benchmarking. The assumed redemption rate varies by duration and product line between 0.7% and 3.0% for loans written by JRL (2016: 0.7% and 2.3%) and between 0.9% and 2.8% for loans written by PLACL (2016: 1.8% and 4.5%).

Sensitivity analysis

Reasonable possible alternative assumptions for unobservable inputs used in the valuation technique could give rise to significant changes in the fair value of the assets. The Group has estimated the impact on fair value to changes to these inputs as follows:

Net increase/(decrease) in fair value (£m)	Loans secured by residential mortgages valuation assumptions				
	Maintenance expenses +10%	Base mortality -5%	Immediate property price fall -10%	Future property price growth -0.5%	Voluntary redemptions +10%
2017	(7.2)	30.3	(72.4)	(62.3)	(24.1)
2016	(5.9)	36.8	(79.8)	(46.4)	(30.7)

The sensitivity factors are determined via financial models. The analysis has been prepared for a change in each variable with other assumptions remaining constant. In reality such an occurrence is unlikely due to correlation between the assumptions and other factors. It should also be noted that these sensitivities are non-linear and larger or smaller impacts cannot be interpolated or extrapolated from these results.

The sensitivity factors take into consideration that the Group's assets and liabilities are actively managed and may vary at the time that any actual market movement occurs.

Other limitations in the above sensitivity analysis include the use of hypothetical market movements to demonstrate potential risk that only represents the Group's view of reasonably possible near-term market changes that cannot be predicted with any certainty.

Loans secured by commercial mortgages**Principal assumption underlying the calculation of loans secured by commercial mortgages**

The discount rate is the most significant assumption applied in calculating the fair value of the loans secured by commercial mortgages. The discount rate used is 0.9% (2016: 0.9%) plus a spread % of between 1.3% (2016: 1.3%) and 2.8% (2016: 2.8%) depending on the individual loan.

Sensitivity analysis

Reasonable possible alternative assumptions for unobservable inputs used in the valuation technique could give rise to significant changes in the fair value of the assets. The Group has estimated the impact on fair value to changes to these inputs as follows.

Net increase/(decrease) in fair value (£m)	Loans secured by commercial mortgages valuation assumptions
	Interest rates +100bps
2017	(11.1)
2016	(9.5)

16 FINANCIAL INVESTMENTS continued

Other loans

Other loans classified as Level 3 are infrastructure loans.

Principal assumptions underlying the calculation of other loans classified as Level 3

Redemption and defaults

The redemption and default assumptions used in the valuation of infrastructure loans are similar to the Group's bond portfolio. They have additional covenants which provide greater security but these are not quantified in the valuation.

Sensitivity analysis

Reasonable possible alternative assumptions for unobservable inputs used in the valuation technique could give rise to significant changes in the fair value of the assets. The sensitivity of the valuation of infrastructure loans to the default assumption is determined by reference to the movement in credit spreads.

The Group has estimated the impact on fair value to changes to these inputs as follows:

	Other loans Credit spreads +100bps
Net increase/(decrease) in fair value (£m)	
2017	(37.1)
2016	(19.5)

Recoveries from reinsurers on investment contracts

Recoveries from reinsurers on investment contracts represent fully reinsured funds invested under the Flexible Pension Plan. The linked liabilities are included in Level 3 investment contract liabilities.

Principal assumptions and sensitivity of fair value

Recoveries from reinsurers on investment contracts are valued based on the price of the reinsured underlying funds determined by the asset managers. The assets are classified as Level 3 because the prices are not validated by internal models or the observable inputs used by the asset managers are not available. Therefore, there are no principal assumptions used in the valuation of these Level 3 assets.

Investment contract liabilities

Principal assumptions underlying the calculation of investment contract liabilities

Maintenance expenses

Assumptions for future policy expense levels are based on the Group's recent expense analyses. The assumed future expense levels incorporate an annual inflation rate allowance of 4.4% (2016: 4.5%).

Sensitivity analysis

The sensitivity of fair value to changes in maintenance expense assumptions in respect of investment contract liabilities is not material.

Deposits received from reinsurers

Principal assumptions underlying the calculation of deposits received from reinsurers

Discount rate

The valuation model discounts the expected future cash flows using a contractual discount rate derived from the assets hypothecated to back the liabilities at a product level. The discount rates used for individual retirement and individual care annuities were 3.11% and 0.95% respectively (2016: 3.24% and 1.17% respectively).

Credit spreads

The valuation of deposits received from reinsurers includes a credit spread applied by the individual reinsurer. A credit spread of 102bps (2016: 166bps) was applied in respect of the most significant reinsurance contract.

Sensitivity analysis

Reasonable possible alternative assumptions for unobservable inputs used in the valuation technique could give rise to significant changes in the fair value of the liabilities (see note 25 (b)). The Group has estimated the impact on fair value to changes to these inputs as follows:

	Deposits received from reinsurers	
	Credit spreads +100bps	Interest rates +100bps
Net increase/(decrease) in fair value (£m)		
2017	(88.5)	(217.1)
2016	(106.5)	(223.5)

17 DEFERRED TAX

	2017			2016		
	Asset £m	Liability £m	Total £m	Asset £m	Liability £m	Total £m
Transitional tax	–	(11.1)	(11.1)	–	(12.6)	(12.6)
Intangible assets	–	(27.3)	(27.3)	–	(33.8)	(33.8)
Other provisions	13.0	(0.8)	12.2	10.3	–	10.3
Total deferred tax	13.0	(39.2)	(26.2)	10.3	(46.4)	(36.1)

The transitional tax liability of £11.1m (2016: £12.6m) represents the adjustment arising from the change in the tax rules for life insurance companies which is amortised over ten years from 1 January 2013 and the transitional adjustments for tax purposes in adopting IFRS which is amortised over ten years from 1 January 2016.

Other provisions principally relate to temporary differences between the IFRS financial statements and tax deductions for statutory insurance liabilities.

The movement in the net deferred tax balance was as follows:

	Year ended 31 December 2017 £m	18 months ended 31 December 2016 £m
Net balance at start of period	(36.1)	(28.7)
Arising on acquisition of Partnership Assurance Group plc	–	(24.1)
Amounts credited to the Consolidated statement of comprehensive income	9.9	16.7
Net balance at end of period	(26.2)	(36.1)

The Group has unrecognised deferred tax assets of £5.4m (2016: £5.4m).

18 PREPAYMENTS AND ACCRUED INCOME

Included in prepayments and accrued income are capitalised bank borrowing costs of £1.8m (2016: £nil).

Prepayments and accrued income for the Group includes £0.2m (2016: £0.1m) that is expected to be recovered more than one year after the Consolidated statement of financial position date.

19 INSURANCE AND OTHER RECEIVABLES

	2017 £m	2016 £m
Receivables arising from insurance and reinsurance contracts	40.3	126.7
Other receivables	4.2	10.6
Total insurance and other receivables	44.5	137.3

Of the above insurance and other receivables, £nil (2016: £99.4m) is expected to be recovered more than one year after the Consolidated statement of financial position date.

20 CASH AND CASH EQUIVALENTS

	2017 £m	2016 £m
Cash available on demand	261.4	71.4
Units in liquidity funds	897.9	572.3
Cash and cash equivalents in the Consolidated statement of cash flows	1,159.3	643.7

21 SHARE CAPITAL

The allotted and issued ordinary share capital of Just Group plc at 31 December 2017 is detailed below:

	Number of £0.10 ordinary shares	Share capital £m	Share premium £m	Merger reserve £m	Total £m
At 1 January 2017	932,884,033	93.3	91.7	532.7	717.7
In respect of employee share schemes	5,424,307	0.5	2.5	–	3.0
At 31 December 2017	938,308,340	93.8	94.2	532.7	720.7
At 1 July 2015	500,864,706	50.1	1.2	–	51.3
Shares issued under capital placing and open offer	63,525,672	6.4	90.5	–	96.9
Shares issued in exchange for shares in PAG	368,376,421	36.8	–	532.7	569.5
In respect of employee share schemes	117,234	–	–	–	–
At 31 December 2016	932,884,033	93.3	91.7	532.7	717.7

21 SHARE CAPITAL continued

Consideration for the acquisition of 100% of the equity shares of Partnership Assurance Group plc consisted of a new issue of shares in the Company. Accordingly, merger relief under section 612 of the Companies Act 2006 applies, and share premium has not been recognised in respect of this issue of shares. A merger reserve has been recognised representing the difference between the nominal value of the shares issued and the net assets of Partnership Assurance Group plc acquired.

22 INSURANCE CONTRACTS AND RELATED REINSURANCE

Insurance liabilities

	2017 £m	2016 £m
Gross insurance liabilities	16,633.0	15,748.0
Reinsurance	(5,285.3)	(6,057.1)
Net insurance liabilities	11,347.7	9,690.9

(a) Terms and conditions of insurance contracts

The Group's long-term insurance contracts include annuities to fund Retirement Income, Guaranteed Income for Life ("GIFL") and Defined Benefit ("DB"), annuities to fund care fees (immediate needs and deferred), long-term care insurance and whole of life and term protection insurance.

The insurance liabilities are agreed by the Board using recognised actuarial valuation methods proposed by the Group's Actuarial Reporting Function. In particular, a prospective gross premium valuation method has been adopted for major classes of business.

Although the process for the establishment of insurance liabilities follows specified rules and guidelines, the provisions that result from the process remain uncertain. As a consequence of this uncertainty, the eventual value of claims could vary from the amounts provided to cover future claims. The Group seeks to provide for appropriate levels of contract liabilities taking known facts and experiences into account but nevertheless such provisions remain uncertain.

The estimation process used in determining insurance liabilities involves projecting future annuity payments and the cost of maintaining the contracts. For non-annuity contracts, the liability is determined as the sum of the discounted value of future benefit payments and future administration expenses less the expected value of premiums payable under the contract. The key sensitivities are the assumed level of interest rates and the mortality experience.

(b) Principal assumptions underlying the calculation of insurance contracts

The principal assumptions underlying the calculation of insurance contracts are as follows:

Mortality assumptions

Mortality assumptions have been set by reference to appropriate standard mortality tables. These tables have been adjusted to reflect the future mortality experience of the policyholders, taking into account the medical and lifestyle evidence collected during the underwriting process, premium size, gender and the Group's assessment of how this experience will develop in the future. The assessment takes into consideration relevant industry and population studies, published research materials, input from the Group's lead reinsurer and management's own industry experience.

The standard tables which underpin the mortality assumptions are summarised in the table below.

	2017	2016
Individually underwritten Guaranteed Income for Life Solutions (JRL)	PCMA/PCFA00, with CMI 2014 model mortality improvements for both Merica and PrognoSys™ underwritten business	PCMA/PCFA00, with CMI 2014 model mortality improvements for Merica business and CMI 2012 model mortality improvements for PrognoSys™ business
Individually underwritten Guaranteed Income for Life Solutions (PLACL)	Modified E&W Population mortality, with CMI 2014 model mortality improvements	Modified E&W Population mortality, with CMI 2014 model mortality improvements
Defined Benefit (JRL)	Modified E&W Population mortality, with CMI 2016 model mortality improvements (standard underwritten business) Reinsurer supplied tables underpinned by the Self-Administered Pension Scheme ("SAPS") S1 tables, with CMI 2009 model mortality improvements (medically underwritten business)	Reinsurer supplied tables underpinned by the Self-Administered Pension Scheme ("SAPS") S1 tables, with CMI 2009 model mortality improvements (for both standard underwritten and medically underwritten business)
Defined Benefit (PLACL)	Modified E&W Population mortality, with CMI 2015 model mortality improvements	Modified E&W Population mortality, with CMI 2015 model mortality improvements
Other annuity products (PLACL)	Modified PCMA/PCFA bespoke improvements	Modified PCMA/PCFA bespoke improvements
Term and whole of life products (PLACL)	TM/TF00 Select	TM/TF00 Select

22 INSURANCE CONTRACTS AND RELATED REINSURANCE continued**Valuation discount rates**

Valuation discount rate assumptions are set with regards to yields on supporting assets. An explicit allowance for credit risk is included by making an explicit deduction from the yields on debt and other fixed income securities based on a prudent expectation of default experience of each asset class.

Valuation discount rates – gross liabilities	2017 %	2016 %
Individually underwritten Guaranteed Income for Life Solutions (JRL)	3.23	3.18
Individually underwritten Guaranteed Income for Life Solutions (PLACL)	3.11	3.24
Defined Benefit (JRL)	3.23	3.18
Defined Benefit (PLACL)	3.11	3.24
Other annuity products (PLACL)	0.95	1.17
Term and whole of life products (PLACL)	1.39	1.63

Future expenses

Assumptions for future policy expense levels are determined from the Group's recent expense analyses. The assumed future policy expense levels incorporate an annual inflation rate allowance of 4.4% (2016: 4.5%) derived from the expected retail price index implied by inflation swap rates and an additional allowance for earnings inflation.

(c) Movements

The following movements have occurred in the insurance contract balances for Retirement Income products during the period.

	Gross £m	Reinsurance £m	Net £m
Carrying amount			
At 1 January 2017	15,748.0	(6,057.1)	9,690.9
Increase in liability from premiums	1,526.5	(25.1)	1,501.4
Release of liability due to recorded claims	(1,133.6)	457.6	(676.0)
Unwinding of discount	503.2	(180.2)	323.0
Changes in economic assumptions	210.7	(43.6)	167.1
Changes in non-economic assumptions	(193.8)	79.2	(114.6)
Other movements*	(28.0)	483.9	455.9
At 31 December 2017	16,633.0	(5,285.3)	11,347.7

	Gross £m	Reinsurance £m	Net £m
Carrying amount			
At 1 July 2015	7,440.3	(2,477.1)	4,963.2
On acquisition of Partnership Assurance Group plc	5,619.8	(3,299.5)	2,320.3
Increase in liability from premiums	2,395.9	(87.2)	2,308.7
Release of liability due to recorded claims	(1,023.8)	384.1	(639.7)
Unwinding of discount	391.1	(113.5)	277.6
Changes in economic assumptions	917.7	(259.5)	658.2
Changes in non-economic assumptions	11.9	(5.3)	6.6
Other movements ¹	(4.9)	(199.1)	(204.0)
At 31 December 2016	15,748.0	(6,057.1)	9,690.9

1 Includes the impact of reinsurance recapture

Effect of changes in assumptions and estimates during the period**Economic assumption changes**

The principal economic assumption change impacting the movement in insurance liabilities during the period relates to discount rates for both JRL and PLACL.

Discount rates

The movement in the valuation interest rate captures the impact of underlying changes in risk-free curves and spreads on backing assets. Both existing in-force assets and new assets purchased during the period contribute to the movement in the discount rate. Differences between the discount rates recognised on new business written during the period and the prevailing discount rates on the entire portfolio of business also contribute to the movement in insurance liabilities.

Non-economic assumption changes

The principal non-economic assumption changes impacting the movement in insurance liabilities during the period relate to maintenance expenses for both JRL and PLACL, and DB mortality for JRL.

22 INSURANCE CONTRACTS AND RELATED REINSURANCE continued

Expense assumption

Cost synergies arising within the Group following the merger have been recognised through an overall reduction in maintenance expense assumptions. This has resulted in a decrease in the carrying value of insurance liabilities.

The JRL GIFL maintenance expense assumption used at 31 December 2017 was £30.68 per plan (2016: £46.68), whilst the JRL DB maintenance assumption used at 31 December 2017 was £113.53 per scheme member (2016: £56.61). The PLACL GIFL maintenance expense assumption used at 31 December 2017 was £23.69 per plan (2016: £32.30), whilst the PLACL DB maintenance assumption used at 31 December 2017 was £128.02 per scheme member (2016: £32.85). An increase in the maintenance expense assumption increases the carrying value of the insurance liabilities. Relative to the 2016 assumptions, there has been a re-allocation of expenses between GIFL and DB reflecting improvements made to the method of apportionment of expenses to specific products in the Group's expense allocation process.

Mortality assumptions

The JRL DB mortality basis for standard underwritten business at 31 December 2017 has been set with reference to modified E&W Population mortality tables, calibrated from Club Vita experience, with CMI 2016 model mortality improvements (2016: Reinsurer supplied tables, with CMI 2009 model mortality improvements).

(d) Estimated timing of net cash outflows from insurance contract liabilities

The following shows the insurance contract balances analysed by duration. The total balances are split by duration of Retirement Income payments in proportion to the policy cash flows estimated to arise during that period.

	Expected cash flows (undiscounted)					Carrying value (discounted) £m
	Within 1 year £m	1-5 years £m	5-10 years £m	Over 10 years £m	Total £m	
2017						
Gross	1,158.9	4,395.2	4,948.2	13,934.2	24,436.5	16,633.0
Reinsurance	(413.3)	(1,542.1)	(1,652.6)	(3,798.7)	(7,406.7)	(5,285.3)
Net	745.6	2,853.1	3,295.6	10,135.5	17,029.8	11,347.7
	Expected cash flows (undiscounted)					Carrying value (discounted) £m
	Within 1 year £m	1-5 years £m	5-10 years £m	Over 10 years £m	Total £m	
2016						
Gross	1,096.5	4,182.7	4,675.3	13,226.0	23,180.5	15,748.0
Reinsurance	(454.1)	(1,713.6)	(1,867.8)	(4,583.6)	(8,619.1)	(6,057.1)
Net	642.4	2,469.1	2,807.5	8,642.4	14,561.4	9,690.9

(e) Sensitivity analysis

The Group has estimated the impact on profit for the year in relation to insurance contracts and related reinsurance from changes in key assumptions relating to financial assets and liabilities.

Sensitivity factor	Description of sensitivity factor applied
Interest rate and investment return	The impact of a change in the market interest rates by +/- 1% (e.g. if a current interest rate is 5%, the impact of an immediate change to 4 and 6% respectively). The test consistently allows for similar changes to both assets and liabilities
Expenses	The impact of an increase in maintenance expenses by 10%
Base mortality rates	The impact of a decrease in base table mortality rates by 5% applied to both Retirement Income liabilities and mortgage assets
Immediate property price fall	The impact of an immediate decrease in the value of properties by 10%. The test allows for the impact on the Retirement Income liabilities arising from any change in yield on the loans secured by residential mortgages and loans secured by commercial mortgages used to back the liabilities
Future property price growth	The impact of a reduction in future property price growth by 0.5%
Voluntary redemptions	The impact of an increase in voluntary redemption rates on loans secured by residential and commercial mortgages by 10%. The test allows for the impact on the annuity liabilities arising from any change in yield on the loans secured by residential mortgages and loans secured by commercial mortgages used to back the liabilities

Impact on profit before tax (£m)

	Interest rates +1%	Interest rates -1%	Maintenance expenses +10%	Base mortality -5%	Immediate property price fall -10%	Future property price growth -0.5%	Voluntary redemptions +10%
Net increase/(decrease) in profit before tax (£m)							
2017	(123.3)	127.1	(52.1)	(125.9)	(122.7)	(124.8)	(98.7)
2016	(177.5)	225.1	(49.2)	(131.3)	(106.3)	(104.8)	(67.9)

22 INSURANCE CONTRACTS AND RELATED REINSURANCE continued

The sensitivity factors are applied via financial models. The analysis has been prepared for a change in each variable with other assumptions remaining constant. In reality, such an occurrence is unlikely, due to correlation between the assumptions and other factors. It should also be noted that these sensitivities are non-linear, and larger or smaller impacts cannot be interpolated or extrapolated from these results.

The sensitivity factors take into consideration that the Group's assets and liabilities are actively managed and may vary at the time that any actual market movement occurs. The impacts indicated above for insurance contracts also reflect movements in financial derivatives, which are impacted by movements in interest rates. Related reinsurance assets are not impacted by financial derivatives.

Other limitations in the above sensitivity analysis include the use of hypothetical market movements to demonstrate potential risk that only represents the Group's view of reasonably possible near-term market changes that cannot be predicted with any certainty, and the assumption that there is a parallel shift in interest rates at all durations.

23 INVESTMENT CONTRACT LIABILITIES

	2017 £m	2016 £m
Balance at start of period	222.3	228.3
Deposits received from policyholders	51.2	32.4
Payments made to policyholders	(59.1)	(53.9)
Change in contract liabilities recognised in profit or loss	6.3	15.5
Balance at end of period	220.7	222.3

Recoveries from reinsurers on investment contracts were £72.3m (2016: £28.5m) as shown in note 16.

(a) Terms and conditions of investment contracts

The Group writes Flexible Pension Plan products for the at-retirement market. Policyholder premiums are invested in selected unit-linked funds, with the policyholder able to drawdown on funds, the return on which will be based on actual investment returns.

The Group has written Capped Drawdown products for the at-retirement market. These products are no longer available to new customers. In return for a single premium, these contracts pay a guaranteed lump sum on survival to the end of the fixed term. There is an option at outset to select a lower sum at maturity and regular income until the earlier of death or maturity. Upon death of the policyholder and subject to the option selected at the outset, there may be a return of premium less income received or income payable to a dependant until the death of that dependant.

(b) Principal assumptions underlying the calculation of investment contracts**Valuation discount rates**

Valuation discount rate assumptions for investment contracts are set with regards to yields on supporting assets. An explicit allowance for credit risk is included by making an explicit deduction from the yields on debt and other fixed income securities based on historical default experience of each asset class.

	2017 %	2016 %
Valuation discount rates		
Investment contracts	3.23	3.18

24 LOANS AND BORROWINGS

	Carrying value		Fair value	
	2017 £m	2016 £m	2017 £m	2016 £m
£100m 9.5% 10 year subordinated debt 2025 non-callable 5 years (Tier 2) issued by Partnership Life Assurance Company Limited	95.3	94.6	105.4	105.5
£250m 9.0% 10 year subordinated debt 2026 (Tier 2) issued by Just Group plc	248.6	248.5	278.2	248.5
Total loans and borrowings	343.9	343.1	383.6	354.0

25 OTHER FINANCIAL LIABILITIES

The Group has other financial liabilities which are measured at either amortised cost, fair value through profit or loss, or in accordance with relevant underlying contracts ("insurance rules"), summarised as follows.

	Note	2017 £m	2016 £m
Fair value through profit or loss			
Derivative financial liabilities	(a)	236.3	189.3
Obligations for repayment of cash collateral received	(a)	16.3	52.2
Deposits received from reinsurers	(b)	2,654.1	2,741.1
Liabilities measured using insurance rules under IFRS 4			
Deposits received from reinsurers	(b)	1,901.4	2,490.3
Reinsurance finance	(c)	49.3	65.9
Reinsurance funds withheld	(d)	188.0	202.0
Total other liabilities		5,045.4	5,740.8

The amount of deposits received from reinsurers and reinsurance funds withheld that is expected to be settled more than one year after the Consolidated statement of financial position date is £4,363.3m (2016: £5,021.1m).

25 OTHER FINANCIAL LIABILITIES continued

(a) Derivative financial liabilities and obligations for repayment of cash collateral received

The derivative financial liabilities are classified at fair value through profit or loss. All financial liabilities at fair value through profit or loss are designated as such on initial recognition or, in the case of derivative financial liabilities, are classified as held for trading.

(b) Deposits received from reinsurers

Deposits received from reinsurers are measured in accordance with the reinsurance contract and taking into account an appropriate discount rate for the timing of expected cash flows of the liabilities.

(c) Reinsurance finance

The reinsurance finance has been established in recognition of the loan obligation to the reinsurers under the Group's reinsurance financing arrangements, the repayment of which are contingent upon the emergence of surplus under the old Solvency I valuation rules.

(d) Reinsurance funds withheld

Reinsurance funds withheld are measured and valued in accordance with the reinsurance contract, which takes into account an appropriate discount rate for the timing of expected cash flows.

26 DERIVATIVE FINANCIAL INSTRUMENTS

The Group uses various derivative financial instruments to manage its exposure to interest rates, counterparty credit risk, inflation and foreign exchange risk, including interest rate swaps, interest rate swaptions, inflation swaps, credit default swaps, and foreign currency asset swaps.

	2017			2016		
	Asset fair value £m	Liability fair value £m	Notional amount £m	Asset Fair value £m	Liability fair value £m	Notional Amount £m
Derivatives						
Foreign currency swaps	7.7	71.1	866.2	0.8	113.5	764.8
Interest rate swaps	63.7	48.8	1,527.5	67.8	55.4	1,182.8
Interest rate swaptions	–	–	–	–	–	1,140.0
Inflation swaps	25.6	31.1	1,689.1	33.1	18.8	1,220.0
Forward swap	1.8	1.0	385.8	3.8	1.6	343.8
Credit default swaps	–	0.5	43.4	–	–	–
Interest rate futures	1.4	83.8	186.0	1.5	–	43.4
Total	100.2	236.3	4,698.0	107.0	189.3	4,694.8

The Group's derivative financial instruments are not designated as hedging instruments and changes in their fair value are included in profit or loss. Derivatives are used to manage the Group's European embedded value and regulatory capital, which is affected by a surplus of long dated fixed interest securities when liabilities are measured on a realistic basis.

All over-the-counter derivative transactions are conducted under standardised International Swaps and Derivatives Association Inc. ("ISDA") master agreements, and the Group has collateral agreements between the individual Group entities and relevant counterparties in place under each of these market master agreements.

As at 31 December 2017, the Company had pledged collateral of £119.3m (2016: £176.6m) of which £5.8m were gilts and European Investment Bank bonds (2016: £105.6m) and had received cash collateral of £16.3m (2016: £52.2m).

Amounts recognised in profit or loss in respect of derivative financial instruments are as follows:

	Year ended 31 December 2017 £m	18 months ended 31 December 2016 £m
Movement in fair value of derivative instruments	30.1	3.3
Realised losses on interest rate swaps closed	(1.4)	(68.5)
Total amounts recognised in profit or loss	28.7	(65.2)

27 REINSURANCE

The Group uses reinsurance as an integral part of its risk and capital management activities. New business was reinsured via longevity swap arrangements as follows:

- DB is 55% reinsured for underwritten schemes, and 75% for non-underwritten schemes (55% prior to 1 January 2016)
- GifL is 75% reinsured (45% prior to 1 January 2016)
- Care is 42.5% reinsured (90% prior to 1 April 2016)
- Protection is 65% reinsured

In-force business is reinsured under longevity swap and quota share treaties. The quota share treaties have deposit back or premium withheld arrangements to remove the majority of the reinsurer credit risk.

The quota share treaties entered into by the Group's subsidiary, JRL, include financing arrangements (see note 25c), the repayment of which is contingent upon the emergence of surplus under the old Solvency I valuation rules. The Group retains a capital benefit under Solvency II from the financing arrangements as these form part of the transitional calculations.

These treaties also allow JRL to recapture business once the financing has been repaid. During the period the Group recaptured business in respect of certain underwriting years that resulted in a decrease of ceded liabilities of £467.5m and a reduction of equal amount in the deposit received.

In addition to the deposits received from reinsurers recognised within other financial liabilities (see note 25b), certain reinsurance arrangements within the Group's subsidiary, PLACL, give rise to deposits from reinsurers that are not included in the Consolidated statement of financial position of the Group as described below:

- The Group has an agreement with two reinsurers whereby financial assets arising from the payment of reinsurance premiums, less the repayment of claims, in relation to specific treaties, are legally and physically deposited back with the Group. Although the funds are managed by the Group (as the Group controls the investment of the asset), no future benefits accrue to the Group as any returns on the deposits are paid to reinsurers. Consequently, the deposits are not recognised as assets of the Group and the investment income they produce does not accrue to the Group.
- The Group has an agreement with one reinsurer whereby assets equal to the reinsurer's full obligation under the treaty are deposited into a ringfenced collateral account. The Group has first claim over these assets should the reinsurer default, but as the Group has no control over these funds and does not accrue any future benefit, this fund is not recognised as an asset of the Group.

	2017 £m	2016 £m
Deposits managed by the Group	221.3	235.6
Deposits held in trust	295.4	296.9
Total deposits not included in the Consolidated statement of financial position	516.7	532.5

28 OTHER PROVISIONS

	Year ended 31 December 2017 £m	18 months ended 31 December 2016 £m
Balance at start of period	8.5	1.5
Amounts charged to Consolidated statement of comprehensive income	–	11.9
Amounts utilised	(6.4)	(3.7)
Amounts released	–	(1.2)
Balance at end of period	2.1	8.5

Of the amount charged to the Consolidated statement of comprehensive income in 2016, £5.3m was in respect of the cost of staff redundancies.

The amount of provisions that is expected to be settled more than 12 months after the Consolidated statement of financial position date is £0.5m (2016: £2.3m).

29 CURRENT TAX

Current tax assets/liabilities receivable/payable in more than one year are £nil (2016: £nil).

30 ACCRUALS AND DEFERRED INCOME

Accruals and deferred income payable in more than one year are £1.1m (2016: £1.5m).

31 INSURANCE AND OTHER PAYABLES

	2017 £m	2016 £m
Payables arising from insurance and reinsurance contracts	34.0	28.1
Other payables	51.5	85.0
Total insurance and other payables	85.5	113.1

Insurance and other payables due in more than one year are £nil (2016: £nil).

32 COMMITMENTS

Operating leases

The Group leases a number of properties under operating leases. The future minimum lease payments payable over the remaining terms of non-cancellable operating leases are as follows:

	2017 £m	2016 £m
Less than one year	2.1	4.4
Between one and five years	6.4	12.7
More than five years	3.4	5.6
Total future minimum lease payments	11.9	22.7

Capital commitments

The Group had no capital commitments as at 31 December 2017 (2016: £nil).

33 CONTINGENT LIABILITIES

The Group had no contingent liabilities as at 31 December 2017 (2016: £nil).

34 FINANCIAL AND INSURANCE RISK MANAGEMENT

This note presents information about the major financial and insurance risks to which the Group is exposed, and its objectives, policies and processes for their measurement and management. Financial risk comprises exposure to market, credit and liquidity risk.

(a) Insurance risk

The writing of long-term insurance contracts requires a range of assumptions to be made and risk arises from these assumptions being materially inaccurate.

The Group's main insurance risk arises from adverse experience compared with the assumptions used in pricing products and valuing insurance liabilities, and in addition its reinsurance treaties may be terminated, not renewed, or renewed on terms less favourable than those under existing treaties.

Insurance risk arises through exposure to longevity, mortality and morbidity and exposure to factors such as withdrawal levels and management and administration expenses.

Individually underwritten GifL are priced using assumptions about future longevity that are based on historic experience information, lifestyle and medical factors relevant to individual customers, and judgements about the future development of longevity improvements. In the event of an increase in longevity, the actuarial reserve required to make future payments to customers may increase.

Loans secured by mortgages are used to match some of the liabilities arising from the sale of GifL and DB business. In the event that early repayments in a given period are higher than anticipated, less interest will have accrued on the mortgages and the amount repayable will be less than assumed at the time of sale. In the event of an increase in longevity, although more interest will have accrued and the amount repayable will be greater than assumed at the time of the sale, the associated cash flows will be received later than had originally been anticipated. In addition, a general increase in longevity would have the effect of increasing the total amount repayable, which would increase the LTV ratio and could increase the risk of failing to be repaid in full as a consequence of the no-negative equity guarantee. There is also morbidity risk exposure as the contract ends when the customer moves into long-term care.

Underpinning the management of insurance risk are:

- The development and use of medical information including Prognosis™ for both pricing and reserving to provide detailed insight into longevity risk;
- Adherence to approved underwriting requirements;
- Controls around the development of suitable products and their pricing;
- Review and approval of assumptions used by the Board;
- Regular monitoring and analysis of actual experience;
- Use of reinsurance to minimise volatility of capital requirement and profit; and
- Monitoring of expense levels.

Concentrations of insurance risk

Concentration of insurance risk comes from improving longevity. Improved longevity arises from enhanced medical treatment and improved life circumstances. Concentration risk is managed by writing business across a wide range of different medical and lifestyle conditions to avoid excessive exposure.

34 FINANCIAL AND INSURANCE RISK MANAGEMENT continued**(b) Market risk**

Market risk is the risk of loss or of adverse change in the financial situation resulting, directly or indirectly, from fluctuations in the level and in the volatility of market prices of assets, liabilities and financial instruments, together with the impact of changes in interest rates.

Significant market risk is implicit in the insurance business and arises from exposure to interest rate risk, property risk, inflation risk and currency risk. The Group is not exposed to any equity risk or material currency risk.

Market risk represents both upside and downside impacts but the Group's policy to manage market risk is to limit downside risk. Falls in the financial markets can reduce the value of pension funds available to purchase Retirement Income products and changes in interest rates can affect the relative attractiveness of Retirement Income products. Changes in the value of the Group's investment portfolio will also affect the Group's financial position.

In mitigation, Retirement Income product monies are invested to match the asset and liability cash flows as closely as practicable. In practice, it is not possible to eliminate market risk fully as there are inherent uncertainties surrounding many of the assumptions underlying the projected asset and liability cash flows.

For each of the material components of market risk, described in more detail below, the market risk policy sets out the risk appetite and management processes governing how each risk should be measured, managed, monitored and reported.

(i) Interest rate risk

The Group is exposed to interest rate risk through its impact on the value of, or income from, specific assets, liabilities or both. It seeks to limit its exposure through appropriate asset and liability matching and hedging strategies.

The Group's exposure to changes in interest rates is concentrated in the investment portfolio, loans secured by mortgages and its insurance obligations. Changes in investment and loan values attributable to interest rate changes are mitigated by corresponding and partially offsetting changes in the value of insurance liabilities. The Group monitors this exposure through regular reviews of the asset and liability position, capital modelling, sensitivity testing and scenario analyses. Interest rate risk is also managed using derivative instruments e.g. swaps and swaptions.

The following table indicates the earlier of contractual repricing or maturity dates for the Group's significant financial assets.

	Less than one year £m	One to five years £m	Five to ten years £m	Over ten years £m	No fixed term £m	Total £m
2017						
Units in liquidity funds	897.9	–	–	–	–	897.9
Investment funds	46.3	–	–	–	–	46.3
Debt securities and other fixed income securities	994.1	2,570.0	2,408.6	3,616.8	–	9,589.5
Deposits with credit institutions	87.9	–	–	–	–	87.9
Derivative financial assets	3.3	13.7	8.6	74.6	–	100.2
Loans secured by residential mortgages	–	–	–	–	6,833.3	6,833.3
Loans secured by commercial mortgages	–	103.4	89.8	22.2	–	215.4
Other loans	0.8	3.1	3.0	437.4	–	444.3
Amounts recoverable from reinsurers on investment contracts	72.3	–	–	–	–	72.3
Total	2,102.6	2,690.2	2,510.0	4,151.0	6,833.3	18,287.1
	Less than one year £m	One to five years £m	Five to ten years £m	Over ten years £m	No fixed term £m	Total £m
2016						
Units in liquidity funds	572.3	–	–	–	–	572.3
Debt securities and other fixed income securities	949.1	2,492.7	2,651.2	3,658.9	–	9,751.9
Deposits with credit institutions	73.2	–	–	–	–	73.2
Derivative financial assets	4.4	11.7	12.9	78.0	–	107.0
Loans secured by residential mortgages	–	–	–	–	6,430.4	6,430.4
Loans secured by commercial mortgages	–	64.0	99.8	–	–	163.8
Other loans	3.8	–	–	188.7	–	192.5
Amounts recoverable from reinsurers on investment contracts	28.5	–	–	–	–	28.5
Total	1,631.3	2,568.4	2,763.9	3,925.6	6,430.4	17,319.6

A sensitivity analysis of the impact of interest rate movements on profit before tax is included in note 22(e).

34 FINANCIAL AND INSURANCE RISK MANAGEMENT continued

(ii) Property risk

The Group's exposure to property risk arises from indirect exposure to the UK residential property market through the provision of lifetime mortgages. A substantial decline or sustained underperformance in UK residential property prices, against which the Group's lifetime mortgages are secured, could result in proceeds on sale being exceeded by the mortgage debt at the date of redemption. Demand may also reduce for lifetime mortgage products through reducing consumers' propensity to borrow and by reducing the amount they are able to borrow due to reductions in property values and the impact on loan-to-value limits.

The risk is mitigated by ensuring that the advance represents a low proportion of the property's value at outset and independent third party valuations are undertaken on each property before initial mortgages are advanced. Lifetime mortgage contracts are also monitored through dilapidation reviews. House prices are monitored and the impact of exposure to adverse house prices (both regionally and nationally) is regularly reviewed.

A sensitivity analysis of the impact of property price movements on profit before tax is included in note 22(e).

(iii) Inflation risk

Inflation risk is the risk of fluctuations in the value of, or income from, specific assets or liabilities or both in combination, arising from relative or absolute changes in inflation or in the volatility of inflation.

Exposure to inflation occurs in relation to the Group's own management expenses and its matching of index-linked Retirement Income products. Its impact is managed through the application of disciplined cost control over its management expenses and through matching its index-linked assets and index-linked liabilities for the inflation risk associated with its index-linked Retirement Income products.

(iv) Currency risk

Currency risk arises from fluctuations in the value of, or income from, assets denominated in foreign currencies, from relative or absolute changes in foreign exchange rates or in the volatility of exchange rates.

Exposure to currency risk could arise from the Group's investment in non-sterling denominated assets. From time to time, the Group acquires fixed income securities denominated in US dollars or other foreign currencies for its financial asset portfolio. All material Group liabilities are in sterling. As the Group does not wish to introduce foreign exchange risk into its investment portfolio, derivative or quasi-derivative contracts are entered into to eliminate the foreign exchange exposure as far as possible.

(c) Credit risk

Credit risk arises if another party fails to perform its financial obligations to the Group, including failing to perform them in a timely manner.

Credit risk exposures arise from:

- Holding fixed income investments where the main risks are default and market risk. The risk of default (where the counterparty fails to pay back the capital and/or interest on a corporate bond) is mitigated by investing only in higher quality or investment grade assets. Market risk is the risk of bond prices falling as a result of concerns over the counterparty, or over the market or economy in which the issuing company operates. This leads to wider spreads (the difference between redemption yields and a risk-free return), the impact of which is mitigated through the use of a "hold to maturity" strategy. Concentration of credit risk exposures is managed by placing limits on exposures to individual counterparties and limits on exposures to credit rating levels.
- The Group also manages credit risk on its corporate bond portfolio through the appointment of specialist fund managers, who execute a diversified investment strategy, investing in investment-grade assets and imposing individual counterparty limits. Current economic and market conditions are closely monitored, as are spreads on the bond portfolio in comparison with benchmark data.
- Counterparties in derivative contracts – the Group uses financial instruments to mitigate interest rate and currency risk exposures. It therefore has credit exposure to various counterparties through which it transacts these instruments, although this is usually mitigated by collateral arrangements (see note 26).
- Reinsurance – reinsurance is used to manage longevity risk but, as a consequence, credit risk exposure arises should a reinsurer fail to meet its claim repayment obligations. Credit risk on reinsurance balances is mitigated by the reinsurer depositing back more than 100% of premiums ceded under the reinsurance agreement.
- Cash balances – credit risk on cash assets is managed by imposing restrictions over the credit ratings of third parties with whom cash is deposited.
- Credit risk – credit risks for loans secured by mortgages has been considered within "property risk" above.

The following table provides information regarding the credit risk exposure for financial assets of the Group, which are neither past due nor impaired at 31 December:

	UK gilts £m	AAA £m	AA £m	A £m	BBB £m	BB or below £m	Unrated £m	Total £m
2017								
Units in liquidity funds	–	894.3	3.6	–	–	–	–	897.9
Investment funds	–	–	7.2	–	–	–	39.1	46.3
Debt securities and other fixed income securities	552.9	792.6	886.2	3,298.3	3,488.2	151.0	420.3	9,589.5
Deposits with credit institutions	–	–	–	29.8	57.2	–	0.9	87.9
Derivative financial assets	–	–	0.8	18.8	80.6	–	–	100.2
Other loans	–	64.2	–	50.3	318.8	–	11.0	444.3
Loans secured by mortgages	–	–	–	–	–	–	7,048.7	7,048.7
Reinsurance	–	–	294.7	347.8	5.2	–	0.4	648.1
Insurance and other receivables	–	–	–	–	–	–	44.5	44.5
Total	552.9	1,751.1	1,192.5	3,745.0	3,950.0	151.0	7,564.9	18,907.4

34 FINANCIAL AND INSURANCE RISK MANAGEMENT continued

	UK gilts £m	AAA £m	AA £m	A £m	BBB £m	BB or below £m	Unrated £m	Total £m
2016								
Units in liquidity funds	-	569.3	3.0	-	-	-	-	572.3
Debt securities and other fixed income securities	645.7	790.6	919.0	3,432.4	3,431.9	150.7	381.6	9,751.9
Deposits with credit institutions	-	-	2.2	13.1	57.9	-	-	73.2
Derivative financial assets	-	-	1.0	25.5	80.5	-	-	107.0
Other loans	-	-	3.8	-	188.7	-	-	192.5
Loans secured by mortgages	-	-	-	-	-	-	6,594.2	6,594.2
Reinsurance	-	-	309.4	342.8	-	-	-	652.2
Insurance and other receivables	-	-	-	-	-	-	137.3	137.3
Total	645.7	1,359.9	1,238.4	3,813.8	3,759.0	150.7	7,113.1	18,080.6

The carrying amount of those assets subject to credit risk represents the maximum credit risk exposure.

(d) Liquidity risk

The investment of Retirement Income cash in corporate bonds, gilts and lifetime mortgages, and commitments to pay policyholders and other obligations, requires liquidity risks to be taken.

Liquidity risk is the risk of loss because the Group, although solvent, either does not have sufficient financial resources available to it in order to meet its obligations as they fall due, or can secure them only at excessive cost.

Exposure to liquidity risk arises from:

- Deterioration in the external environment caused by economic shocks, regulatory changes or reputational damage;
- Realising assets to meet liabilities during stressed market conditions;
- Increasing cash flow volatility in the short term giving rise to mismatches between cash flows from assets and requirements from liabilities;
- Needing to support liquidity requirements for day-to-day operations;
- Ensuring financial support can be provided across the Group; and
- Maintaining and servicing collateral requirements arising from the changes in market value of financial derivatives used by the Group.

Liquidity risk is managed by ensuring that assets of a suitable maturity and marketability are held to meet liabilities as they fall due. The Group's short-term liquidity requirements are predominantly funded by advance Retirement Income premium payments, investment coupon receipts, and bond principal repayments out of which contractual payments need to be made. There are significant barriers for policyholders to withdraw funds that have already been paid to the Group in the form of premiums. Cash outflows associated with Retirement Income liabilities can be reasonably estimated and liquidity can be arranged to meet this expected outflow through asset-liability matching and new business premiums.

The cash flow characteristics of the lifetime mortgages are reversed when compared with Retirement Income products, with cash flows effectively representing an advance payment, which is eventually funded by repayment of principal plus accrued interest. Policyholders are able to redeem mortgages, albeit at a cost. The mortgage assets are considered illiquid, as they are not readily saleable due to the uncertainty about their value and the lack of a market in which to trade them.

Cash flow forecasts over the short, medium and long terms are regularly prepared to predict and monitor liquidity levels in line with limits set on the minimum amount of liquid assets required.

The table below summarises the maturity profile of the financial liabilities, including both principal and interest payments, of the Group based on remaining undiscounted contractual obligations:

	Within one year or payable on demand £m	One to five years £m	More than five years £m	No fixed term £m
2017				
Subordinated debt	32.0	160.0	478.0	-
Derivative financial liabilities	107.9	114.7	999.7	-
Obligations for repayment of cash collateral received	16.3	-	-	-
Deposits received from reinsurers	365.4	1,354.6	4,508.8	-
Reinsurance finance	-	-	-	49.3
Reinsurance funds withheld	16.9	62.5	163.7	-

34 FINANCIAL AND INSURANCE RISK MANAGEMENT continued

	Within one year or payable on demand £m	One to five years £m	More than five years £m	No fixed term £m
2016				
Subordinated debt	–	259.9	362.5	–
Derivative financial liabilities	56.7	118.7	767.3	–
Obligations for repayment of cash collateral received	52.1	–	–	–
Deposits received from reinsurers	400.3	1,506.8	5,342.7	–
Reinsurance finance	–	–	–	65.9
Reinsurance funds withheld	17.5	64.8	179.1	–

35 CAPITAL

Since 1 January 2016, the Group has been required to measure and monitor its capital resources on a new regulatory basis and to comply with the requirements established by the Solvency II Framework Directive, as adopted by the Prudential Regulation Authority (“PRA”) in the UK. The Group and its regulated subsidiaries are required to maintain eligible capital, or “Own Funds” in excess of the value of their Solvency Capital Requirements (SCR). The SCR represents the risk capital required to be set aside to absorb 1 in 200 year stress tests of each risk type that the Group is exposed to, including longevity risk, property risk, credit risk, and interest rate risk. These risks are all aggregated with appropriate allowance for diversification benefits.

In December 2015, Just Retirement Group plc and JRL received approval to calculate their Solvency II capital requirements using a full internal model which continued to be used for those parts of the Group at December 2016. The capital requirement for the ex-Partnership business is assessed using the standard formula.

The surplus of Own Funds over the SCR is called “Excess Own Funds” and this effectively acts as working capital for the Group. The overriding objective of the Solvency II capital framework is to ensure there is sufficient capital within the insurance company to protect policyholders and meet their payments when due.

The Group’s capital position can be adversely affected by a number of factors, in particular factors that erode the Group’s capital resources and/or which impact the quantum of risk to which the Group is exposed. In addition, any event which erodes current profitability and is expected to reduce future profitability and/or make profitability more volatile could impact the Group’s capital position, which in turn could have a negative effect on the Group’s results of operations.

The Group’s objectives when managing capital for all subsidiaries are:

- To comply with the insurance capital requirements required by the regulators of the insurance markets where the Group operates. The Group’s policy is to manage its capital in line with its risk appetite and in accordance with regulatory requirements;
- To safeguard the Group’s ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- To provide an adequate return to shareholders by pricing insurance and investment contracts commensurately with the level of risk.

Group entities that are under supervisory regulation and are required to maintain a minimum level of regulatory capital include:

- Just Retirement Limited and Partnership Life Assurance Company Limited – authorised by the PRA, and regulated by the PRA and FCA.
- HUB Financial Solutions Limited, Just Retirement Money Limited, and Partnership Home Loans Limited – authorised and regulated by the FCA.

The Group and its regulated subsidiaries complied with their regulatory capital requirements throughout the year.

Group capital position

The Group’s estimated capital surplus position at 31 December 2017, which is unaudited, and is stated after including 12 months’ amortisation of transitional relief was as follows:

	Solvency Capital Requirement		Minimum Group Solvency Capital Requirement	
	2017 (unaudited) £m	2016 £m	2017 (unaudited) £m	2016 £m
Eligible Own Funds	2,269.0	2,100.1	1,952.4	1,806.6
Capital Requirement	1,606.4	1,393.8	399.0	347.7
Excess Own Funds	662.6	706.3	1,553.4	1,458.9
Coverage ratio	141%	151%	489%	520%

36 GROUP ENTITIES

The Group holds investment in the ordinary shares (unless otherwise stated) of the following subsidiary undertakings and associate undertakings. All subsidiary undertakings have a financial year end at 31 December.

	Principal activity	Registered Office	Percentage of nominal share capital and voting rights held
Just Retirement Group Holdings Limited	Holding company	Reigate	100%
Just Retirement (Holdings) Limited ¹	Holding company	Reigate	100%
Just Retirement Limited ¹	Life assurance	Reigate	100%
Just Retirement Finance plc ¹	Dormant	Reigate	100%
Just Re 1 Limited ¹	Investment activity	Reigate	100%
Just Re 2 Limited ¹	Investment activity	Reigate	100%
HUB Financial Solutions Limited ¹	Distribution	Reigate	100%
Just Retirement Management Services Limited ¹	Management services	Reigate	100%
TOMAS Acquisitions Limited ³	Holding company	Reigate	100%
The Open Market Annuity Service Limited ¹	Software solutions	Belfast	100%
TOMAS Online Development Limited ¹	Software development	Belfast	100%
HUB Online Development Limited ¹	Software development	Belfast	100%
Just Retirement Solutions Limited	Dormant	Reigate	100%
Just Retirement (South Africa) Holdings (Pty) Limited ¹	Holding company	South Africa	100%
Just Retirement Life (South Africa) Limited ¹	Life assurance	South Africa	100%
Just Management Services (Proprietary) Limited ¹	Management services	South Africa	100%
Just Retirement Money Limited ¹	Provision of lifetime mortgage products	Reigate	100%
JRP Nominees Limited ¹	Dormant	Reigate	100%
Just Retirement Nominees Limited ¹	Dormant	Reigate	100%
Just Equity Release Limited ¹	Dormant	Reigate	100%
Just Annuities Limited ¹	Dormant	Reigate	100%
Just Protection Limited ¹	Dormant	Reigate	100%
Just Incorporated Limited ¹	Dormant	Reigate	100%
JRP Group Limited ¹	Dormant	Reigate	100%
Enhanced Retirement Limited ¹	Dormant	Reigate	100%
HUB Transfer Solutions Limited ¹	Dormant	Reigate	100%
Partnership Assurance Group Limited	Holding company	London	100%
PAG Holdings Limited ¹	Dormant	Jersey	100%
PAG Finance Limited ¹	Dormant	Jersey	100%
Partnership Holdings Limited ¹	Holding company	London	100%
Partnership Group Holdings Limited ¹	Holding company	London	100%
Partnership Life Assurance Company Limited ¹	Life assurance	London	100%
Partnership Home Loans Limited ¹	Provision of lifetime mortgage products	London	100%
Partnership Services Limited ¹	Management services	London	100%
PayingForCare Limited ¹	Website	Reigate	100%
PASPV Limited ¹	Investment activity	London	100%
PLACL RE 1 Limited ¹	Investment activity	Reigate	100%
PLACL RE 2 Limited ¹	Investment activity	Reigate	100%
Partnership Life US Company ¹	Management services	USA	100%
Eldercare Group Limited ²	Independent financial advisers	London	33%
Eldercare Solutions Ltd ²	Independent financial advisers	London	33%
Eldercare Property Partners Limited ²	Independent financial advisers	London	33%
Care Fees Investment Limited ²	Independent financial advisers	London	33%

1 Indirect subsidiary 2 Associate 3 Class "A" and Class "B" ordinary shares.

36 GROUP ENTITIES continued

Registered offices

Reigate office:	London office:	Belfast office:
Vale House	5th Floor, 110 Bishopsgate	3rd Floor, Arena Building
Roebuck Close, Bancroft Road	London EC2N 4AY	Ormeau Road
Reigate, Surrey RH2 7RU		Belfast BT7 1SH
Jersey office:	United States office:	South Africa office:
44 Esplanade	2711 Centerville Road, Suite 400	Office G01, Big Bay Office Park
St Helier	Wilmington	16 Beach Estate Boulevard, Big Bay
Jersey JE4 9WG	Delaware	Western Cape 7441

37 RELATED PARTIES

The Group has related party relationships with its key management personnel and associated undertakings. All transactions with related parties are carried out on an arm's length basis.

Key management personnel comprise the Directors of the Company.

There were no material transactions between the Group and its key management personnel other than those disclosed below.

Key management compensation is as follows:

	Year ended 31 December 2017 £m	18 months ended 31 December 2016 £m
Short-term employee benefits	4.8	6.3
Share-based payments	2.3	3.5
Total key management compensation	7.1	9.8
Loans owed by Directors	0.3	0.3
Loans advanced to associate and fees on loans	–	0.2

The loan advances to Directors accrue interest fixed at 4% per annum and are repayable in whole or in part at any time.

38 ULTIMATE PARENT COMPANY AND ULTIMATE CONTROLLING PARTY

The Company is the ultimate Parent Company of the Group and has no controlling interest.

39 POST BALANCE SHEET EVENTS

Subject to approval by shareholders at the AGM, the final dividend for 2017 of 2.55 pence per ordinary share, amounting to £23.9m, will be paid on 25 May 2018 and accounted for as an appropriation of retained earnings in the year ending 31 December 2018.

On 7 February 2018, Just Group plc issued a £230m BBB rated Solvency II Tier 3 qualifying instrument at par with a maturity date of February 2025 and a coupon of 3.5%.

There are no other post balance sheet events that have taken place between 31 December 2017 and the date of this report.

Statement of changes in equity of the Company for the year ended 31 December 2017

Year ended 31 December 2017	Share capital £m	Share premium £m	Merger reserve £m	Shares held by trusts £m	Accumulated profit £m	Total shareholders' equity £m
Balance at 1 January 2017	93.3	90.5	532.7	(1.6)	321.3	1,036.2
Loss for the year	–	–	–	–	(21.7)	(21.7)
Total comprehensive income for the year	–	–	–	–	(21.7)	(21.7)
Contributions and distributions						
Shares issued	0.5	2.5	–	–	–	3.0
Dividends	–	–	–	–	(33.2)	(33.2)
Share-based payments	–	–	–	(3.4)	9.2	5.8
Total contributions and distributions	0.5	2.5	–	(3.4)	(24.0)	(24.4)
Balance at 31 December 2017	93.8	93.0	532.7	(5.0)	275.6	990.1

18 months ended 31 December 2016	Share capital £m	Share premium £m	Merger reserve £m	Shares held by trusts £m	Accumulated profit £m	Total shareholders' equity £m
Balance at 1 July 2015	50.1	–	–	(0.7)	261.8	311.2
Profit for the period	–	–	–	–	74.7	74.7
Total comprehensive income for the period	–	–	–	–	74.7	74.7
Contributions and distributions						
Shares issued (net of issue costs)	43.2	90.5	532.7	–	–	666.4
Dividends	–	–	–	–	(32.9)	(32.9)
Share-based payments	–	–	–	(0.9)	17.7	16.8
Total contributions and distributions	43.2	90.5	532.7	(0.9)	(15.2)	650.3
Balance at 31 December 2016	93.3	90.5	532.7	(1.6)	321.3	1,036.2

Statement of financial position of the Company as at 31 December 2017

Company number: 08568957	Note	2017 £m	2016 £m
Assets			
Non-current assets			
Investment in subsidiary undertakings	2	1,134.5	1,124.2
		1,134.5	1,124.2
Current assets			
Financial investments	3	79.6	156.1
Prepayments and accrued income		1.8	-
Amounts due from Group undertakings		11.4	7.9
Cash and cash equivalents		18.4	3.6
		111.2	167.6
Total assets		1,245.7	1,291.8
Equity			
Share capital	4	93.8	93.3
Share premium	4	93.0	90.5
Merger reserve		532.7	532.7
Shares held by trusts		(5.0)	(1.6)
Accumulated profit		275.6	321.3
Total equity		990.1	1,036.2
Liabilities			
Non-current liabilities			
Subordinated debt		248.6	248.5
		248.6	248.5
Current liabilities			
Other payables		7.0	7.1
		7.0	7.1
Total liabilities		255.6	255.6
Total equity and liabilities		1,245.7	1,291.8

The financial statements were approved by the Board of Directors on 14 March 2018 and were signed on its behalf by:



Simon Thomas
Director

Statement of cash flows of the Company for the year ended 31 December 2017

	Year ended 31 December 2017 £m	18 months ended 31 December 2016 £m
Cash flows from operating activities		
Profit/(loss) before tax	(28.2)	69.8
Share-based payments	(4.5)	(0.9)
Income from shares in Group undertakings	–	(114.4)
Interest income	(20.4)	(8.2)
Interest expense	23.5	4.1
Increase in prepayments and accrued income	(1.8)	–
Increase/(decrease) in other payables	2.0	(0.9)
Interest received	–	8.2
Net cash outflow from operating activities	(29.4)	(42.3)
Cash flows from investing activities		
(Increase)/decrease in financial assets	(14.8)	26.7
Capital injections in subsidiaries	–	(30.0)
Loans to subsidiaries	–	(250.0)
Dividends received	–	114.4
Net cash outflow from investing activities	(14.8)	(138.9)
Cash flows from financing activities		
Increase in borrowings	–	248.5
Dividends paid	(33.2)	(32.9)
Issue of ordinary share capital (net of costs)	3.0	96.9
Net cash (outflow)/inflow from financing activities	(30.2)	312.5
Net (decrease)/increase in cash and cash equivalents	(74.4)	131.3
Cash and cash equivalents at start of period	133.3	2.0
Cash and cash equivalents at end of period	58.9	133.3
Cash available on demand	18.4	3.6
Units in liquidity funds	40.5	129.7
Cash and cash equivalents at end of period	58.9	133.3

Notes to the Company financial statements

1 ACCOUNTING POLICIES

General information

Just Group plc (formerly JRP Group plc) (the “Company”) was incorporated and registered in England and Wales on 13 June 2013 as a public company limited by shares.

1.1 Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as adopted by the European Union effective for accounting periods commencing on or before 1 January 2017 and those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The accounting policies followed in the Company financial statements are the same as those in the consolidated accounts. Values are expressed to the nearest £0.1m.

The Company has taken advantage of the exemption in Section 408 of the Companies Act 2006 not to present its own income statement and statement of comprehensive income. The loss arising in the year amounts to £21.7m (18 month period to 31 December 2016: retained profit £74.7m).

1.2 Net investment income

Investment income is accrued up to the balance sheet date. Investment expenses and charges are recognised on an accruals basis.

1.3 Taxation

Taxation is based on profits for the period as determined in accordance with the relevant tax legislation, together with adjustments to provisions for prior periods.

Deferred taxation is provided on temporary differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be sufficient taxable profits to utilise carried forward tax losses against which the reversal of underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the temporary differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on an undiscounted basis.

1.4 Investments in subsidiary undertakings

Shares in subsidiary undertakings are stated at cost less any provision for impairment.

1.5 Financial investments

Financial investments are designated at fair value through profit or loss on initial recognition. Investments in subordinated debt issued by subsidiary companies are valued at amortised cost.

1.6 Share-based payments

The Group offers share award and option plans for certain key employees and a Save As You Earn scheme for all employees. The share-based payment plans operated by the Group are all equity-settled plans. Under IFRS 2, Share-based payment, where the Company, as the Parent Company, has the obligation to settle the options or awards of its equity instruments to employees of its subsidiary undertakings, and such share-based payments are accounted for as equity-settled in the Group financial statements, the Company records an increase in the investment in subsidiary undertakings for the value of the share options and awards granted with a corresponding credit entry recognised directly in equity. The value of the share options and awards granted is based upon the fair value of the options and awards at the grant date, the vesting period and the vesting conditions.

2 INVESTMENTS IN SUBSIDIARY UNDERTAKINGS

	Shares in Group undertakings £m	Loans to Group undertakings £m	Total £m
At 1 January 2017	874.2	250.0	1,124.2
Additions	10.3	–	10.3
At 31 December 2017	884.5	250.0	1,134.5
At 1 July 2015	256.7	–	256.7
Acquisition of Partnership Assurance Group plc	571.9	–	571.9
Additions	45.6	250.0	295.6
At 31 December 2016	874.2	250.0	1,124.2

Details of the Company’s investments in the ordinary shares of subsidiary undertakings are given in note 36 to the Group financial statements.

Additions to shares in Group undertakings relate to shares issued by Just Retirement Group Holdings Limited and the cost of share-based payments for services provided by employees of subsidiary undertakings to be satisfied by shares issued by the Company.

On 26 October 2016, subsidiary undertaking Just Retirement Limited issued a £250m Solvency II Tier 2 qualifying instrument to the Company at par with a maturity date of October 2026 and a coupon of 9% as subordinated guarantee for the debt issued by the Company as explained in note 5.

3 FINANCIAL INVESTMENTS

	2017 £m	2016 £m
Fair value		
Units in liquidity funds	40.5	129.7
Debt securities and other fixed income securities	39.1	26.4
Total fair value	79.6	156.1
Cost		
Units in liquidity funds	40.5	129.7
Debt securities and other fixed income securities	39.0	28.3
Total cost	79.5	158.0

All financial investments are measured at fair value through the profit and loss and designated as such on initial recognition.

All assets for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, based on the lowest level input that is significant to the fair value measured as a whole.

Units in liquidity funds are all classified as Level 1 and debt securities and other fixed income securities are all classified as Level 2 in the fair value hierarchy. There have been no transfers between Level 1 and 2 during the period.

4 SHARE CAPITAL

Details of the Company's ordinary share capital and share premium account are shown in note 21 to the Group financial statements.

5 SUBORDINATED DEBT

Details of the Company's subordinated debt are shown in note 24 to the Group financial statements.

6 RELATED PARTY TRANSACTIONS

All transactions with related parties are carried out on an arm's length basis.

(a) Trading transactions and balances

The following transactions were made with related parties during the period:

	Year ended 31 December 2017 £m	18 months ended 31 December 2016 £m
Staff costs, Directors remuneration, operating expenses and management fees charged by Just Retirement Management Services Limited	27.6	46.2
Loan advances to Just Retirement Limited	–	250.0
Interest on loan balances charged to Just Retirement Limited	22.5	4.1
Dividends from Partnership Assurance Group plc	–	4.4
Dividends from Just Retirement Group Holdings Limited	–	110.0

The following balances in respect of related parties were owed by the Company at the end of the period:

	2017 £m	2016 £m
Just Retirement Management Services Limited	(0.8)	(0.8)
TOMAS Online Development Limited	(1.2)	–

The following balances in respect of related parties were owed to the Company at the end of the period:

	2017 £m	2016 £m
Loan to Just Retirement Limited (including interest)	254.1	254.1
Amounts owed for Group corporation tax	6.4	1.2
Just Retirement (Holdings) Limited	–	0.4

(b) Key management compensation

Key management personnel comprise the Directors of the Company.

Key management compensation is disclosed in note 37 to the Group financial statements.

Information for shareholders

FINANCIAL CALENDAR 2018

Annual General Meeting	17 May 2018
Record date for proposed final dividend	4 May 2018
Payment of final dividend, subject to shareholder approval	25 May 2018
Expected announcement of interim results for the six months ending 30 June 2018	6 September 2018

INVESTOR RELATIONS ENQUIRIES

For all institutional investor relations enquiries about the Group, please contact our Investor Relations department at the Registered Office address shown on page 133. Individual shareholders with queries regarding their shareholding in Just Group plc should contact our Registrar, Equiniti Limited.

Shareholders can keep up to date with all the latest Just Group plc news and events by registering with our Alert Service <http://justgroupplc.co.uk/investors/alert-service>. Just select the information of interest to you, such as Results, trading updates, AGM and other meetings, and you will then be notified by email when this information is available to view on our website.

Further copies of our Annual Report and Accounts can be obtained by contacting the Group Company Secretary's office at the Registered Office address on page 133.

SHAREHOLDER PROFILE AS AT 31 DECEMBER 2017

Holdings	No. of holders	% of holders	No. of shares	% of issued share capital
1-5,000	470	51.48%	495,620	0.05%
5,001-10,000	67	7.34%	502,900	0.05%
10,001-100,000	164	17.95%	5,822,634	0.62%
100,001-1,000,000	116	12.71%	39,960,925	4.26%
1,000,001-10,000,000	72	7.89%	238,482,479	25.42%
10,000,001-20,000,000	17	1.86%	218,311,375	23.27%
20,000,001 and over	7	0.77%	434,732,407	46.33%
Totals	913	100.00%	938,308,340	100.0%

JUST GROUP PLC SHARE PRICE

Just's ordinary shares have a premium listing on the London Stock Exchange's main market for listed securities and are listed under the symbol Just. Current and historical share price information is available on our website <http://www.justgroupplc.co.uk/investors/data-and-share-information/Share-monitor> and also on many other websites.

WARNING ABOUT UNSOLICITED APPROACHES TO SHAREHOLDERS AND "BOILER ROOM" SCAMS

In recent years, many companies have become aware that their shareholders have received unsolicited phone calls or correspondence concerning investment matters. These are typically from overseas based "brokers" who target UK shareholders, offering to sell them what often turn out to be worthless or high risk shares in UK investments. These operations are commonly known as "boiler rooms". These "brokers" can be very persistent and persuasive. Just Group plc shareholders are advised to be extremely wary of such approaches and advised to only deal with firms authorised by the FCA. You can check whether an enquirer is properly authorised and report scam approaches by contacting the FCA on www.fca.org.uk/consumers or by calling the FCA Consumer Helpline: 0800 111 6768.

REGISTRAR

The Company's register of shareholders is maintained by our Registrar, Equiniti Limited. All enquiries regarding shareholder administration including dividends, lost share certificates or changes of address should be communicated in writing, quoting Just Group plc's Company reference number 3947 to the address below or by calling 0371 384 2787 for callers from the UK. Lines are open 8.30am to 5.30pm Mondays to Fridays, excluding UK Bank Holidays) or +44 (0)121 415 0096 for callers from outside the UK. Shareholders can also view and manage their shareholdings online by registering at www.shareview.co.uk/myportfolio.

Equiniti Limited

Aspect House
Spencer Road
Lancing
West Sussex
BN99 6DA

DIVIDEND MANDATES

We strongly encourage all shareholders to receive their cash dividends by direct transfer to a bank or building society account. This ensures that dividends are credited promptly to shareholders without the cost and inconvenience of having to pay in dividend cheques at a bank. If you wish to use this cost-effective and simple facility, please contact our Registrar, Equiniti Limited.

CAUTIONARY STATEMENT

This Annual Report has been prepared for, and only for, the members of Just Group plc (the “Company”) as a body, and for no other persons. The Company, its Directors, employees, agents or advisers do not accept or assume responsibility to any other person to whom this document is shown or into whose hands it may come and any such responsibility or liability is expressly disclaimed. By their nature, the statements concerning the risks and uncertainties facing the Group in this Annual Report involve uncertainty since future events and circumstances can cause results and developments to differ materially from those anticipated. The forward-looking statements reflect knowledge and information available at the date of preparation of this Annual Report and the Company undertakes no obligation to update these forward-looking statements. Nothing in this Annual Report should be construed as a profit forecast.

Directors and advisers

DIRECTORS

Executive Directors:

Rodney Cook, Group Chief Executive Officer
David Richardson, Group Deputy Chief Executive Officer and Managing Director UK Corporate Business
Simon Thomas, Group Chief Financial Officer

Non-Executive Directors:

Chris Gibson-Smith, Chairman
Tom Cross Brown, Deputy Chairman
Keith Nicholson, Senior Independent Director
Paul Bishop
Ian Cormack
Michael Deakin
Steve Melcher
Clare Spottiswoode

GROUP COMPANY SECRETARY

Simon O'Hara

JUST GROUP REGISTERED OFFICE AND REIGATE OFFICE

Vale House
Roebuck Close
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Website: www.justgroupplc.co.uk
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Registered in England and Wales number 08568957

CORPORATE BROKERS

Barclays Bank PLC

5 The North Colonnade
Canary Wharf
London
E14 4BB

Numis Securities Ltd

The London Stock Exchange Building
10 Paternoster Square
London
EC4M 7LT

AUDITOR

KPMG LLP

15 Canada Square
London E14 5GL

CORPORATE LAWYERS

Freshfields Bruckhaus Deringer LLP

65 Fleet Street
London
EC4Y 1HS

Glossary and definitions

Acquisition costs – acquisition costs comprise the direct costs (such as commissions) of obtaining new business.

Adjusted earnings per share – an APM, this measures earnings per share based on adjusted operating profit after attributed tax, rather than IFRS profit before tax. This measure is calculated by taking the adjusted operating profit APM, reduced for the effective tax rate (19.25% for 2017), and dividing this result by the weighted average number of shares in issue by the Group for the period.

Adjusted operating profit – an APM and one of the Group's KPIs, this is the sum of the new business operating profit and in-force operating profit together with the impact of one-off assumption changes, experience variances, results of the other Group companies and financing costs. Adjusted operating profit is reconciled to IFRS profit before tax on page 33.

Alternative performance measure (“APM”) – in addition to statutory IFRS performance measures, the Group has presented a number of non-statutory alternative performance measures (APMs) within the Annual Report & Accounts. The Board believes that the APMs used give a more representative view of the underlying performance of the Group. APMs are identified in this glossary together with a reference to where the APM has been reconciled to its nearest statutory equivalent. APMs which are also KPIs are indicated as such.

Amortisation and impairment of intangible assets – amortisation costs relate to the amortisation of the Group's intangible assets, including the amortisation of intangible assets recognised in relation to the acquisition of Partnership Assurance Group plc by Just Retirement Group plc.

Auto-enrolment – new legal duties being phased in that require employers to automatically enrol workers into a workplace pension.

Buy-in – an exercise enabling a pension scheme to obtain an insurance contract that pays a guaranteed stream of income sufficient to cover the liabilities of a group of the scheme's members.

Buy-out – an exercise that wholly transfers the liability for paying member benefits from the pension scheme to an insurer which then becomes responsible for paying the members directly.

Capped Drawdown – a non-marketed product from Just Group previously described as Fixed Term Annuity. Capped Drawdown products ceased to be available to new customers when the tax legislation changed for pensions in April 2015.

Care Plan – a specialist insurance contract contributing to the costs of long-term care by paying a guaranteed income to a registered care provider for the remainder of a person's life.

Change in insurance liabilities – change in insurance liabilities represents the difference between the year-on-year change in the carrying value of the Group's insurance liabilities and the year-on-year change in the carrying value of the Group's reinsurance assets including the effect of the impact of reinsurance recaptures.

Combined Group/Just Group – following completion of the merger with Partnership Assurance Group plc, Just Group plc and each of its consolidated subsidiaries and subsidiary undertakings comprising the Just Retirement Group and the Partnership Assurance Group.

Defined benefit pension scheme – a pension scheme, usually backed or 'sponsored' by an employer, that pays members a guaranteed level of retirement income based on length of membership and earnings.

Defined contribution (“DC”) pension scheme – a work-based or personal pension scheme in which contributions are invested to build up a fund that can be used by the individual member to provide retirement benefits.

De-risk/de-risking – an action carried out by the trustees of a pension scheme with the aim of transferring investment, inflation and longevity risk from the sponsoring employer and scheme to a third party such as an insurer.

Drawdown – (in reference to Just Group sales or products) collective term for Flexible Pension Plan and Capped Drawdown.

Economic capital coverage ratio – an APM and one of the Group's KPIs, economic capital is a key risk-based capital measure and expresses the Board's view of the available capital as a percentage of the required capital.

Employee benefits consultant (“EBC”) – an adviser offering specialist knowledge to employers on the legal, regulatory and practical issues of rewarding staff including non-wage compensation such as pensions, health and life insurance and profit sharing.

Equity release – products and services enabling homeowners to generate income or lump sums by accessing some of the value of the home while continuing to live in it.

European embedded value (“EEV”) – an APM and one of the Group's KPIs. EEV represents the sum of shareholders' net assets and the value of in-force business, and is a key measure in assessing the future profit streams of the Group's long-term business. It also recognises the additional value of profits in the business that has been written but not yet recognised under IFRS accounting. European embedded value is reconciled to IFRS net equity on page 27.

Finance costs – finance costs represent interest payable on reinsurance deposits and financing, the interest on the Group's Tier 2 Notes, and, in the prior year, bank finance costs.

Flexi-access drawdown – the option introduced in April 2015 for DC pension savers who have taken tax-free cash to take a taxable income directly from their remaining pension with no limit on withdrawals.

Gross premiums written – gross premiums written are the total premiums received by the Group in relation to its Retirement Income and Protection sales in the period, gross of commission paid.

Guaranteed Guidance – see Pensions Wise on page 135.

Guaranteed income for life (“GIFL”) – retirement income products which transfer the investment and longevity risk to the company and provide the retiree a guarantee to pay an agreed level of income for as long as a retiree lives. On a “joint-life” basis, continues to pay a guaranteed income to a surviving spouse/partner. Just provides modern individually underwritten GIFL solutions.

IFRS net assets – one of the Group's KPIs, representing the assets attributable to equity holders.

IFRS profit before tax – one of the Group's KPIs, representing the profit before tax attributable to equity holders.

In-force operating profit – an APM and one of the Group's KPIs, capturing the expected margin to emerge from the in-force book of business and free surplus, and results from the gradual release of prudent reserving margins over the lifetime of the policies. In-force operating profit is reconciled to IFRS profit before tax on page 33.

Investment and economic profits – investment and economic profits reflect the difference in the period between expected investment returns, based on investment and economic assumptions at the start of the period, and the actual returns earned. Investment and economic profits also reflect the impact of assumption changes in future expected risk-free rates, corporate bond defaults and house price inflation and volatility.

Key performance indicators (“KPIs”) – KPIs are metrics adopted by the Board which are considered to give an understanding of the Group’s underlying performance drivers. The Group’s KPIs are New business sales, New business operating profit, In-force operating profit, Adjusted operating profit, IFRS profit before tax, IFRS net assets, European embedded value, Solvency II capital coverage ratio and Economic capital coverage ratio.

Lifetime mortgages – an equity release product that allows homeowners to take out a loan secured on the value of their home, typically with the loan plus interest repaid when the home is no longer needed.

Medical underwriting – the process of evaluating an individual’s current health, medical history and lifestyle factors such as smoking when pricing an insurance contract.

New business operating profit – an APM and one of the Group’s KPIs, representing the profit generated from new business written in the year after allowing for the establishment of prudent reserves and for acquisition expenses. New business operating profit is reconciled to IFRS profit before tax on page 33.

New business sales – an APM and one of the Group’s KPIs and a key indicator of the Group’s growth and realisation of its strategic objectives. New business sales include DB, GifL, Care, FPP and protection premiums written combined with LTM advances in the year. New business sales are reconciled to IFRS Gross premiums on page 99.

Net claims paid – net claims paid represents the total payments due to policyholders during the accounting period, less the reinsurers’ share of such claims which are payable back to the Group under the terms of the reinsurance treaties.

Net investment income – net investment income comprises interest received on financial assets and the net gains and losses on financial assets designated at fair value through profit or loss upon initial recognition and on financial derivatives.

Net premium revenue – net premium revenue represents the sum of gross premiums written and reinsurance recapture, less reinsurance premium ceded.

Non-recurring and project expenditure – non-recurring and project expenditure includes any one-off regulatory, project and development costs. This line item does not include acquisition integration, or acquisition transaction costs, which are shown as separate line items.

Operating experience and assumption changes – captures the impact of the actual operating experience differing from that assumed at the start of the period, plus the impact of changes to future operating assumptions applied during the period. It also includes the impact of any expense reserve movements, and other sundry operating items.

Other Group companies’ operating results – the results of Group companies including HUB, which provides regulated advice and intermediary services, and professional services to corporates, and corporate costs incurred by Group holding companies and the overseas start-ups.

Other operating expenses – other operating expenses represent the Group’s operational overheads, including personnel expenses, investment expenses and charges, depreciation of equipment, reinsurance fees, operating leases, amortisation of intangibles, and other expenses incurred in running the Group’s operations.

Pension Freedoms/Pension Freedom and Choice/Pension Reforms – the UK Government’s pension reforms, implemented in April 2015.

Pensions Wise – the free and impartial service introduced in April 2015 to provide “Guaranteed Guidance” to defined contribution pension savers considering taking money from their pensions.

Prognosis™ – a next generation underwriting system, which is based on individual mortality curves derived from Just Group’s own data collected since its launch in 2004.

Retirement Income sales (in reference to Just Group sales or products) – collective term for GifL, DB and Care Plan.

Retirement sales (in reference to Just Group sales or products) – collective term for Retirement Income sales and Drawdown.

Regulated financial advice – personalised financial advice for retail customers by qualified advisers who are regulated by the Financial Conduct Authority.

Reinsurance and finance costs – the interest on subordinated debt, bank loans and reinsurance financing, together with reinsurance fees incurred.

Simplified advice – regulated financial advice offering a limited service on a limited or specialist area of financial need, such as retirement, to retail customers taking into account information relevant to that need.

Solvency II – an EU Directive that codifies and harmonises the EU insurance regulation. Primarily this concerns the amount of capital that EU insurance companies must hold to reduce the risk of insolvency.

Solvency II capital coverage ratio – one of the Group’s KPIs. Solvency II capital is the regulatory capital measure and is focused on by the Board in capital planning and business planning alongside the economic capital measure. It expresses the regulatory view of the available capital as a percentage of the required capital.

Trustees – individuals with the legal powers to hold, control and administer the property of a trust such as a pension scheme for the purposes specified in the trust deed. Pension scheme trustees are obliged to act in the best interests of the scheme’s members.

Underlying operating profit – an APM and the sum of the new business operating profit and in-force operating profit. As this measure excludes the impact of one-off assumption changes and investment variances, the Board considers it to be a key indicator of the progress of the business and a useful measure for investors and analysts when assessing the Group’s financial performance. Underlying operating profit is reconciled to IFRS profit before tax on page 33.

JUST.

RETHINK RETIREMENT

Just Group plc

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justgroupplc.co.uk