

2015

Legal & General Group plc
Year end results – 15 March 2016

INVESTING

for the LONG TERM



Forward looking statements

This document may contain certain forward-looking statements relating to Legal & General Group, 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 acquisition or combinations within relevant industries. As a result, Legal & General Group'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 announcement 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.

Preliminary Results 2015

Nigel Wilson

Group Chief Executive

+14%

£1,455m

Operating profit

+19%

13.40p

Full year dividend

+11%

18.58p

Earnings per share

Financial highlights: continuing strong financial performance

Net cash generation

£1,256m

(2014: £1,104m) **+14%**

Operational cash generation

£1,217m

(2014: £1,101m) **+11%**

Operating profit

£1,455m

(2014: £1,275m) **+14%**

Earnings per share¹

18.58p

(2014: 16.70p) **+11%**

IFRS return on equity²

17.7%

(2014: 16.9%)

Full year dividend

13.40p

(2014: 11.25p) **+19%**

1. Represents adjusted earnings per share (EPS) which is calculated by dividing profit after tax by the weighted average number of ordinary shares in issue during the period. This excludes a £25m net loss arising on the disposal of subsidiary and joint venture investments. Unadjusted EPS is 18.16p, up 9%.

2. Return on equity (ROE) is calculated by dividing full year profit after tax attributable to equity holders of the Company by the average shareholders' equity during the period, excluding the £25m net loss as per note 1. Unadjusted ROE is 17.3%.

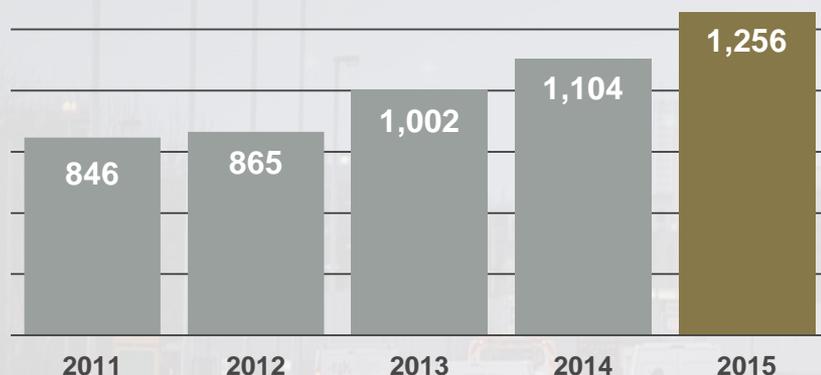
Clear and consistent strategy: excellent execution

GROWTH DRIVERS	2015 ACHIEVEMENTS
AGEING POPULATIONS	<ul style="list-style-type: none"> • LGR transactions £2.9bn. First US and European pension de-risking transaction • Lifetime mortgages launched in Q2, advances over £200m, 22% market share in Q4 • Solutions assets of £338bn, up 15%. Won National Grid UK Pension Scheme mandate to manage c.£12bn of assets
GLOBALISATION OF ASSET MARKETS	<ul style="list-style-type: none"> • International AUM of £122bn, up 7% • 147 US clients with \$120bn assets, 5 of top 10 US DB pension funds • Won our first multi-billion dollar US index mandate • Successful entry into Japan, Taiwan and Korea
CREATING REAL ASSETS	<ul style="list-style-type: none"> • £7bn of group-wide direct investments, up 22% • £600m partnership with PGGM, entering our first 'Build to Rent' schemes in Walthamstow, Salford and Bristol • New urban regeneration schemes in Cardiff (£400m) and Leeds (£162m) • Entered clean energy sector through NTR Plc, Pemberton's first fund now at €572m • LGIM Real Assets AUM of £18.3bn, up 26%; tenfold increase in profit 2010 - 2015
WELFARE REFORMS	<ul style="list-style-type: none"> • Market leading UK retail protection business, around 25% market share • UK DC assets £46bn, up 13% • 1.8m customers
DIGITAL	<ul style="list-style-type: none"> • Retail protection straight through processing 79% • Direct retail protection new business sales of £29m, accounting for 18% of new business • Platforms assets of £77bn, up 7% • My Account re-launched February 2015, 441k customers registered

Consistently delivering strong results

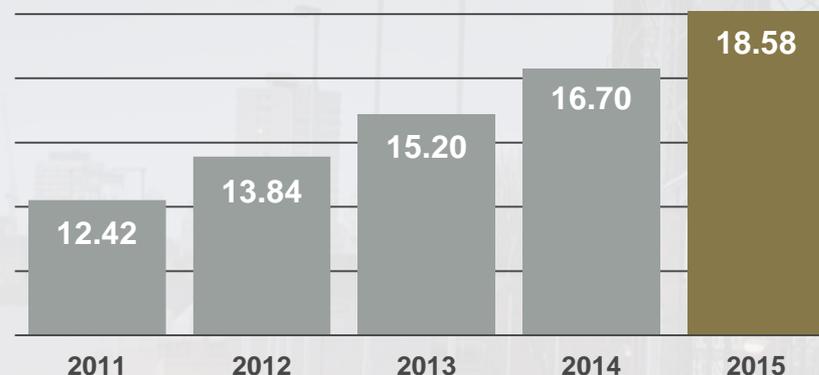
GROWING NET CASH GENERATION (£m)

10%
CAGR



CONSISTENT EARNINGS PER SHARE GROWTH¹ (p)

11%
CAGR



INCREASING DIVIDEND PER SHARE (p)

20%
CAGR



INCREASING RETURN ON EQUITY¹ (%)



Balance sheet remains strong

Economic capital surplus £7.6bn and Solvency II capital surplus £5.5bn

2015 (£bn)	Economic Capital	Solvency II
Capital resources	13.5	13.5
Capital requirements	(5.9)	(8.0)
Surplus	7.6	5.5

- Group strategy remains unchanged
- Legal & General has spent £170m since 2009 on Solvency II
- Market risk represents 75% of Economic capital requirements and 73% of Solvency II capital requirements
- Various areas of Solvency II could be improved, notably the 'onerous' longevity risk treatment in the UK

Note: Solvency I surplus £4.4bn

Solvency II

Mark Gregory

Group Chief Financial Officer

£5.5bn

Solvency II surplus

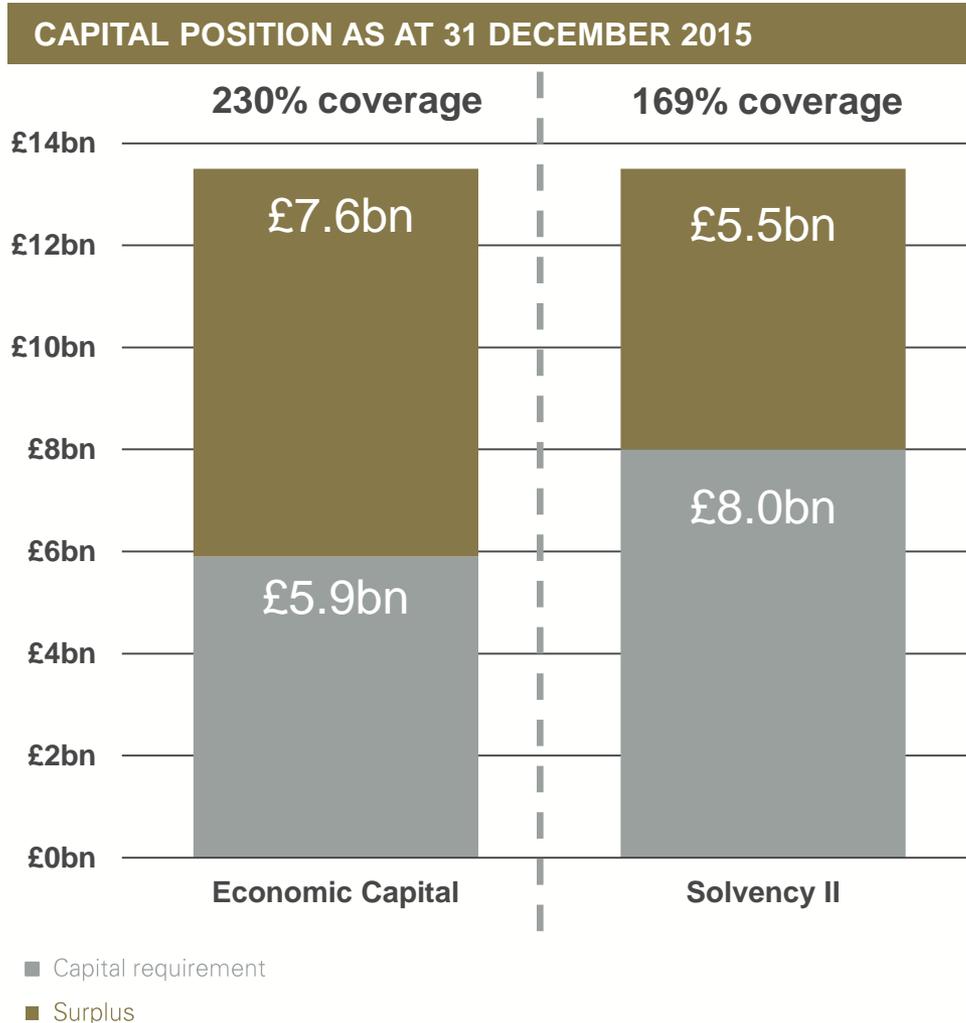
169%

Solvency II coverage ratio

£11.3bn

Core tier 1 eligible own funds

Capital position remains strong



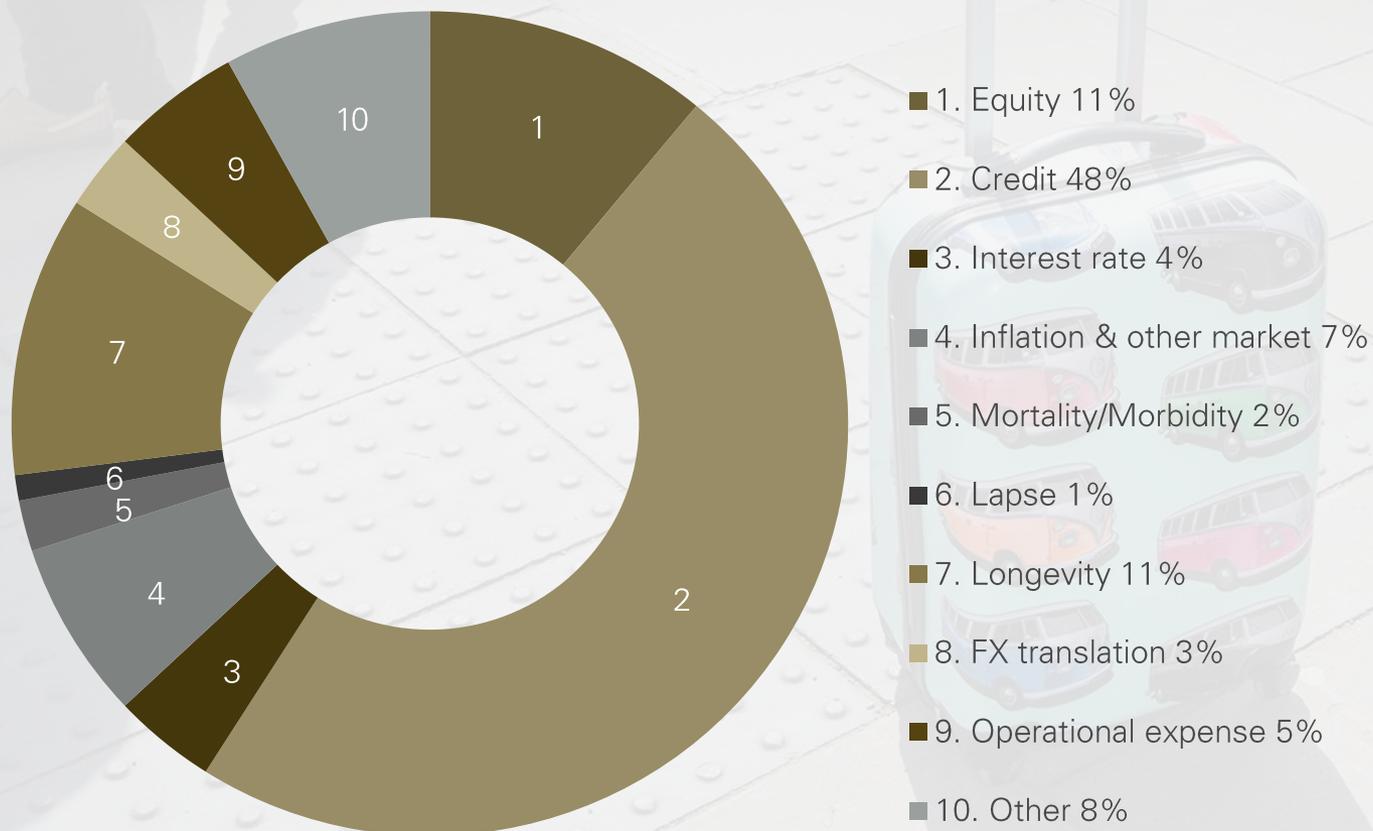
- Eligible own funds £13.5bn under both Economic Capital and Solvency II
- Solvency II approvals received: matching adjustment; transitionals; US equivalence (deduction and aggregation) and internal model
- Group remains well capitalised under new regime
- Group strategy remains largely unchanged
 - capital-lite for new UK Pension Risk Transfer business

Economic Capital is the amount of capital that the Board believes the Group needs to hold, over and above its liabilities, in order to meet the Group's strategic objectives.

Solvency II has elements which Legal & General considers to be inconsistent with the Group's definition of economic capital, so there will be differences between the two balance sheets.

Solvency Capital Requirement analysis

SOLVENCY CAPITAL REQUIREMENT AS AT 31 DECEMBER 2015 £8.0bn

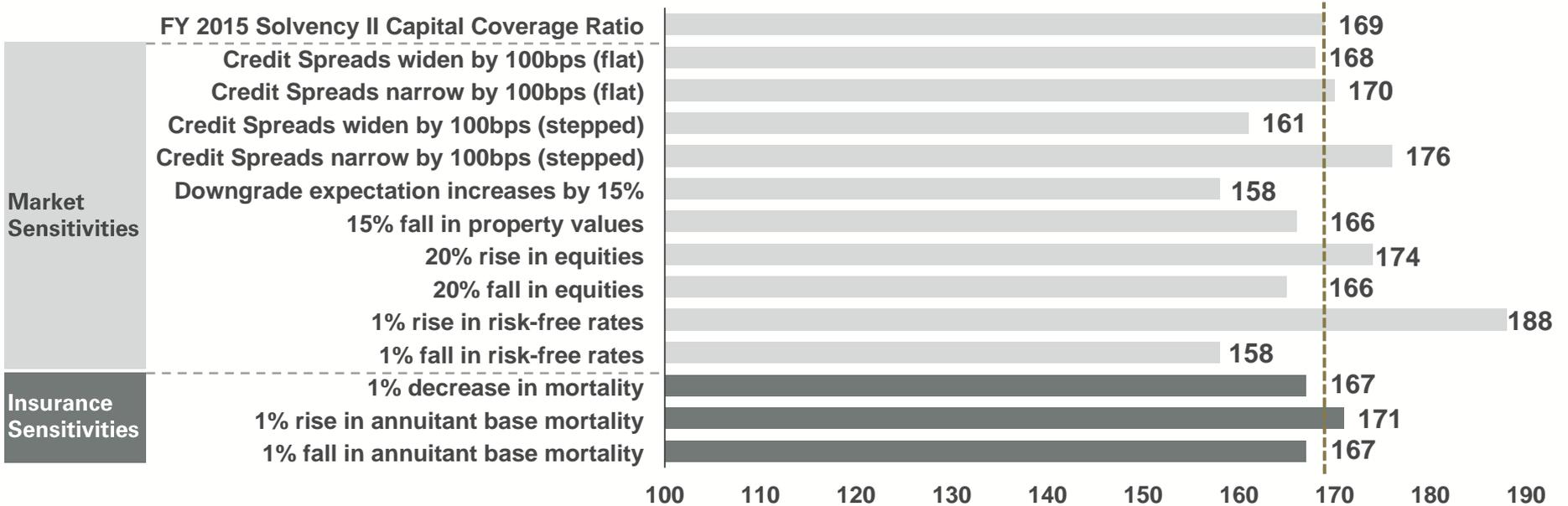


High quality capital resources

31 December 2015 (£bn)	Solvency II
Core Tier 1	11.3
Other Tier 1	0.6
Tier 2	2.0
Deductions	(0.4)
Capital resources / eligible own funds	13.5
Capital requirement	8.0
Surplus	5.5
Coverage ratio (%)	169

- £11.3bn out of £13.5bn regulatory capital resources is core tier 1, 84%
- 141% of Solvency Capital Requirement covered by core tier 1 capital

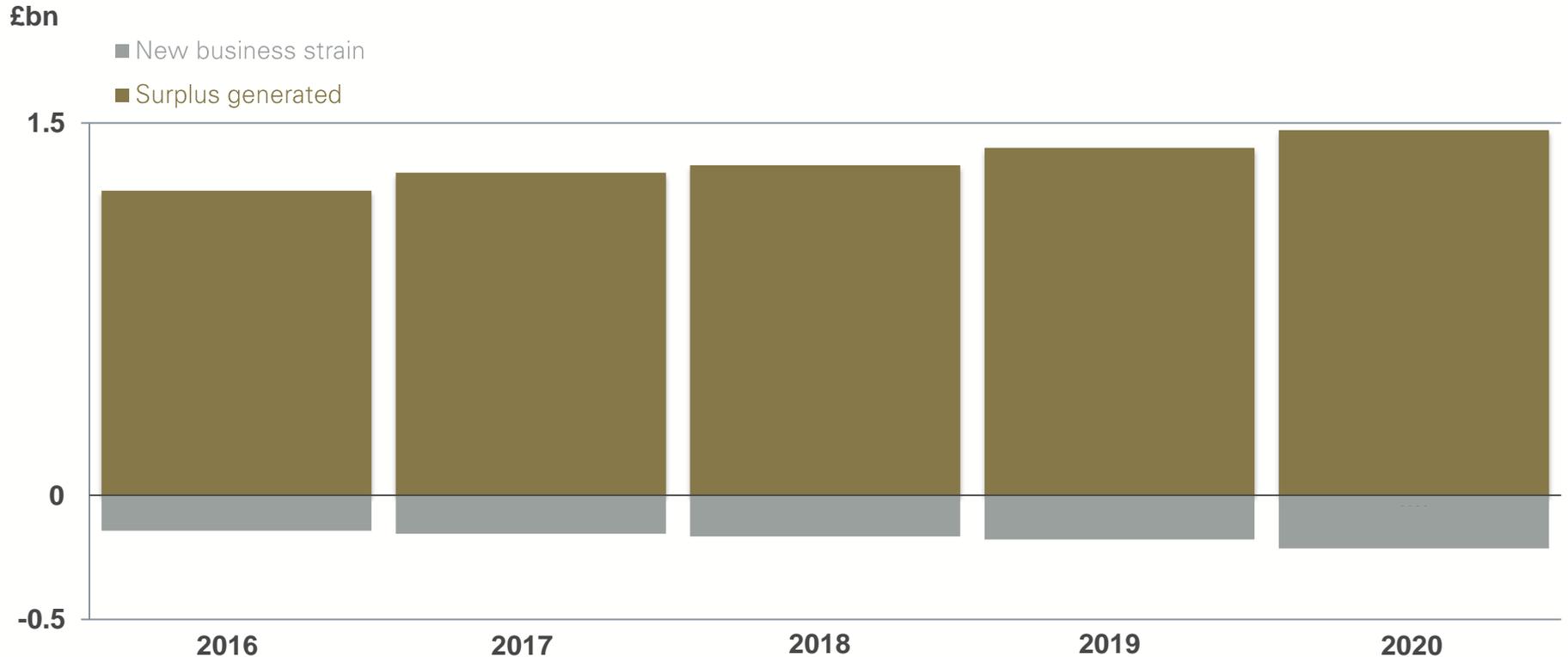
Sensitivity analysis & preferred coverage ratio – Solvency II



Preferred ratio
140% +

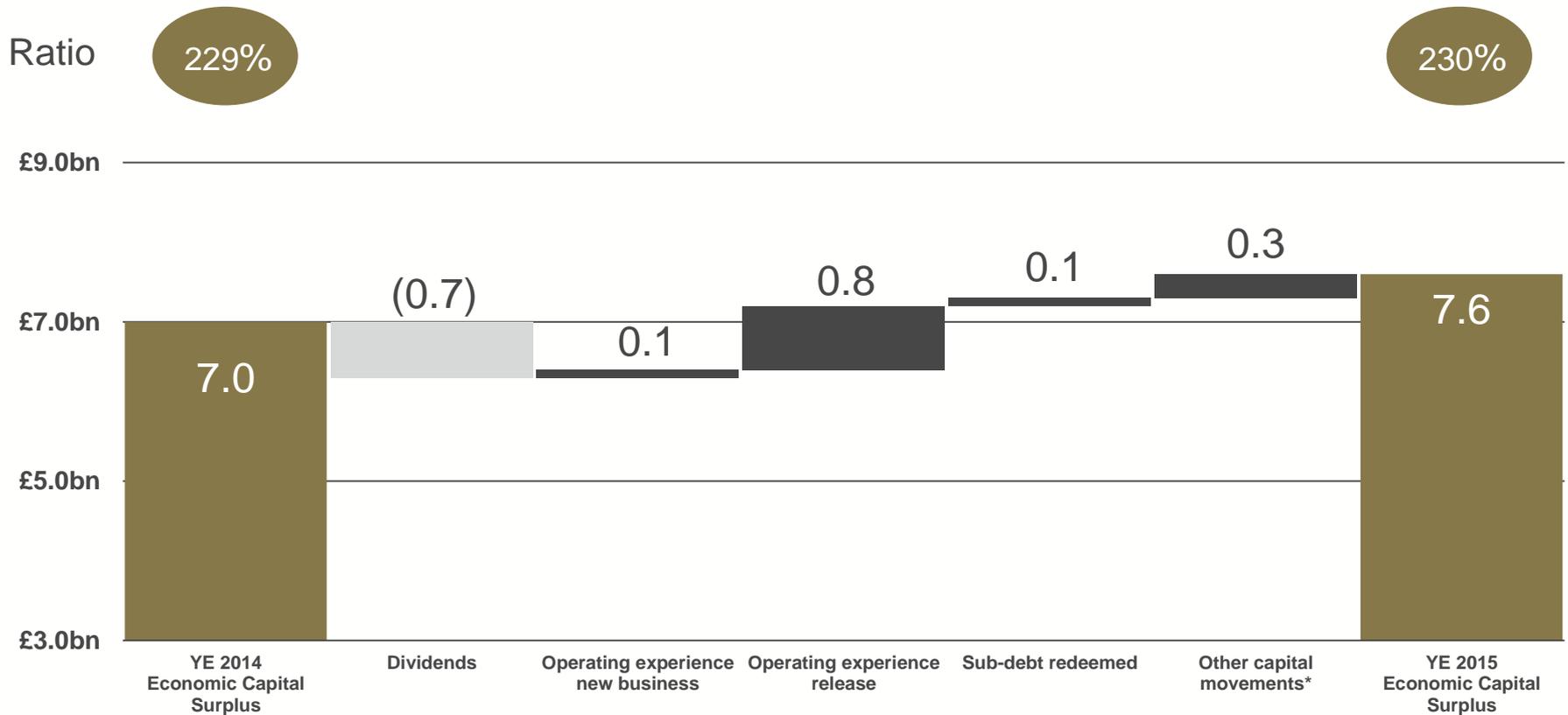
N.B. Interest rate sensitivities assume the transitional is recalculated.

Group Solvency II surplus emergence



- Projection shown subject to market and other sensitivities, new business and other management actions
- Figures projected allow for transitional run-off on a linear basis
- Surplus from back book closely monitored throughout the year and the level of new business strain adjusted if necessary
- Pre-dividends in each discrete year

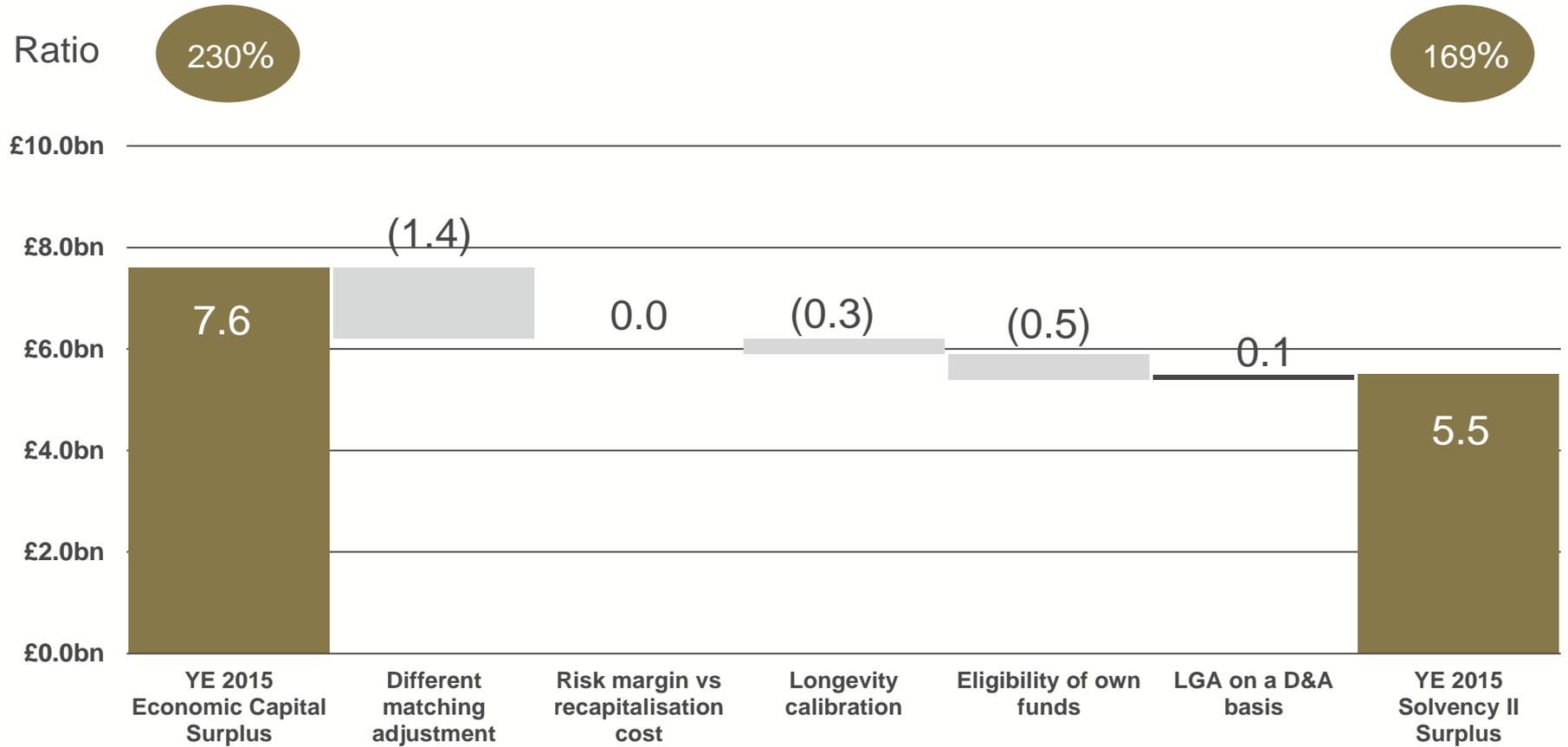
Economic Capital surplus of £7.6bn



- €600m of sub-debt redeemed in June 2015, £600m of sub-debt issued in October 2015

* Other capital movements include operating and non-operating experience items other than the expected release from existing business.

Reconciliation of Economic Capital to Solvency II



* Impact shown net of transitionals.

2015 Financial Highlights

Mark Gregory

Group Chief Financial Officer

+14%

£1,256m

Net cash generation

+10%

£1,094m

IFRS profit after tax

17.7%

Return on equity (ROE)

Consistent delivery: strong results

Assets & Premiums

	2015	2014	YOY (%)
LGIM AUM (£bn)	746.1	693.7	8
Annuity assets (£bn)	43.4	44.2	(2)
Direct investments (£m)	6,967	5,703	22
UK protection and GI gross premiums (£m)	1,779	1,784	-
Savings assets (£bn)	108.3	108.7	-

Cash & Earnings

Operational cash generation (£m)	1,217	1,101	11
Net cash generation (£m)	1,256	1,104	14
Operating profit (£m)	1,455	1,275	14
IFRS profit before tax (£m)	1,355	1,238	9
Earnings per share (pence) ¹	18.58	16.70	11

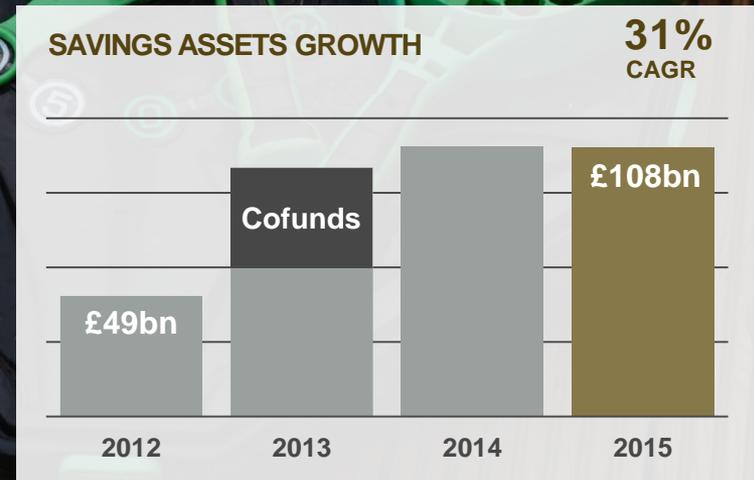
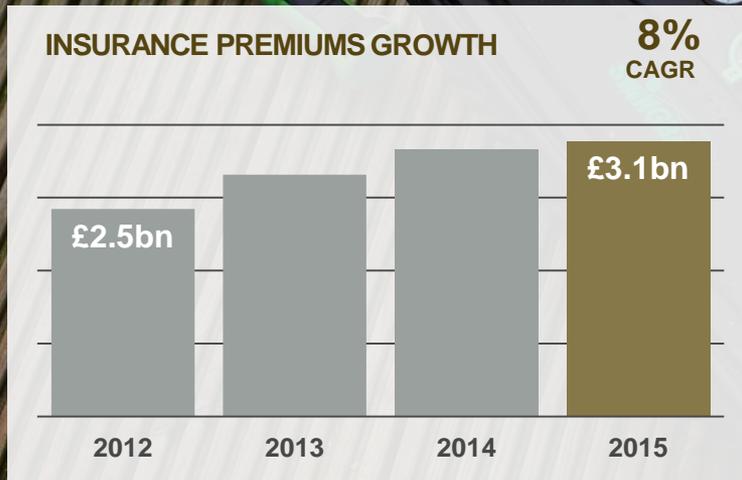
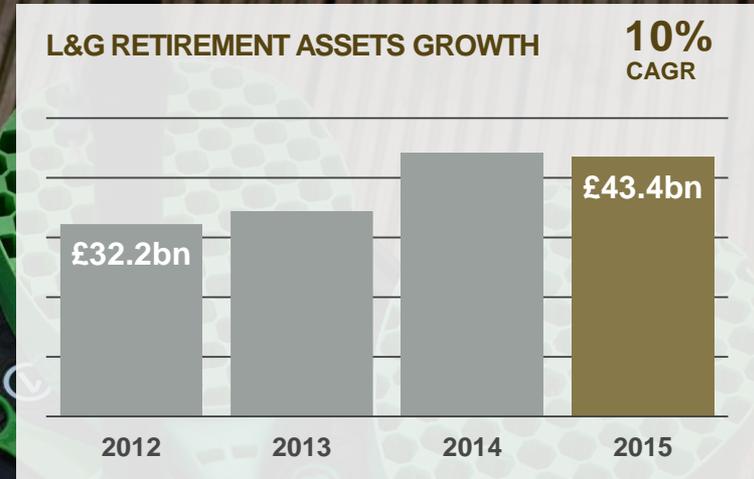
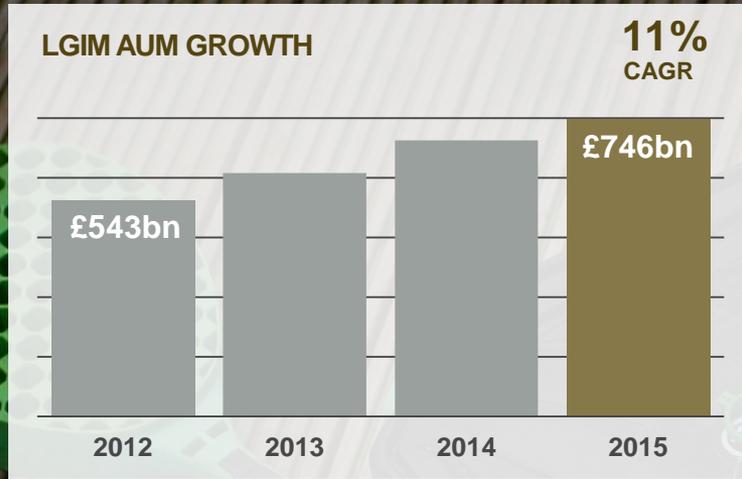
Capital

Solvency II surplus (£bn)	5.5	N/a
Solvency II coverage ratio (%)	169	N/a
Economic capital surplus (£bn)	7.6	7.0
Economic capital coverage ratio (%)	230	229
Return on equity (%) ²	17.7	16.9

1. Represents adjusted earnings per share (EPS) which is calculated by dividing profit after tax by the weighted average number of ordinary shares in issue during the period. This excludes a £25m net loss arising on the disposal of subsidiary and joint venture investments. Unadjusted EPS is 18.16p, up 9%.

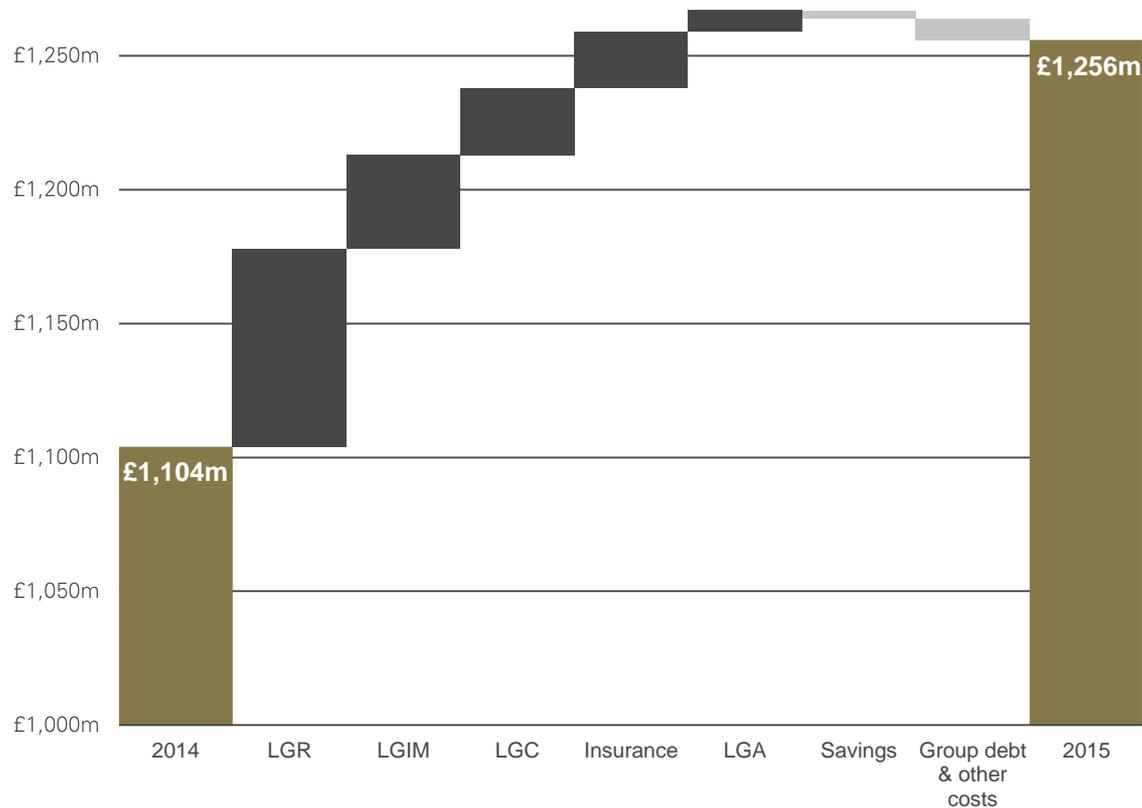
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Driving growth: increasing stock



Net cash: diversified growth

NET CASH GENERATION MOVEMENT



Increase in scale driving cash growth:

- **LGR:** focus on back book optimisation, selective reinsurance and growing direct investments portfolio, 22% net cash growth
- **LGIM:** 8% AUM growth, 14% net cash growth
- **LGC:** Continuance of direct investment strategy, delivering superior returns, 15% net cash growth
- **Insurance:** 2% UK Protection premiums growth, 6% net cash growth
- **LGA:** \$ premiums up 6%, \$ net cash up 9%
- **Savings:** 10% decrease in Mature savings assets (excluding disposals), 3% net cash reduction
- **Group debt and other costs:** £8m increase driven by higher subordinated debt levels in 2015

LGR: Evolving strategy delivering strong profit growth

FINANCIAL HIGHLIGHTS	2015	2014
Operational cash generation (£m)	372	292
New business surplus (£m)	45	51
Net cash generation (£m)	417	343
Operating profit (£m)	639	428
Total annuity assets (£bn)	43.4	44.2
Annuity single premiums (£m)	2,744	6,578
New business EEV margin (%)	9.8	9.3
Lifetime mortgages (£m)	201	n/a

- Operational cash generation up 27%, reflecting the increase in scale of the business
- New business surplus reflects continued implementation of a 'capital-lite' model for bulk pension risk transfer business and continued ability to source attractively priced assets
- Introduction of lifetime mortgages and increased access to growing portfolio of direct investments backing our annuity business, up 20% to £5.5bn (2014: £4.6bn)
- Operating profit up 49%, reflecting increased scale, the capital-lite model deployed for new annuity business, higher annuitant mortality and reserving changes
- Acceleration of growth in lifetime mortgages

LGIM: Successfully executing our strategy

FINANCIAL HIGHLIGHTS	2015	2014
Total revenue (£m)	694	645
Total costs (£m)	(335)	(309)
Asset management operating profit (£m)	359	336
Workplace Savings (£m)	(4)	(15)
Operating profit (£m)	355	321
Net cash generation (£m)	281	246
Cost:income ratio (%) ¹	48	48
External gross inflows (£bn) ²	62.2	39.2
External net inflows (£bn) ²	37.7	7.5
of which international (£bn)	9.5	8.7
Persistency (%)	92	89

ASSET SCALE	2015	2014
Total AUM (£bn)	746.1	693.7
of which international (£bn)	122.4	114.0
of which DC (£bn)	46.1	40.7
AUA: Workplace Savings (£bn)	14.7	11.1
Advisory assets (£bn)	10.5	14.8

1. Excluding Workplace savings

2. Includes overlay assets

- Operating profit of £355m, up 11%
- Net flows positive across every product area, region and client segment
- Persistency continues to be in line with long term expectations
- Continued low cost:income ratio¹, driven by operational efficiency while we continue to invest in expanding our business
- DC AUM of £46bn, up 13%
- National Grid mandate successfully integrated adding c.£12bn of fund flows
- US business is driving international growth and we are expanding in other regions
- Retail growth driven by product diversification
- Over 76% of flagship funds above benchmark over one year, 82% over three years

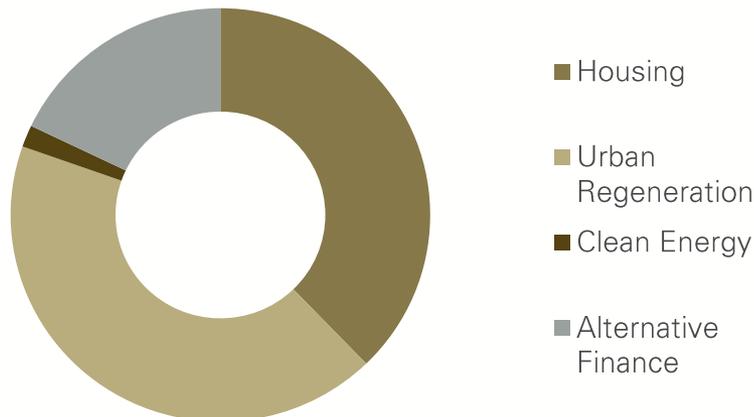
LGC: Asset origination with our capital

FINANCIAL HIGHLIGHTS	2015	2014
Net cash generation (£m)	187	162
Operating profit (£m)	233	203
Actual annualised return on assets (%)	2.8	4.0
LGC average assets (£bn) ¹	4.2	3.9
Direct investments (£m)	867	700

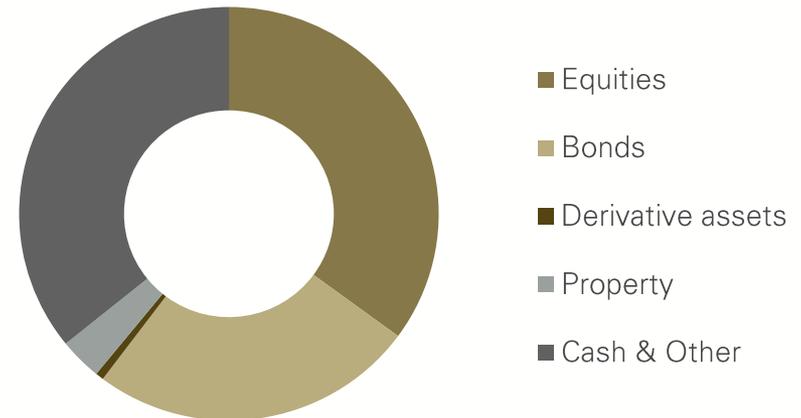
1. Excludes treasury assets

- Operating profit of £233m, up 15%
- Direct investments outperformed profit targets in all sectors, offset by market volatility in H2 2015 impacting the traded equity portfolio
- Disposals and asset sales leading to 29% of capital being recycled in year
- LGC delivers multiple drivers of value across the Group including generation of assets for LGR and new client revenue streams for LGIM

ASSET ORIENTATION



INVESTMENT PORTFOLIO



Insurance: Strong new business volumes driving cash growth

FINANCIAL HIGHLIGHTS	2015	2014
INSURANCE		
Operational cash generation (£m)	323	332
Net cash generation (£m)	348	327
Operating profit (£m)	293	370
UK PROTECTION		
UK Protection GWP (£m)	1,442	1,407
UK Protection EEV margin (%)	9.9	8.4
GENERAL INSURANCE		
General Insurance combined ratio (%)	89	87

- Net cash up 6% as a result of strong commercial management in our market leading retail protection business and disciplined expense management across the Insurance division
- Operating profit down 21%, largely due to a refinement of reinsurance modelling
- UK Protection GWP up 2% driven by strong new business sales and improved customer retention within our retail protection business
- Protection EEV margin up 1.5% points reflecting the strong commercial focus and disciplined expense control
- General insurance products recorded another strong year with a combined operating ratio (COR) of 89%
- General insurance impacted by adverse weather experience in 2015, with storm costs in December of c.£15m

Savings: Careful management of Mature Savings book, assets maintained through platform business growth

FINANCIAL HIGHLIGHTS	2015	2014
Operational cash generation (£m)	119	127
New business strain (£m)	(9)	(14)
Net cash generation (£m)	110	113
Operating profit (£m)	99	105
Total UK savings assets (£bn)	108.3	108.7

UK SAVINGS

- Net cash generation of £110m despite declining Mature Savings books of business
- New business strain reduced by 36% through efficiencies in driving down new business expenses

PLATFORMS*

- Platform cash costs reduced by 10% (FTE by 12%)
- Cofunds AUA £77bn, largest platform in the UK
- “Declutter” in progress - agreement to sell Suffolk Life to Curtis Banks for £45m and sale of Ireland operation to Canada Life H2 2015

* Includes Cofunds and IPS.

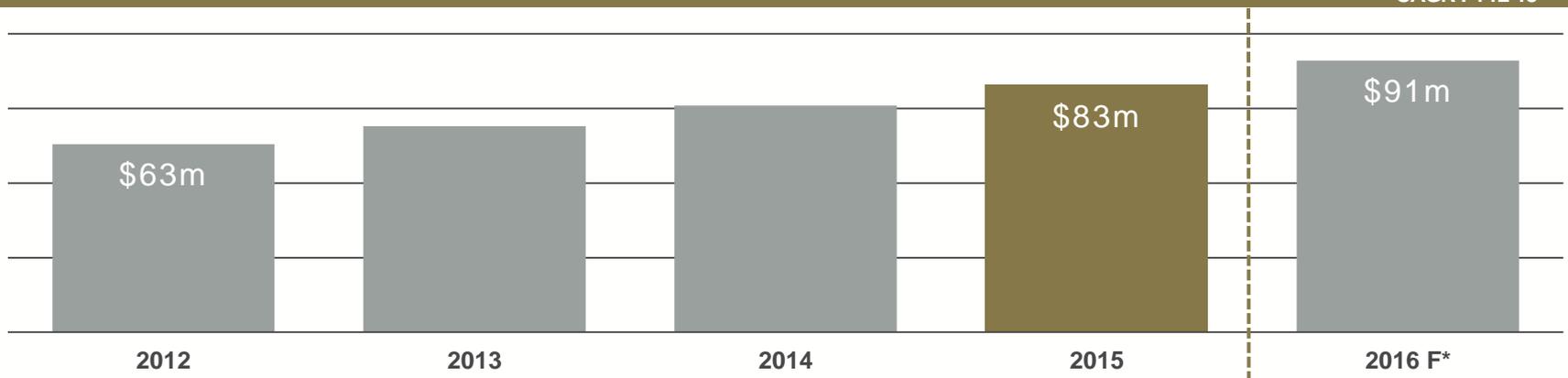
LGA: Increased contribution to cash and profits

FINANCIAL HIGHLIGHTS	2015	2014
Net cash generation (\$m)	83	76
Operating profit (\$m)	125	93
New business margin (%)	12.1	9.9
Gross written premiums (\$m)	1,183	1,117
Policies in force (k)	1,208	1,150

- Net cash generation up 9% to \$83m
- Gross premiums up 6% to \$1,183m
- Operating profit up 34% to \$125m
- 6th largest provider of term life by APE in US
- Continued price refinements resulted in lower volume but significant increase in new business margins to 12.1%
- Ordinary dividend of \$88m paid in February 2016 (2015: \$80m)

L&G AMERICA DIVIDEND

10%
CAGR FY12-15



* \$88m paid in February 2016, forecast includes further \$3m (preference shares dividend)

Consistent focus on cash generation

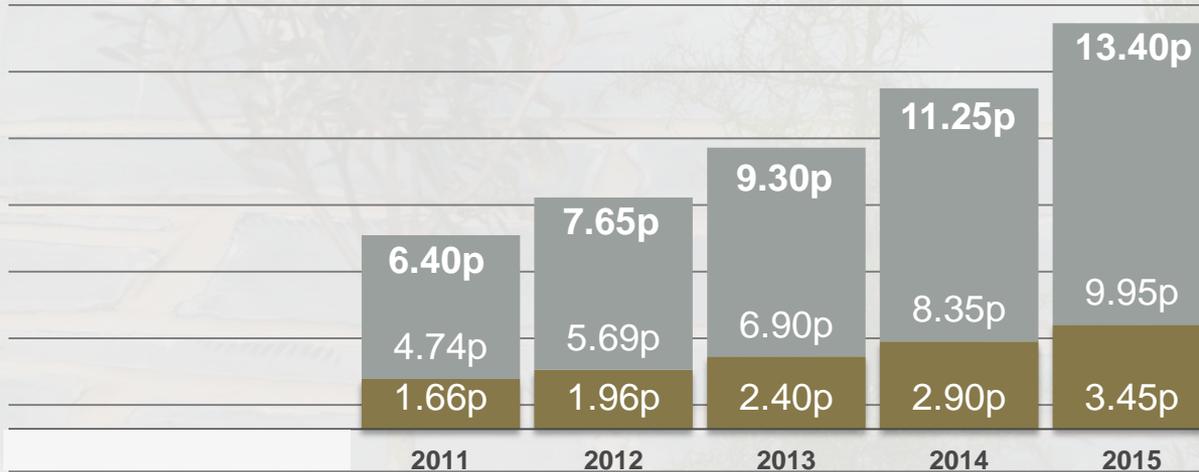
£m	2015 GUIDANCE	2015 OPERATIONAL CASH	2016 GUIDANCE
Legal & General Retirement	340	372	
Insurance excluding General Insurance	290	282	
Savings	135	119	
Legal & General America	50	54	
Legal & General Capital	170	187	
SUB TOTAL	985	1,014	6-7%
Legal & General Investment Management		303	
General Insurance		41	
FROM DIVISIONS		1,358	
Group debt costs		(122)	
Other costs		(19)	
TOTAL OPERATIONAL CASH GENERATION		1,217	
New business surplus		39	
TOTAL NET CASH GENERATION		1,256	

Full year dividend up 19% to 13.40p

DIVIDEND

20%
CAGR

- Final
- Interim



The Board has adopted a progressive dividend policy, reflecting the Group's medium term underlying business growth, including net cash generation and operating earnings

NET CASH (£m)	846	865	1,002	1,104	1,256
DIVIDEND (£m)	375	452	550	668	797
DIVIDEND COVERAGE ¹	2.26	1.91	1.82	1.65	1.58

¹ Dividend coverage based on net cash generation.

2015 and beyond

Nigel Wilson

Group Chief Executive



Our strategy continues to evolve, our results continue to improve

PHASE 1: 2008 - 2011

FOCUS ON BASICS: CASH GENERATION

- Net cash: £320m ➔ £846m

PHASE 2: 2011 - 2015

ACCELERATING EVOLUTION: FIVE GROWTH DRIVERS PLUS DECLUTTERING

- Net cash: £846m ➔ £1,256m
- RoE: 14.9% ➔ 17.7%
- DPS: 6.4p ➔ 13.4p
- EPS: 12.4p ➔ 18.6p

PHASE 3: 2015 - 2025

INTERNATIONAL, DIGITAL AND REAL ASSET EXPANSION

- LGIM: Diversified growth across products and geographies
- LGR: Nine sources of profit growth
- LGC: Transform capital intensive industries
- Insurance: Internationalise and digital customer engagement
- Savings: Digital customer engagement

High performing businesses aligned to growth drivers

ASSET MANAGEMENT

	Operating Profit (£m)	
	2015	2014
Legal & General Investment Management • Over \$1 trillion of assets	355	321
Legal & General Retirement • Over £43bn of assets	639	428
Legal & General Capital • £5.7bn of assets	233	203
TOTAL	1,227	952

INSURANCE

	Operating Profit (£m)	
	2015	2014
Insurance • Retail protection GWP £1,112m • Group protection GWP £330m • General insurance GWP £337m	293	370
Legal & General America • \$83m net cash	83	56
TOTAL	376	426

SAVINGS

	Operating Profit (£m)	
	2015	2014
Savings • £30bn of mature assets • £77bn of platform assets	99	105

De-cluttering and simplifying our business

We have aligned our business to our five growth drivers; ageing populations, globalisation of asset markets, creating real assets, welfare reforms, and digital

DISPOSALS, CLOSURES & SIMPLIFICATIONS

Business	
Legal & General International Ireland – investment bonds (H2)	Sold
Xperience: Estate agency business	Sold
Insurance: France business (H2)	Sold
Savings: Egypt business (H2)	Sold
Savings: Gulf business (H2)	Sold
Savings: Suffolk Life Group Limited (2016)	Sold
Legal & General Ventures	Closed
With-profits closure to new business	Closed
Retail Investments and Workplace transferred to LGIM	Simplified
LGC: to maximise shareholder capital and incubate new businesses	Simplified

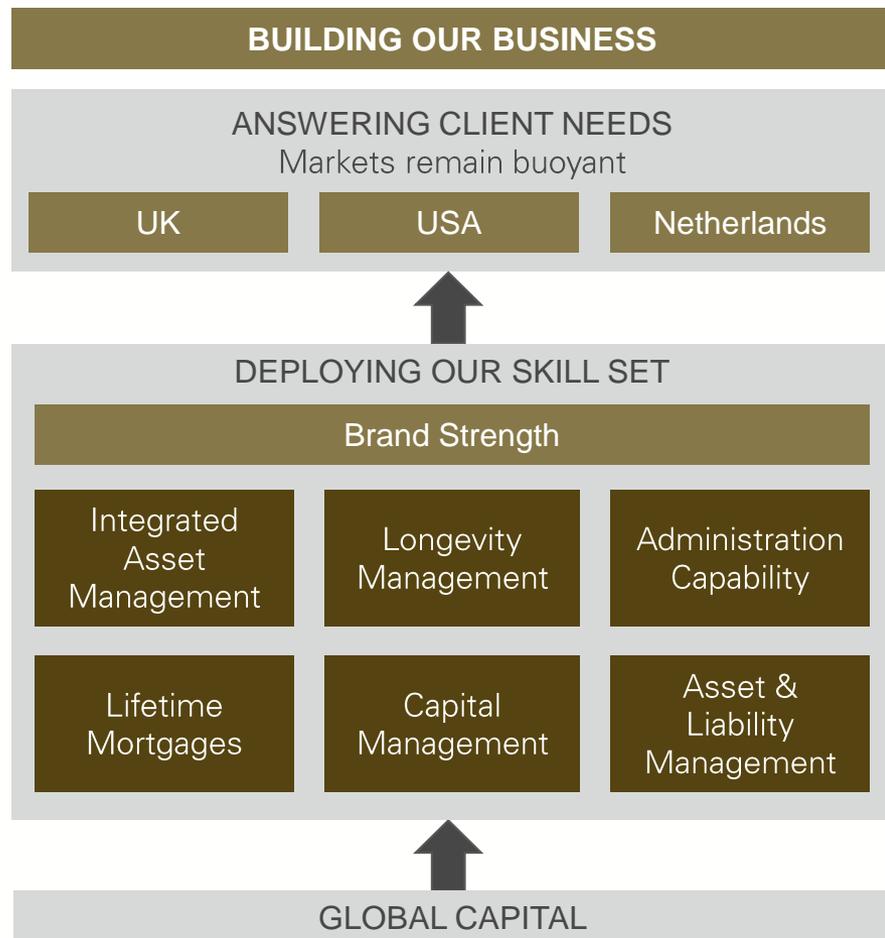
COSTS

Across the Group, we have achieved significant operating cost savings, exceeding our £80m target in 2015, incurring £50m of one-off costs in doing so

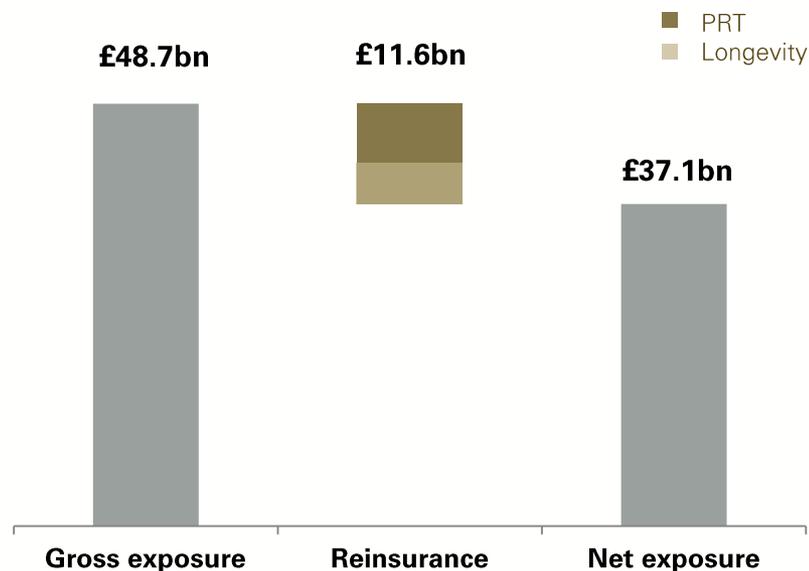
LGR: Nine sources of profit

1	BACK BOOK FOR CASH	<ul style="list-style-type: none"> Existing £43bn annuity portfolio – generated £372m operational cash and £417m net cash in 2015 Asset strategy being optimised with direct Investments and lifetime mortgages
2	UK CAPITAL-LITE FRONT BOOK	<ul style="list-style-type: none"> Evolving to meet anticipated demand, £2trn of DB liabilities in the UK UK's largest medically underwritten bulk annuity deal in December 2015, £230m
3	EUROPEAN PENSION RISK TRANSFER	<ul style="list-style-type: none"> First Dutch PRT deal written in December 2015 for €200m
4	US PENSION RISK TRANSFER	<ul style="list-style-type: none"> US has estimated \$2.8trn of DB liabilities First deal announced in October 2015 (\$450m), first solo deal in February 2016 (\$65m) Utilising LGIMA's asset management and LGA's back office capabilities
5	LONGEVITY INSURANCE	<ul style="list-style-type: none"> £5.6bn of longevity insurance deals completed to date, e.g. British Aerospace
6	LIFETIME MORTGAGES	<ul style="list-style-type: none"> £1.4trn of housing equity owned by the over 65's in the UK Long term illiquid asset creation for our annuity fund Entered market in Q2 2015, £201m lifetime mortgages written in 2015, £500m target in 2016
7	INDIVIDUAL RETIREMENT SOLUTIONS	<ul style="list-style-type: none"> Projected growth in DC will drive demand for simple tax efficient products "to and through" retirement
8	SECONDARY ANNUITY MARKET	<ul style="list-style-type: none"> Entry in 2017 Profit and diversification benefits
9	BACK BOOK ACQUISITIONS	<ul style="list-style-type: none"> Successfully completed £1.4bn Lucida transaction

LGR: Our capital-lite strategy



LONGEVITY EXPOSURE AS AT 31 DECEMBER 2015



- Reinsured £11.6bn of longevity risk over the past 5 years
- £3.8bn of longevity risk was reinsured with seven reinsurers during 2015; 11 on panel
- £2.2bn reserve for adverse credit experience
- £1.7bn reserve for adverse longevity experience

LGR: The asset story

SECTORAL AND RATING ANALYSIS AS AT 31 DECEMBER 2015

Credit Rating	Externally rated £bn	Internally rated £bn	Total £bn
AAA	1.7	0.0	1.7
AA	9.4	1.6	11.0
A	11.3	1.9	13.3
BBB	10.7	1.7	12.4
BB or below	1.0	0.0	1.0
Total	34.2	5.1	39.4

Sectoral split	A and above £bn	BBB £bn	BB or below £bn	Total £bn
Sovereigns, supras and sub-sovereigns	5.8	0.2	0.0	6.0
Banks	1.5	0.2	0.0	1.7
Financial services	0.6	0.1	0.0	0.8
Insurance	0.5	0.2	0.0	0.7
Utilities	1.9	2.6	0.0	4.5
Consumer services and goods & healthcare	2.7	1.8	0.1	4.6
Technology and telecoms	0.6	1.9	0.1	2.7
Industrials	1.0	0.9	0.0	1.9
Oil and gas	0.8	0.9	0.2	2.0
Property	0.8	0.9	0.0	1.7
Asset backed securities	0.3	0.0	0.0	0.4
Securitisations and debentures*	8.5	2.4	0.3	11.2
Lifetime mortgage loans	0.0	0.2	0.0	0.2
CDOs	1.0	0.0	0.0	1.1
Total	25.9	12.4	1.0	39.4

* Further split of securitisations and debentures by sectors available in the analyst pack.

- Highly experienced team
- No “race to the bottom” for yield
- Portfolio diversification by sector and geography since 2008
- Reduced exposure to sectors and firms with reasonable probability of default
- Credit default provision now £2.2bn: a £1bn increase from 2008
- Long-term investments in real assets enhance risk-adjusted returns
- Portfolio allocation between front and back book allows pricing competitiveness and/or cash optimisation
- Clear choices in delivering capital and risk efficiency

LGIM: Growing our business across all markets

Comprehensive solutions for UK DB clients

- £35.4bn in gross new business (2014: £17.3bn) driven by increased demand for our expanding range of client solutions
- 92% persistency rate (2014: 89%)

DC capabilities and Workplace Pension

- Total DC assets £46bn (2014: £41bn)
- Scheme wins taking Workplace AUA to £14.7bn (2014: £11.1bn)
- Customer base now 1.8m (2014: 1.3m)

Grow LGIM International

- £9.5bn in net flows from US, Asia, Europe and the Middle East
- Mandate wins in Korea, Taiwan and Japan
- Agreement signed with Meiji Yasuda Asset Management, Japan

Grow Retail and Wealth businesses

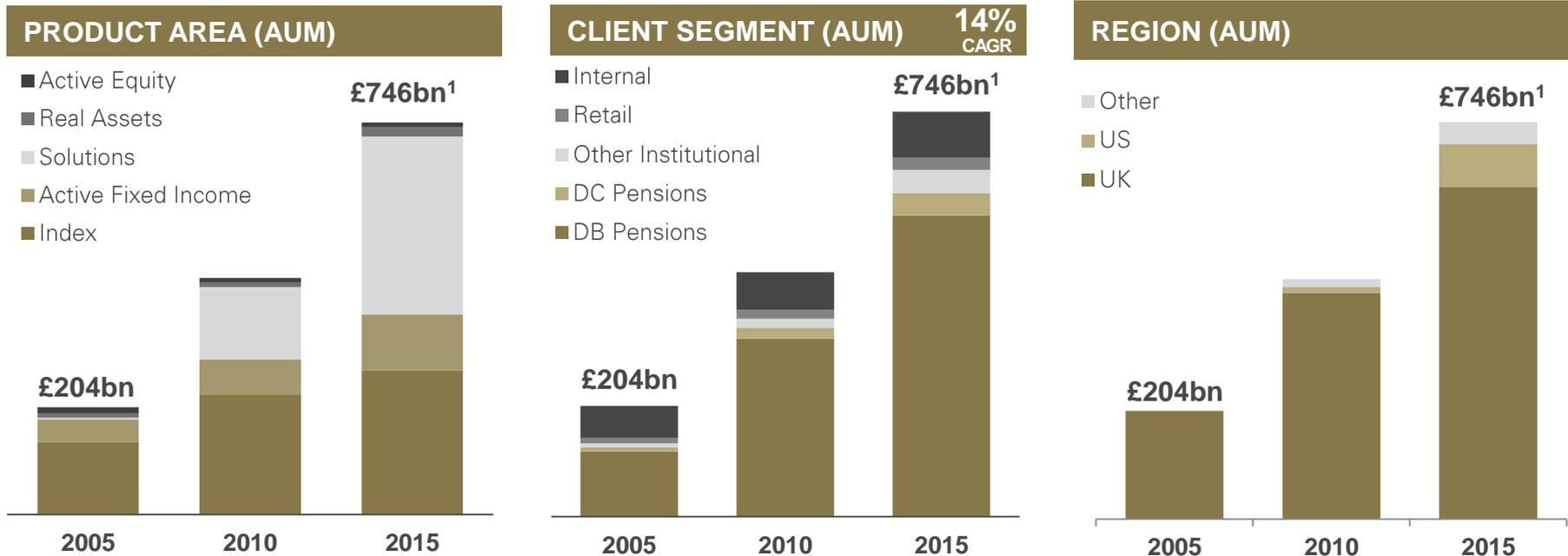
- £1.2bn of net new retail business, ranked 6th in UK net sales in 2015¹
- Building on our core capabilities to expand our product range

Internal capabilities and services

- Transacted with LGC on UK urban regeneration schemes (£1.2bn)
- LGIM Real assets to manage Build to Rent partnership between LGC and PGGM, providing over 3,000 purpose built private rented homes
- Working with LGR to expand internationally

1. The Pridham Report.

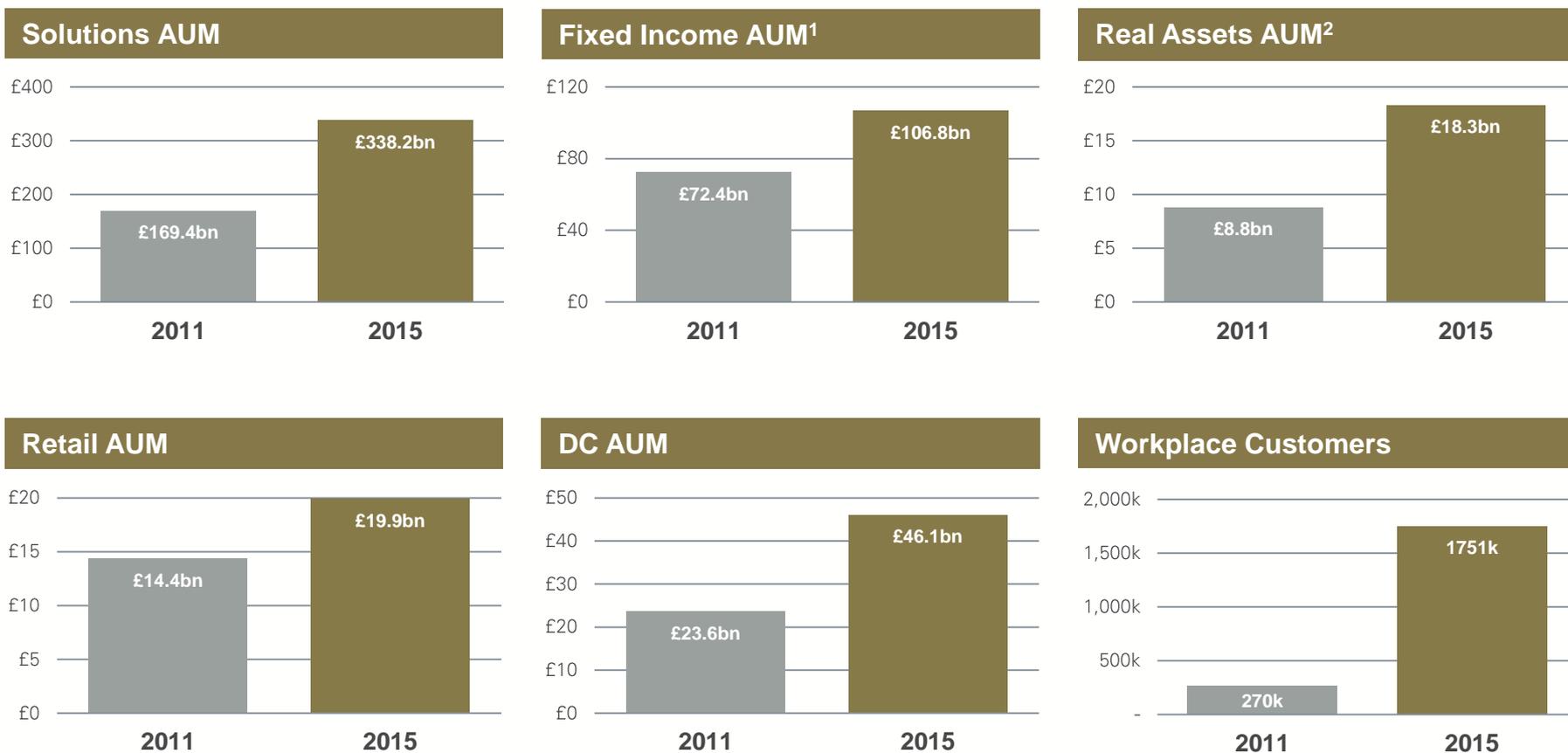
LGIM: Our business is increasingly diversified as we successfully expand



- AUM has increased at a CAGR of 14% over the past ten years, with DC and retail accounting for a growing share of assets
- Our product offering has diversified through the growth of the Solutions, Active Fixed Income and Real Assets businesses
- The business is becoming increasingly global, with expanding distribution networks delivering strong net flows in the US, the Gulf, Europe and Asia

1. Includes overlay assets, which comprise derivative notional associated with Solutions business (£ 226.2bn).

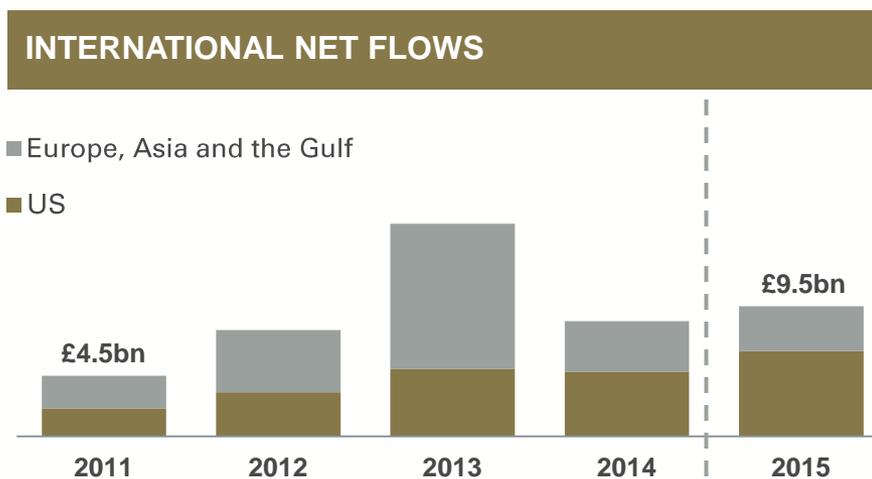
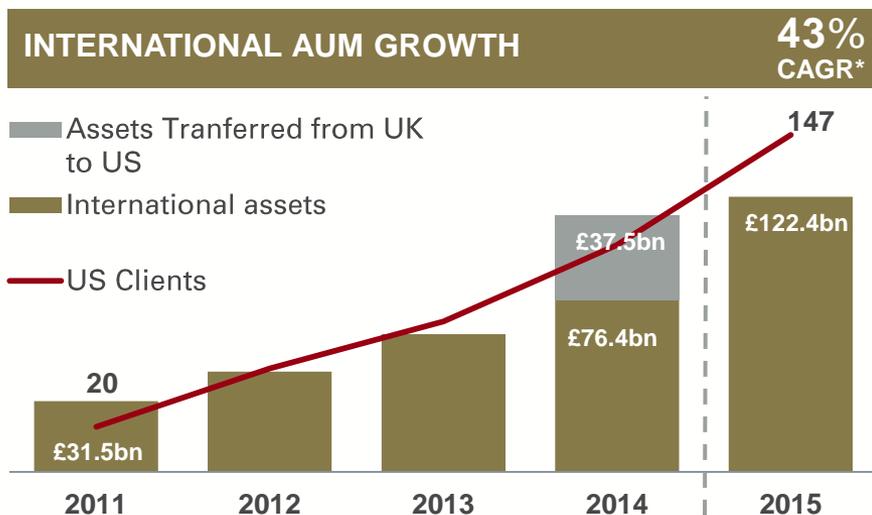
LGIM: Growth in UK market achieved on multiple fronts



1. Global fixed income

2. Comprises Property and Infrastructure AUM

LGIM: Increasing global footprint



- Total external international AUM net flows of £9.5bn (2014: £8.7bn)
- In the US, continue to attract strong inflows into active funds and onboarded first index mandates
- 28% increase in US clients during the year to 147 (2014: 115)
- Most US fixed income composites outperforming respective benchmarks over 1, 3 and 5 years
- Winning index, fixed income and property mandates in Europe and Asia
- Expanding in Asia, winning mandates in Korea, Taiwan and Japan
- Signed co-operation agreement with Meiji Yasuda in Japan

* Excluding transferred assets CAGR was 28%

LGC: High quality, sustainable earnings through asset creation

Urban regeneration

- Delivering key regeneration schemes across the UK with a total Gross Development Value (GDV) of approximately **£3bn**
- Partnering Government's Regeneration Investment Organisation (RIO) attracting up to **£15bn** of foreign investment into the UK

Housing

- Entered the UK Build to Rent sector. Initial sites provide **c.500** of homes and first international partner, PGGM, secured
- CALA Homes targeting **£1bn** revenue within 5 years
- Progressing housing opportunities including consent to build **1,000** new homes on 250 acre site in Crowthorne
- Legal & General Homes launched in February 2016, its modular housing business seeking to modernise the home building industry

Alternative finance

- 40% investment in Pemberton Asset Management, a pan-European SME lending business developing a European private placement capability. Pemberton's first fund, European Mid-Market Debt Fund, is now at **€572m**

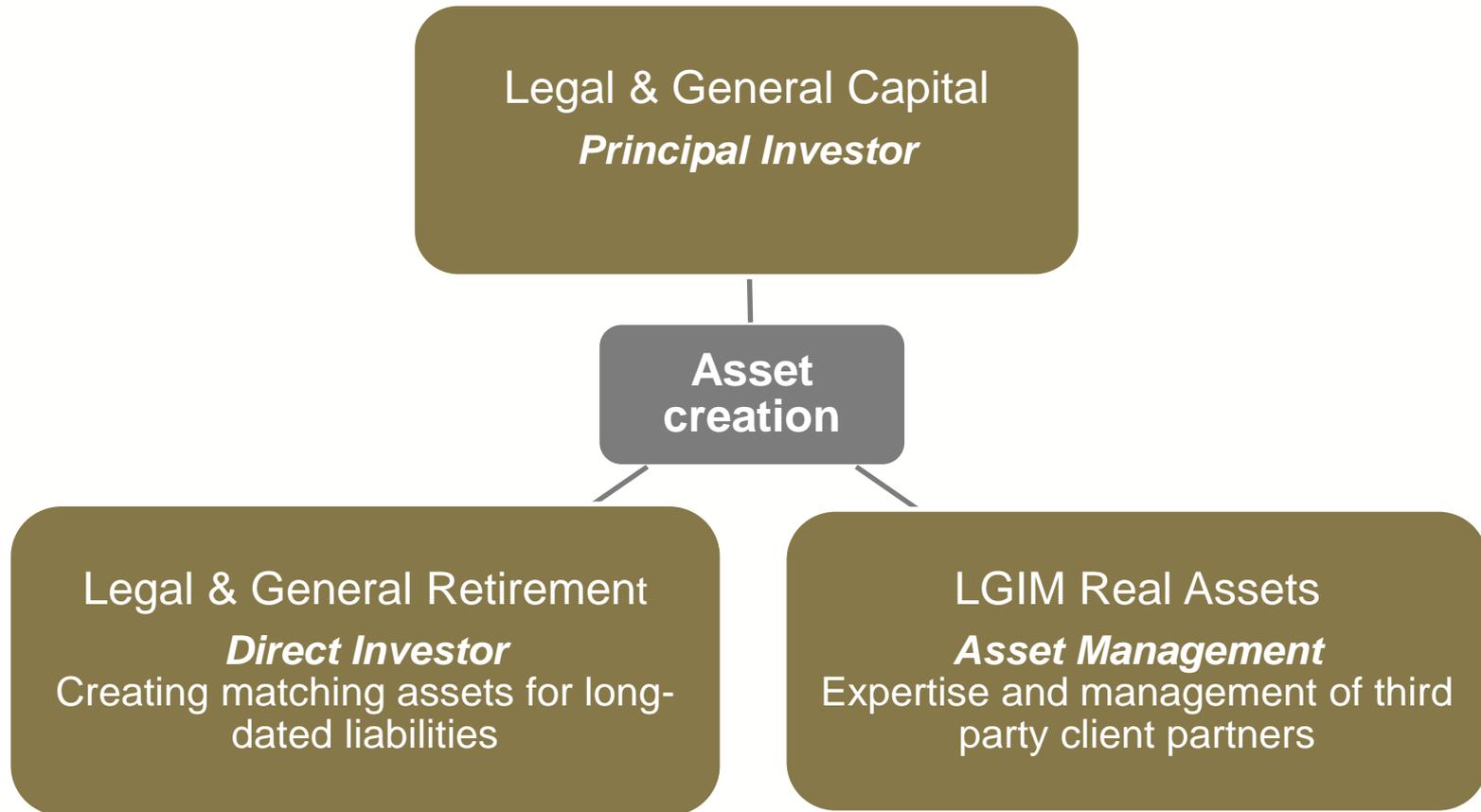
Clean energy

- Investment in the clean energy asset management business, NTR, and a commitment to finance and build an onshore wind portfolio through an equity fund targeting **€250m**

LGC: Sector focus where large funding gap exists

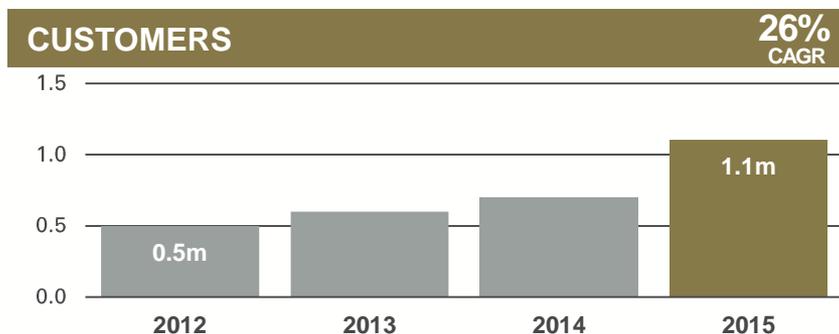
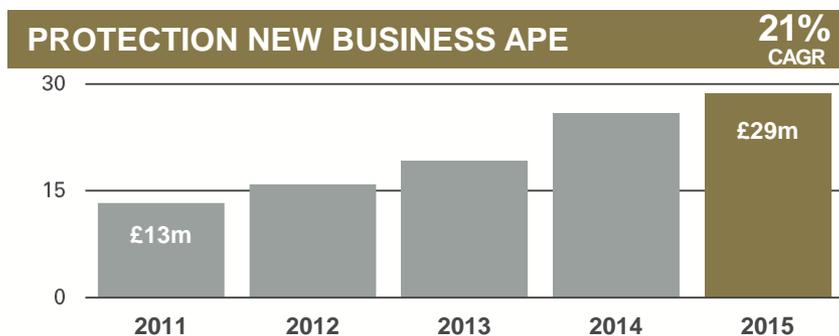
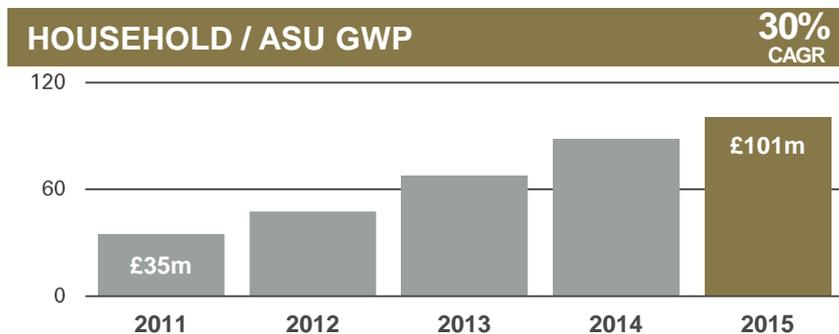
Sector	Opportunity	LGC Investment (£m)	Gross Development Value (£m)
UK REGENERATION	<ul style="list-style-type: none"> UK Government total debt (excluding public sector banks) is £1.54trn (81% of GDP) Private long term investment is required. RIO has identified over £100bn+ of projects that require finance 	346	3,000
UK HOUSING	<ul style="list-style-type: none"> Britain is building approx. 50% of its 250k home requirement annually, with more seeking rental accommodation each year Need to transform our dysfunctional house building system to create high-quality cost efficient homes across the spectrum including using modular housing 	344	1,000
CLEAN ENERGY	<ul style="list-style-type: none"> UK needs to accelerate clean energy investment to reach EU's 2020 renewable energy generation targets and meet challenges of security, sustainability and affordability of energy now and in the future Solution is the advancement of clean energy technologies 	15	200
ALTERNATIVE FINANCE	<ul style="list-style-type: none"> Opportunity to originate finance to established mid-market companies with sound business models and trading franchises 	162	450

LGC: Multiple drivers of value to the Group beyond LGC's NAV



- LGC's capital has unlocked 10x its value in the creation of assets for LGR and LGIM

Insurance: L&G Direct shows continued growth



- Direct household GWP exceeds £100m for the first time driven by continued strong growth in new business sales and improving policy retention
- L&G continues to be the No.1 online brand for home insurance, with an online market share of 10% in 2015
- Household Combined Operating Ratio's remain strong despite significant growth, Direct has delivered consistent YOY growth since 2008
- Successful 'Because' campaign contributes to 11% YOY growth in retail protection new business sales



- Now over 1m L&G Direct customers covering protection, household and pet policies
- New Landlord product launched online in November, with Travel product (distribution only) launched 8 March 2016

Insurance: Developing the Insurance strategy

OBJECTIVES	WHAT'S NEXT	OUTCOME
DEVELOPING THE DIGITAL JOURNEY	<ul style="list-style-type: none"> • Deliver MyLife for intermediaries and partners enabling simple, easy and fully online protection transactions • Innovative, new household product for the digital age 	Develop the UK business into a digitally led, flexible operation to maximise customer engagement across multiple channels
ENGAGE CUSTOMERS WITH NEW PRODUCTS	<ul style="list-style-type: none"> • Piloting innovative Health & Wellbeing product for the Workplace market • Launching new socially inclusive protection products 	
ENHANCE CUSTOMER EXPERIENCE	<ul style="list-style-type: none"> • Simpler products, easy to understand and transact • New consistent framework for monitoring customer feedback, leading to rapid customer journey improvements 	
INTERNATIONALISE INSURANCE	<ul style="list-style-type: none"> • Leverage expertise in existing global life businesses to develop a coherent international protection strategy 	Develop an international franchise

Insurance: Internationalising Insurance

CORE PROTECTION STRENGTHS

- Market leading point of sale underwriting
- Extensive underwriting expertise
- Market leading digital capabilities
- Wide range of products and history of innovation
- Scale through efficiency and expense management
- Multi-distribution expertise
- Strong relationships with reinsurers



LEVERAGE CAPABILITY WORLDWIDE

- Digital and D2C capabilities offer opportunities to disrupt new markets
- Significant opportunities in both individual and group life

Savings: Opportunities to add value to the Group

OPPORTUNITY

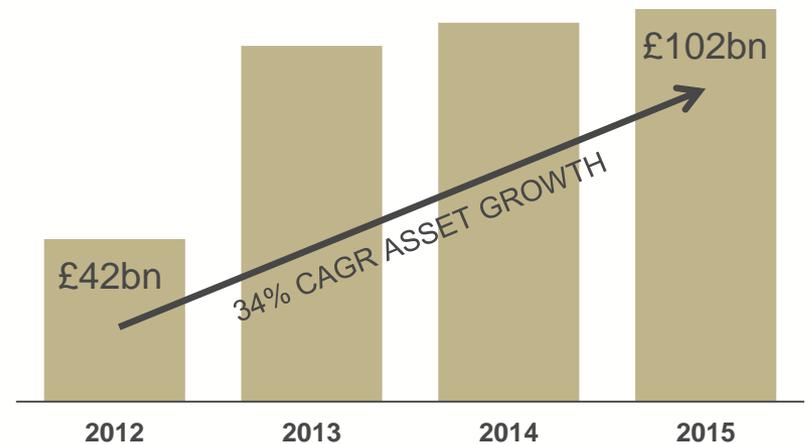
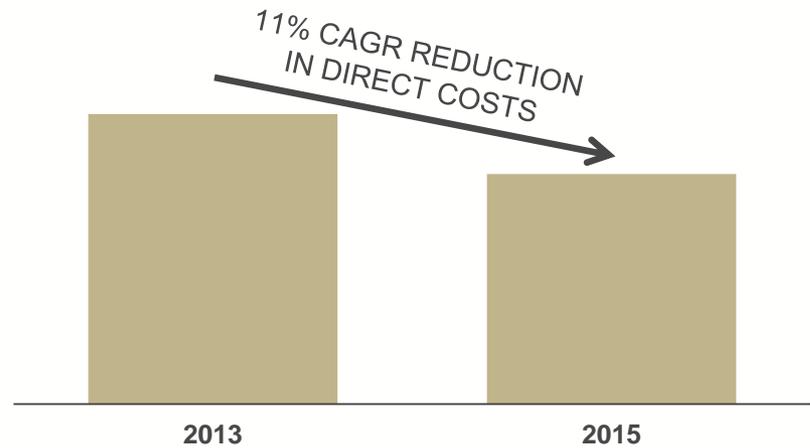
SIMPLIFY OPERATIONS & ENHANCE DIGITAL SOLUTIONS

Streamlining our operating model and moving customers to more cost-effective and self-service Digital channels

“GROW” FUNDS

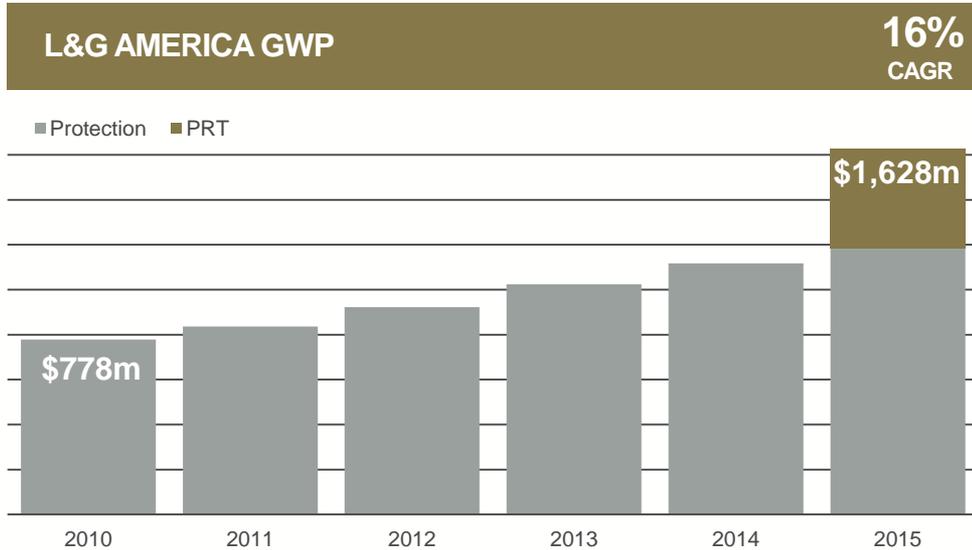
Increase scale through improved fund retention and operational excellence

OUTCOME *



*Savings figures shown include Platform and Mature Savings and exclude Suffolk Life and Ireland

LGA: Synergies accelerating growth across multiple divisions



- LGA's gross premium growing through organic protection business and assisting LGRA's Pension Risk Transfer business
- LGA is the low cost provider in industry expense benchmarking studies providing a competitive advantage
- LGA is diversifying its investment portfolio and adding assets with higher risk adjusted yields
- Direct investments represent 25% of the investment portfolio
- Inclusion of direct investment asset classes provide c.75 bps yield improvement

One firm, one set of values, one set of behaviours

PURPOSE

- Legal & General is one firm, with one set of values, one set of behaviours
- We are trusted to solve critical issues to help deliver a better society – digitally, financially and socially inclusive, environmentally sensitive

BEHAVIOURS

- We encourage: deep thinking and excellent execution; intellectual honesty; sharing of information and transparency; thought leadership
- Everyone understands that teamwork improves outcomes
- We self generate success and learn quickly from our mistakes

BUSINESS PRINCIPLES

- We publish our ethics and values and can be judged by others against the standards we set ourselves
- Our products and services are economically and socially useful for customers, shareholders and society
- We understand disruption is a privilege and responsibility

A world full of opportunities 2015-2025

GROWTH DRIVERS	2025 AMBITION
AGEING POPULATIONS	<ul style="list-style-type: none"> • 900 million over 60s today, 2 billion by 2050 • Global pension liabilities in excess of c.\$9 trillion <p>Ambition: International leader in pension de-risking</p>
GLOBALISATION OF ASSET MARKETS	<ul style="list-style-type: none"> • Global asset markets c.\$78 trillion • Legal & General share c.1% (\$1.1 trillion) <p>Ambition: Double our global market share</p>
CREATING REAL ASSETS	<ul style="list-style-type: none"> • Our integrated asset management business is uniquely placed to develop real assets • Positive constructive collaboration between Government, Regulators and the industry is developing <p>Ambition: UK leader</p>
WELFARE REFORMS	<ul style="list-style-type: none"> • DC business is a multi billion market opportunity, including US, China and Japan • European welfare model is not affordable nor exportable <p>Ambition: International DC business</p>
DIGITAL	<ul style="list-style-type: none"> • Fintech to date has been disappointing in insurance • Substantial friction costs will be reduced as our industry becomes more efficient including insurance and asset management <p>Ambition: Leading digital player in insurance</p>

An aerial night view of a modern city. In the foreground, a large stadium with a distinctive white, tent-like roof structure is illuminated. To the right, several modern skyscrapers with lit-up windows rise against the dark sky. The city streets below are filled with people and lights, creating a vibrant urban atmosphere.

INVESTING

for the LONG TERM