

Global Pension Risk Transfer: An attractive growing market



Improving lives through inclusive capitalism
Legal & General Group Plc



RBC 2019 Bulk Annuities Seminar

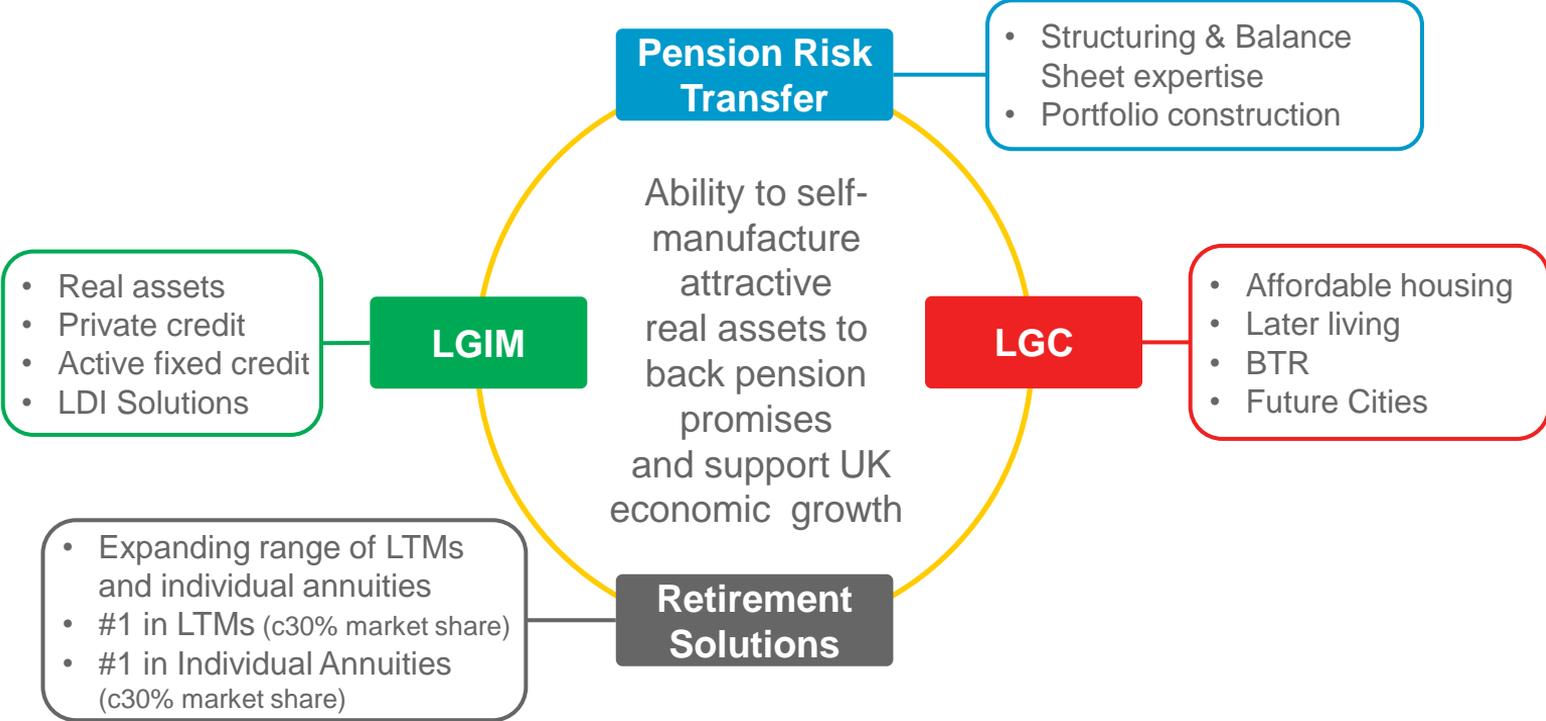
L&G's strategy is aligned to 6 structural growth drivers

Growth drivers	Market opportunity
Ageing demographics	<ul style="list-style-type: none">• PRT market:<ul style="list-style-type: none">• UK: >c£30bn p.a. of >£2tn DB pension liabilities, L&G market share: 30%• US: c\$27bn p.a. of \$3.5tn DB pension liabilities, L&G market share: 3%• UK LTM: £6bn p.a. by 2020
Globalisation of asset markets	<ul style="list-style-type: none">• Global leader in LDI / Solutions:<ul style="list-style-type: none">• UK: #1, L&G market share: 42%• US: #3, Increasing US penetration• Asian asset management becoming third global pillar
Creating real assets	<ul style="list-style-type: none">• UK housing market shortfall: 320,000 units p.a. required• UK infrastructure deficit: Over £500bn
Welfare reforms	<ul style="list-style-type: none">• UK DC AUM: £871bn by 2026• UK ISA AUM: £1,340bn by 2022
Technological innovation	<ul style="list-style-type: none">• Utilising ever cheaper technology to improve customer outcomes, e.g. delivering LGI UK Retail Protection unit cost savings of 24%¹• Partnering with innovators, e.g. Salary Finance, Smartr365, Smart Pension
Today's capital	<ul style="list-style-type: none">• Committing capital to help UK Fintechs compete globally, growing VC into DC• Continued demand for SME finance, e.g. Pemberton AUM: Over €4bn

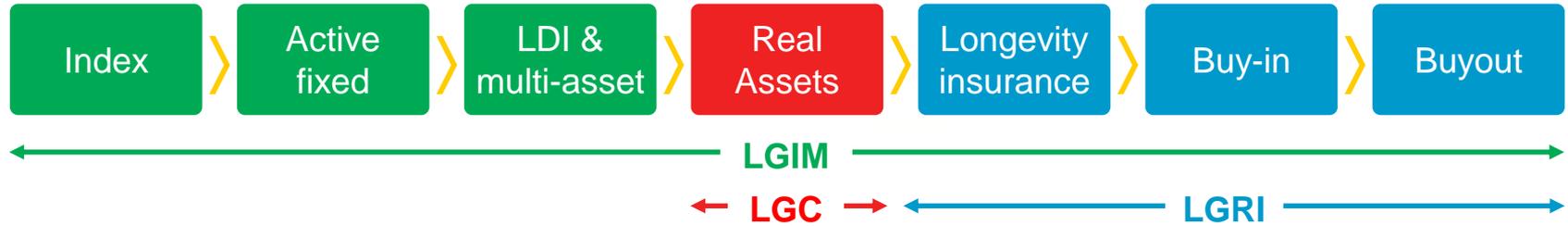
Pension Risk Transfer: Consistently delivering

Financial Highlights	2016	2017	2018	CAGR (%)
Release from operations (£m)	297	347	379	13
New business surplus (£m)	147	152	188	13
Net release from operations (£m)	444	499	567	13
Operating profit excl. mortality release (£m)	651	716	832	13
Mortality Release (£m)	-	190	317	-
Operating profit (£m)	651	906	1,149	33
Profit before tax (£m)	542	756	956	33
Total PRT new business (£m)	7,530	4,748	9,427	12
- UK PRT	3,338	3,405	8,351	
- International PRT	347	543	789	
- Backbook acquisitions	2,945	-	-	
- Longevity insurance	900	800	287	
New business surplus / bulk annuity premium (%)	2.2	3.9	2.1	

A unique business model



Meeting customer needs across the pension risk transfer journey



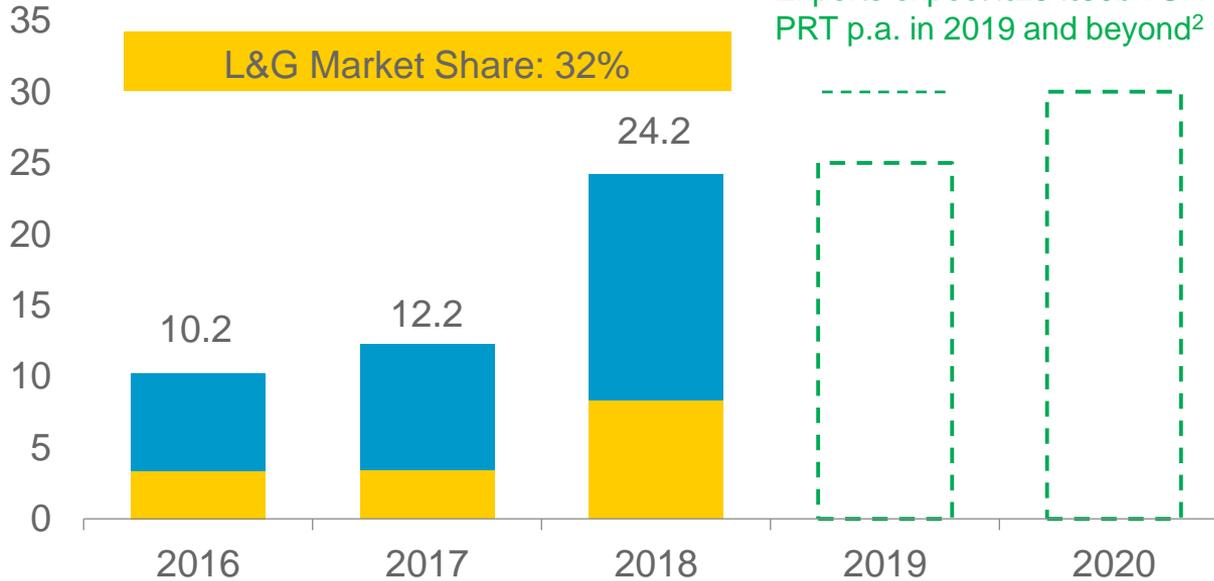
		c30% of 2018 UK PRT transferred from existing LGIM clients			
UK	#1 in DB	#1 in LDI	Only Future Cities developer	30% market share ¹ Competing across the size spectrum	
US	A leader in DB	#3 in LDI	Developing Real Asset capabilities	3% market share ² Now competing on larger deals	

1. Cumulative market share, 2016 to 2018 is 32%.

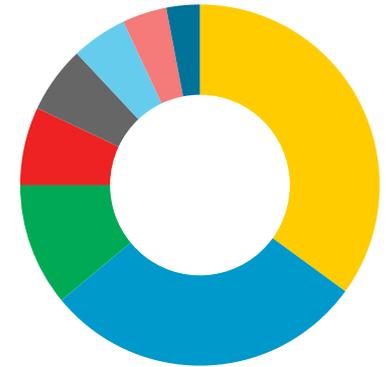
2. Cumulative market share, 2016 to 2018. 16% market share of bids placed in final rounds, primarily on cases <\$100m across 2017 and 2018.

UK PRT is growing rapidly

UK PRT bulk annuity premiums¹ (£bn)



2018 UK PRT Market Share³ (%)



L&G	35
PIC	29
Aviva	11
Scottish Widows	7
Canada Life	6
JUST	5
Rothesay	4
Phoenix	3

L&G Premium (£m)

3,338

3,405

8,351

£20bn actively quoting pipeline

1. Hymans Robertson

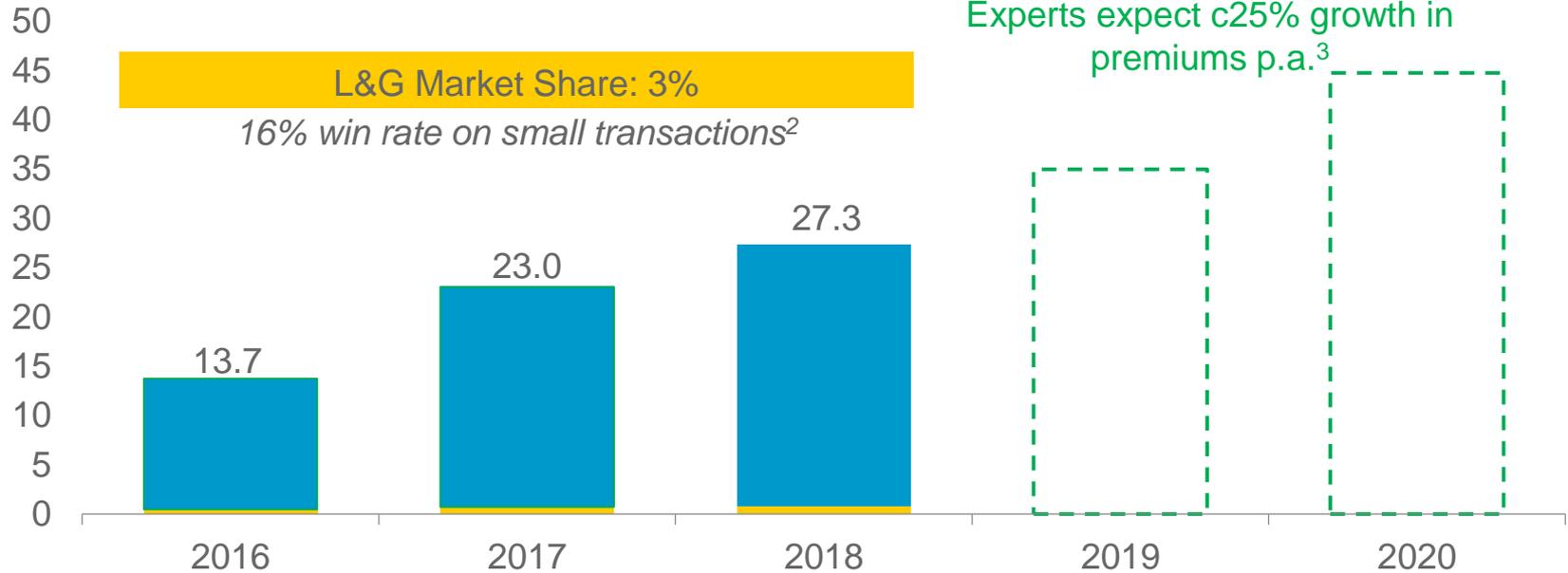
2. Willis Towers Watson, Aon, Lane Clark Peacock, Mercer

3. Pension De-risking Report 2019, Lane Clark Peacock

4. Year to 6 March 2019 L&G UK PRT volumes, including exclusive transactions

And US PRT is also growing

US PRT bulk annuity premiums¹ (\$bn)



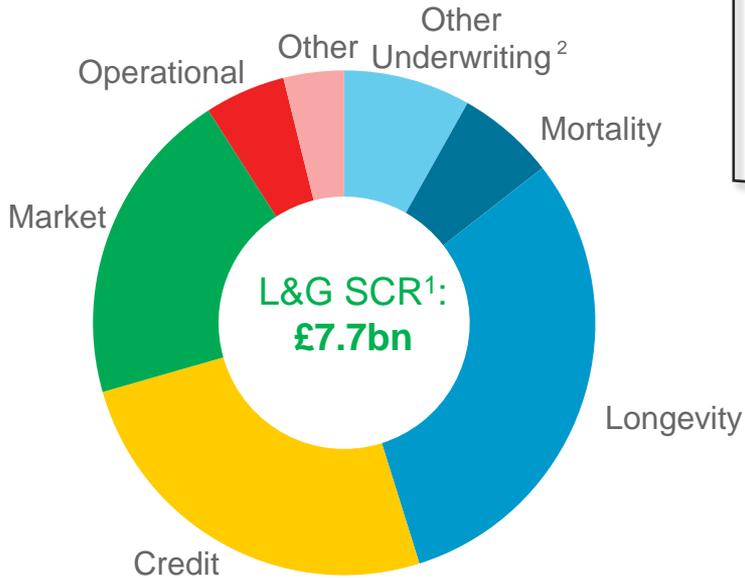
L&G Premium (\$m)	2016	2017	2018
	448	713	844

c\$220m bulk annuity written

L&G's largest single US PRT transaction

1. LIMRA
 2. 16% market share of bids placed in final rounds, primarily on cases <\$100m across 2017 and 2018
 3. Aon, ICI

Our primary risk exposure is to longevity

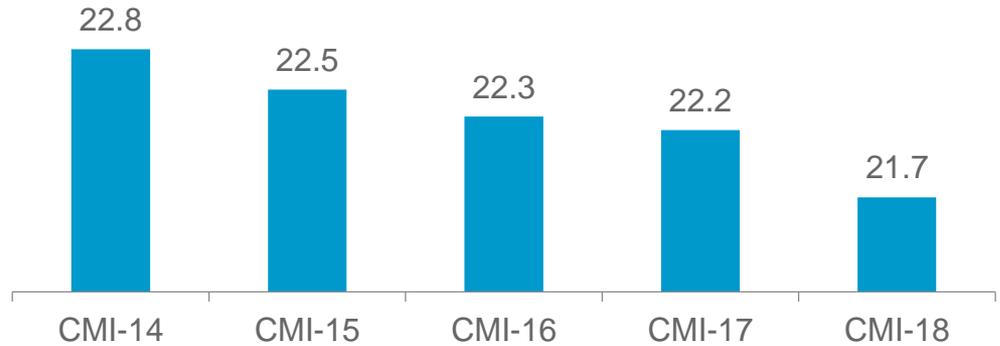




Great expectations

The 2018 mortality table not only reduces life expectancy, it reduces it by six months, the largest drop ever

Male life expectancy at age 65



L&G mortality review

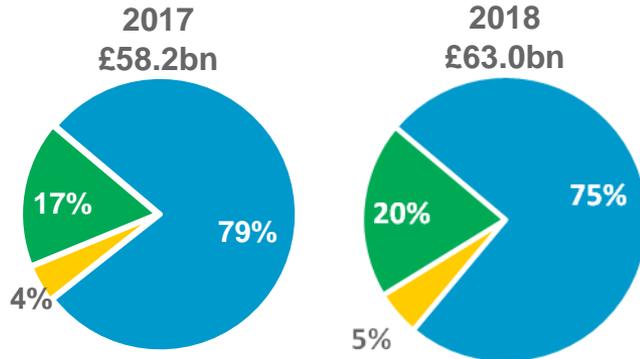
Year of adoption	2016	2017	2018	2019	2020
Reserve release (£m)	-	332	433		

1. 2017 L&G Group SCR on a shareholder basis.

2. Other Underwriting risk includes morbidity, expense, persistency, concentration, weather events, and subsidence risks.

A diversified portfolio, high quality assets

LGR Asset portfolio



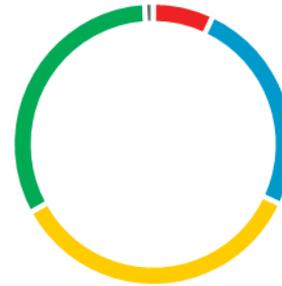
- Traded investments
- Lifetime mortgage
- Direct Investments (excl. lifetime mortgage)

Geographical diversification with bias to GBP assets¹

- UK, 56%
- US, 25%
- Europe, 13%
- RoW, 6%



Asset portfolio maintaining overall credit quality and high sectorial diversification¹



- AAA, 7%
- AA, 25%
- A, 35%
- BBB, 32%
- BB or below, 1%

- 17% in Sovereign-like assets
- c.2/3rd A rated or better
- Bank exposure reduced from c. 20% pre-crisis to 5%
- Credit default reserve **£2.9bn**

Sector ¹ , (%)			
Sovereigns, Supras, Sub-Sovereigns	17	Energy, Oil and Gas	5
Infrastructure	16	Real Estate	5
Utilities	16	Securitisations (collateralised credit)	3
Consumer services and goods	16	Financial Services and Insurance	2
Technology and telecoms	6	Industrials	2
LTM Loans	6	Commodities	1
Banks	5		

⁹ 1. Splits by rating, sector and geography are based on the £57.4bn bond portfolio

Largest direct investments by exposure¹

Counterparty	Sector	Year of Investment	Investment value (£m)
1 HMRC Buildings	Government	2016 – 2019	942 ²
2 Places for People	Property backed lease	2014	305
3 The Rolls Building (Secretary of State)	Property backed lease	2011	284
4 Foreign & Colonial (UK prime commercial property)	Real Estate Debt	2014	276
5 London Gateway Port	Infrastructure	2016	276
6 Campus Living Villages (student accommodation)	Infrastructure	2014	264
7 TFL (Transport for London), Stratford	Property backed lease	2016	235
8 Amazon distribution warehouse (London)	Property backed lease	2016	228
9 BBC	Alternative Finance	2017	224
10 Imperial College (Income Strip)	Property backed lease	2011 – 2012	216
Total			3,250

Assets are predominantly in city locations, with long duration cash flows secured against high quality tenants, with limited downside valuation risk e.g. HMRC, BBC, Amazon

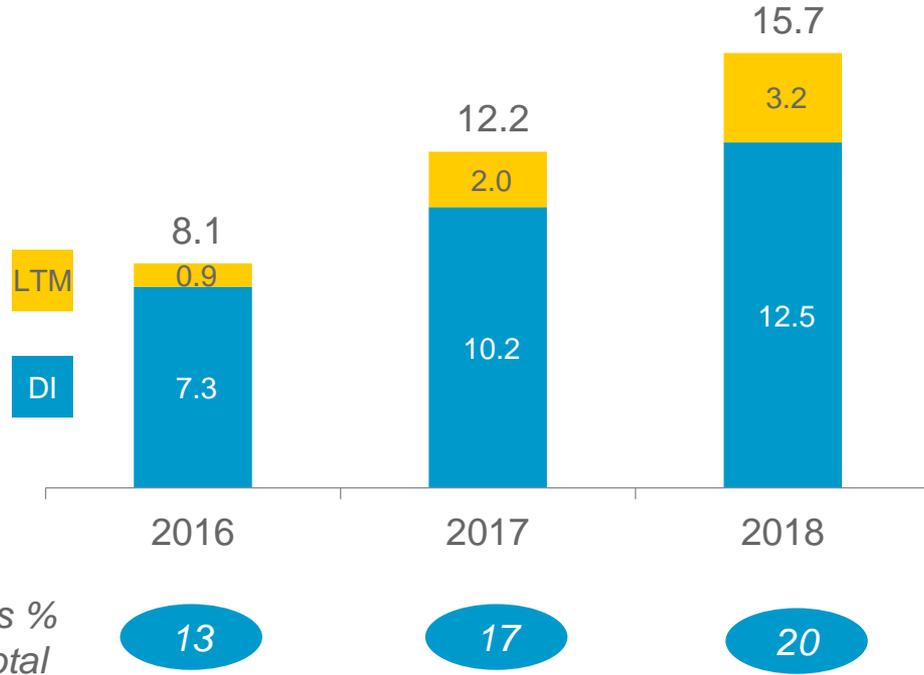
26% of overall DI portfolio

1. Based on LGR direct investments sourced in the UK

2. Includes transactions written in 2019

We have a competitive advantage in self-manufacturing direct investments

LGR Direct Investments (£bn)

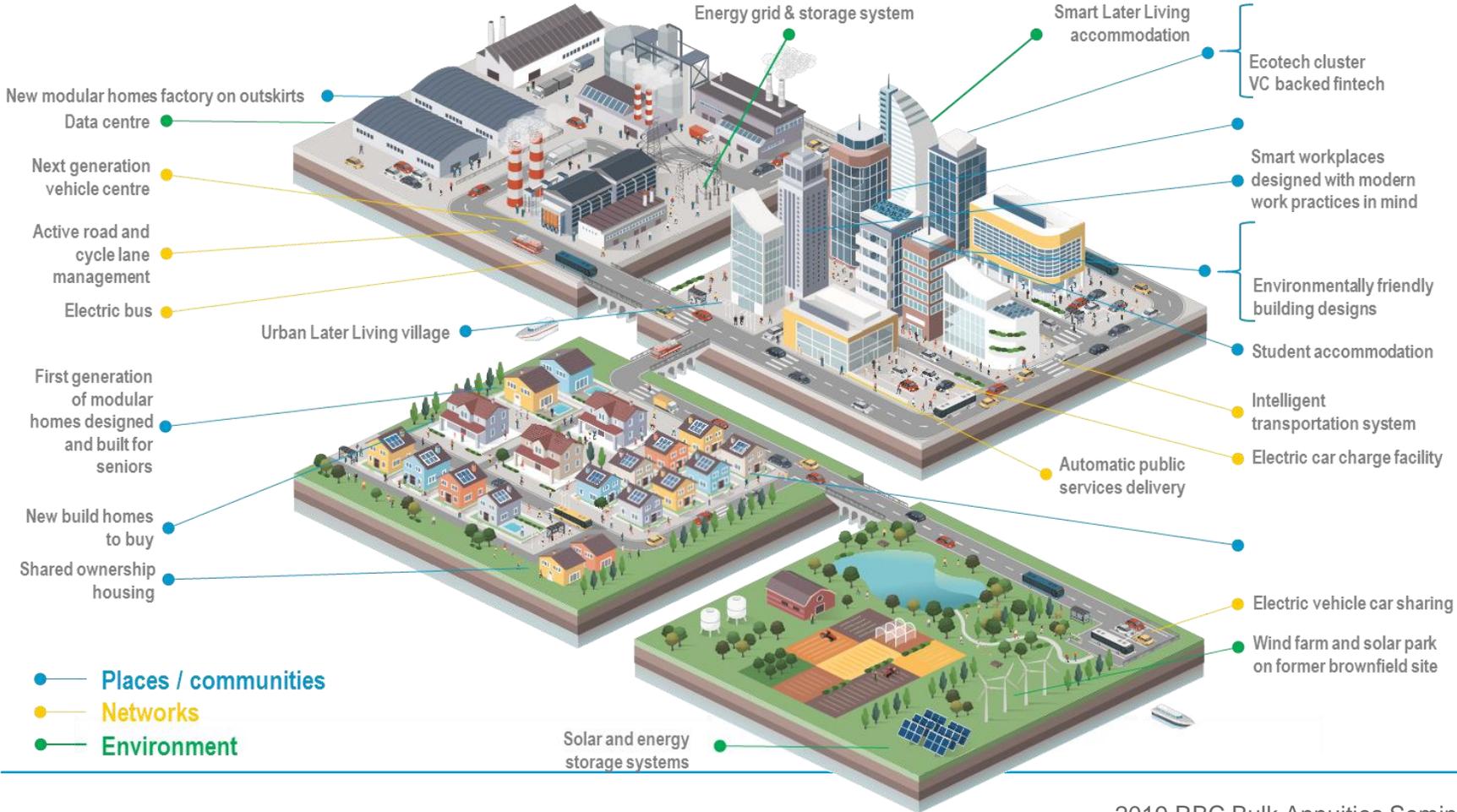


- Direct Investments give economic diversification from listed credit and typically provide a yield uplift over same-rated credit
- We have a competitive advantage in self-manufacturing direct investments through LGC and LGIM
- Direct Investments can be used for new business or applied to the existing backbook
- Target allocation to DI is 40%

We are in the early stages of self-manufacturing assets

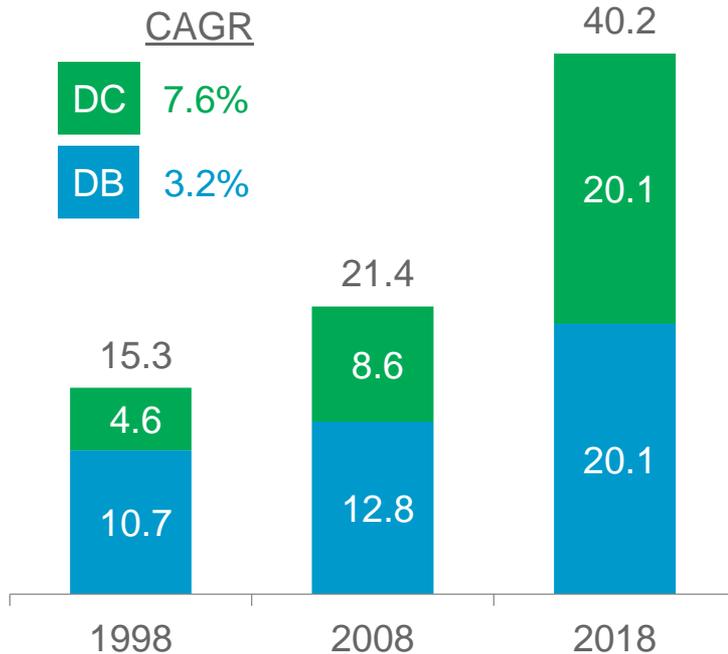
		Manchester	Cardiff	Newcastle	Leeds	Bristol	Bath	Oxford	Cambridge	Sheffield	Brighton	Birmingham	Edinburgh	Glasgow	Belfast	London
Future Cities	Urban regeneration															
	Clean energy															
Housing	Build to rent															
	Affordable housing															
	Later living															
Lifetime mortgages																

Inclusive investments: Future Cities



Globally, DB remains a huge opportunity, but DC is growing faster

Global Pension Assets¹ (\$tn)



- L&G is the leading asset manager of UK DB and DC pension schemes
- UK DC assets are expected to grow to £871bn by 2026² (CAGR: 13%)

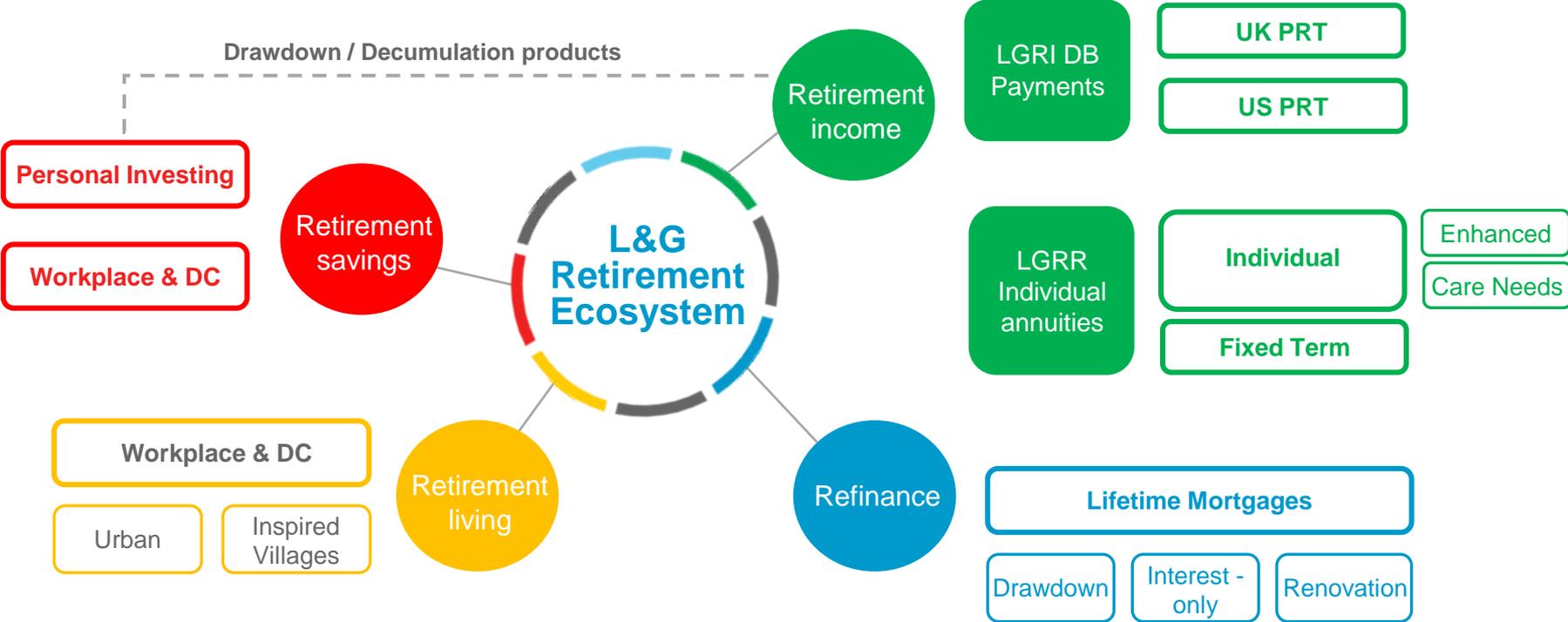
	UK Market	L&G		
	AUM ³ (£bn)	AUM (£bn)	Share (%)	Position
DC	338	70.8	21	#1
DB	1,573	640.3	41	#1

1. Willis Towers Watson

2. DC: Market Intelligence 2017 UK Defined Contribution and Retirement Income

2. DB AUM: PPF's Pensions Purple Book 2018; DC AUM: Broadridge

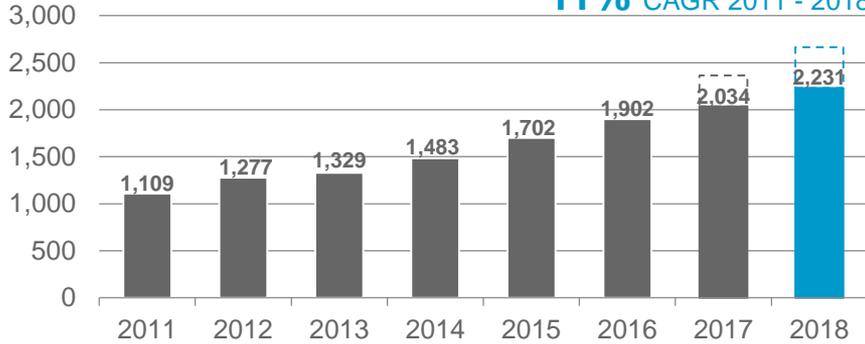
Creating a diverse retirement ecosystem



A consistent strategy: Consistently delivering

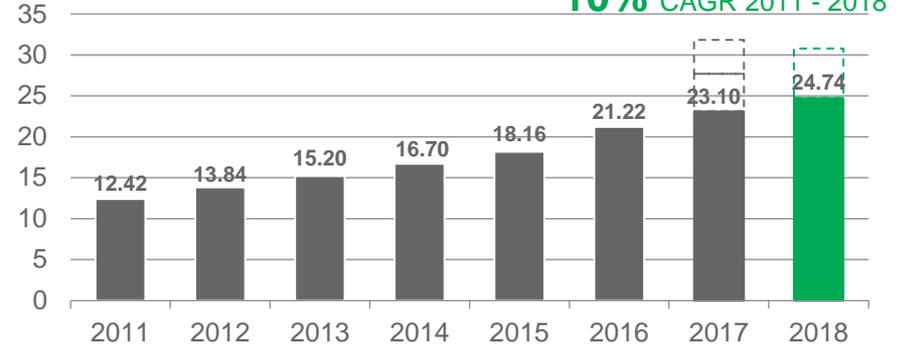
Operating profit from divisions (£m)

11% CAGR 2011 - 2018



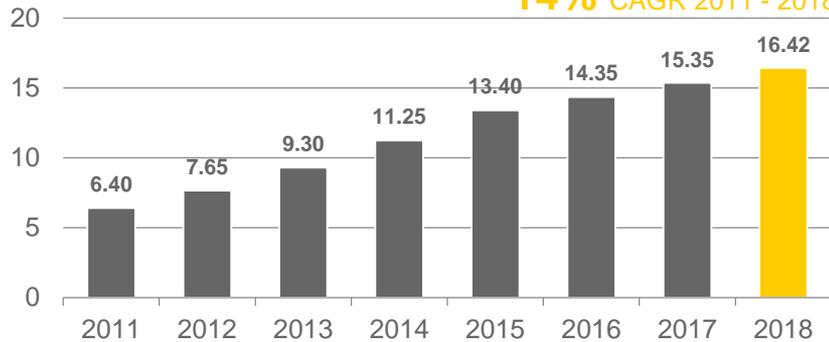
Earnings per share (p)

10% CAGR 2011 - 2018



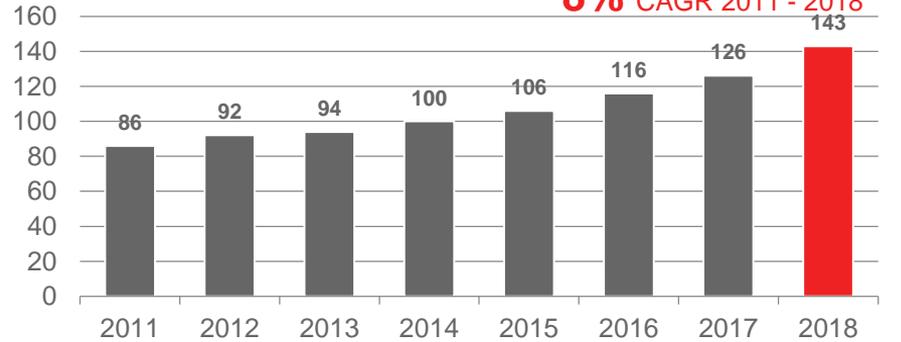
Dividend per share (p)

14% CAGR 2011 - 2018



Book Value per share (p)

8% CAGR 2011 - 2018



Forward looking statements

This document may contain certain forward-looking statements relating to Legal & General, its plans and its current goals and expectations relating to future financial condition, performance and results. By their nature, forward-looking statements involve uncertainty because they relate to future events and circumstances which are beyond Legal & General's control, including, among others, UK domestic and global economic and business conditions, market related risks such as fluctuations in interest rates and exchange rates, the policies and actions of regulatory and Governmental authorities, the impact of competition, the timing impact of these events and other uncertainties of future acquisitions or combinations within relevant industries. As a result, Legal & General's actual future condition, performance and results may differ materially from the plans, goals and expectations set out in these forward-looking statements and persons reading this document should not place reliance on forward-looking statements. These forward-looking statements are made only as at the date on which such statements are made and Legal & General Group Plc. does not undertake to update forward-looking statements contained in this document or any other forward-looking statement it may make.