2020 Full year results

Delivering value through Inclusive Capitalism

Robust, resilient and relevant

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.

Robust, resilient and relevant

Nigel Wilson
Chief Executive Officer

Financial highlights

We remain a robust, resilient and relevant business

£2,422m

Operating profit from divisions[1]

2019: £2,485m

17.57p

Full year dividend

2019: 17.57p

177%

Solvency II coverage ratio[2]

2019: 184%

£1.5bn

SII operational surplus generation[1]

2019: £1.5bn

- Our balance sheet is **robust**: Estimated Solvency ratio of 192% as at 5th March 2021. Unutilised credit default reserve of £3.5bn
- Our operating earnings are **resilient**: LGRI, LGRR and LGIM had higher operating earnings than in 2019. Return on Equity of 17.3%
- Our products, services and their strategic growth drivers are more **relevant** than ever

1. Excludes discontinued operations and mortality reserve release
2. UK 10 year Gilts 0.20% (FY 2019: 0.82%); US 10 year Treasuries 0.93% (FY 2019: 1.92%)

Financial summary: A robust performance

The COVID-19 impact on 2020 divisional operating profit was £201m

£m	2019	2020	%	Estimated Covid-19 impact
LGRI (excluding mortality release)	1,116	1,229	10	85
LGRR (excluding mortality release)	298	325	9	
LGIM	394	404	3	
LGC	363	275	(24)	(100)[1]
LGI	314	189	(40)	(186)[2]
Operating profits from continuing divisions	**2,485**	**2,422**	**(3)**	**(201)[3]**

1. Cala Homes EBIT made up £84m of the £100m impact in LGC
2. £186m includes £76m of 2020 experience and £110m COVID-19 future potential claims reserve
3. A further £27m of exceptional Covid expenses incurred within Operating profit in addition to the £201m

We continued to write good levels of new business

Division	Business	Product	2015	2016	2017	2018	2019	2020
LGRI	Pension Risk Transfer (PRT)	Global bulk annuity premiums[1] (£m)	2,417	6,630	3,948	9,140	11,392	**8,843**
LGIM	Investment Management	External net flows (£bn)	37.7	29.2	43.5	42.6	86.4[2]	**20.4**
LGC	Capital Investment	Direct investments AUM (£m)	867	1,137	1,450	2,359	2,877	**3,139**
LGI	Insurance	Gross written premiums (£m)	2,215	2,409	2,531	2,580	2,729	**2,849**
LGRR	Retirement Solutions	Individual annuity premiums (£m)	327	378	671	795	970	**910**
LGRR	Retirement Solutions	Lifetime Mortgage advances (£m)	201	620	1,004	1,197	965	**791**[3]

1. Premiums shown exclude longevity insurance
2. LGIM 2019 external net flows included a £37bn mandate with the Japan Government Pension Investment Fund
3. Includes Retirement interest only mortgage advances in 2020

Resilient new business value

Division	Volume	2018	2019	2020	Value metric (£m)	2018	2019	2020
LGRI	UK PRT (£m)	8,351	10,325	**7,593**	SII NBVA	684	857	**876**
	US PRT (£m)	646	893	**1,250**				
LGIM	External net flows (£bn)	42.6	86.4	**20.4**	ANNR[1]	19	21	**2**
LGI	UK RP Annual Premium (£m)	175	174	**175**	SII NBVA	93	98	**123**
	UK GP Annual Premium (£m)	83	76	**117**	SII NBVA	22	24	**37**
	US RP Annual Premium (£m)	85	89	**80**	SII NBVA	91	94	**94**
LGRR	Individual annuities (£m)	795	970	**910**	SII NBVA	60	59	**63**
	Lifetime mortgages (£m)	1,197	965	**791**[2]	Op. profit	27	21	**10**

1. Global Annualised Net New Revenue (ANNR) reflects 12 months of future revenue receivable on the external net flows achieved during the reporting period from LGIM's Asset Management business
2. Includes Retirement interest only mortgage advances

Our six structural growth drivers remain highly relevant

Growth Drivers	Market Opportunity	Market Share of NB, %	2025E Market Size
Ageing Demographics	• UK PRT • US PRT • UK Individual Annuities • UK LTM • UK Later Living (new)	25 6 20 20 3	£415bn $140bn+ £284bn+ £40bn+ 10k units*
Globalisation of asset markets	• Global AUM • Global Revenues • Global Solutions AUM • Pemberton	1.6 <1 6	$145tn $341bn* $17tn[2]
Investing in the Real Economy	• UK Build to sell • UK Infrastructure • UK Build to rent (new) • Affordable (new)	1 n/a 3 1	300k* 104k[3] 55k*

Growth Drivers	Market Opportunity	Market Share of NB, %	2025E Market Size
Welfare Reforms	• UK DC AUM • UK ISA AUM • VC into DC (new)	24 1 -	£725bn+ £810bn+
Technological Innovation	• UK Retail Protection • US Retail Protection • Salary Finance (employee reach) • SciTech	27 3 3.7m	£7bn+ $30bn+ 100m+
Addressing Climate Change	• ESG fund range • Scitech (Oxford, Birmingham) • Clean investment opport'ties (new) • De-carbonisation (new)		$20tn[4]

2025 Market size and current market share of new business (NB) is based on most recent available data and in some cases L&G estimates
*per annum market volume; 2. Global Solutions AUM of $17tn includes LDI, Multi-Asset and Solutions; 3. Market size represents units built per annum;
4. $130 trillion investment needed to 2050 in order to achieve zero emissions, scaled pro-rata to 2025, source: https://about.bnef.com/new-energy-outlook/

Inclusive Capitalism is at the heart of our strategy, and ESG core to our goals

By addressing climate change and social inequity arising from welfare reforms and ageing demographics, we can both positively impact the world around us, and deliver long-term, secure returns for shareholders

We think about the long-term ESG impact of our businesses, particularly in terms of:

1. How our businesses operate
2. How we invest our £95bn of proprietary assets[1]
3. How we influence as one of the world's largest asset managers with £1.3tn AUM

ESG Ambition Examples

E

- Decarbonise our balance sheet assets to align with the Paris objective
- Provide capital for up to 5% of the UK clean energy market by 2021 (enough to sustainably power 5% of all UK households)
- Have all new L&G homes operating at net zero carbon emissions beyond 2030

S

- Increase the proportion of economically and socially valuable assets with our real asset portfolio to 20% by 2023
- Build 3,000 affordable homes per year by 2023
- Invest £10 billion into SMEs through LGC by 2023, supporting job creation and economic growth

G

- Deliver 50:50 by 2020 gender mix through recruitment and retention initiatives
- Through LGIM, engage with investee companies on key themes (climate, diversity, health, income inequality and financial inclusion)
- Increase the share of social enterprises and SMEs within our supply chain to at least 5% by 2024

For full list visit: www.legalandgeneralgroup.com/media/17868/csr-report-targets-data-june-2020-v2.pdf

1. As at 31 December 2020, excluding derivatives, cash, cash equivalents and loans

L&G is the most relevant and only waterfront player in UK retirement solutions

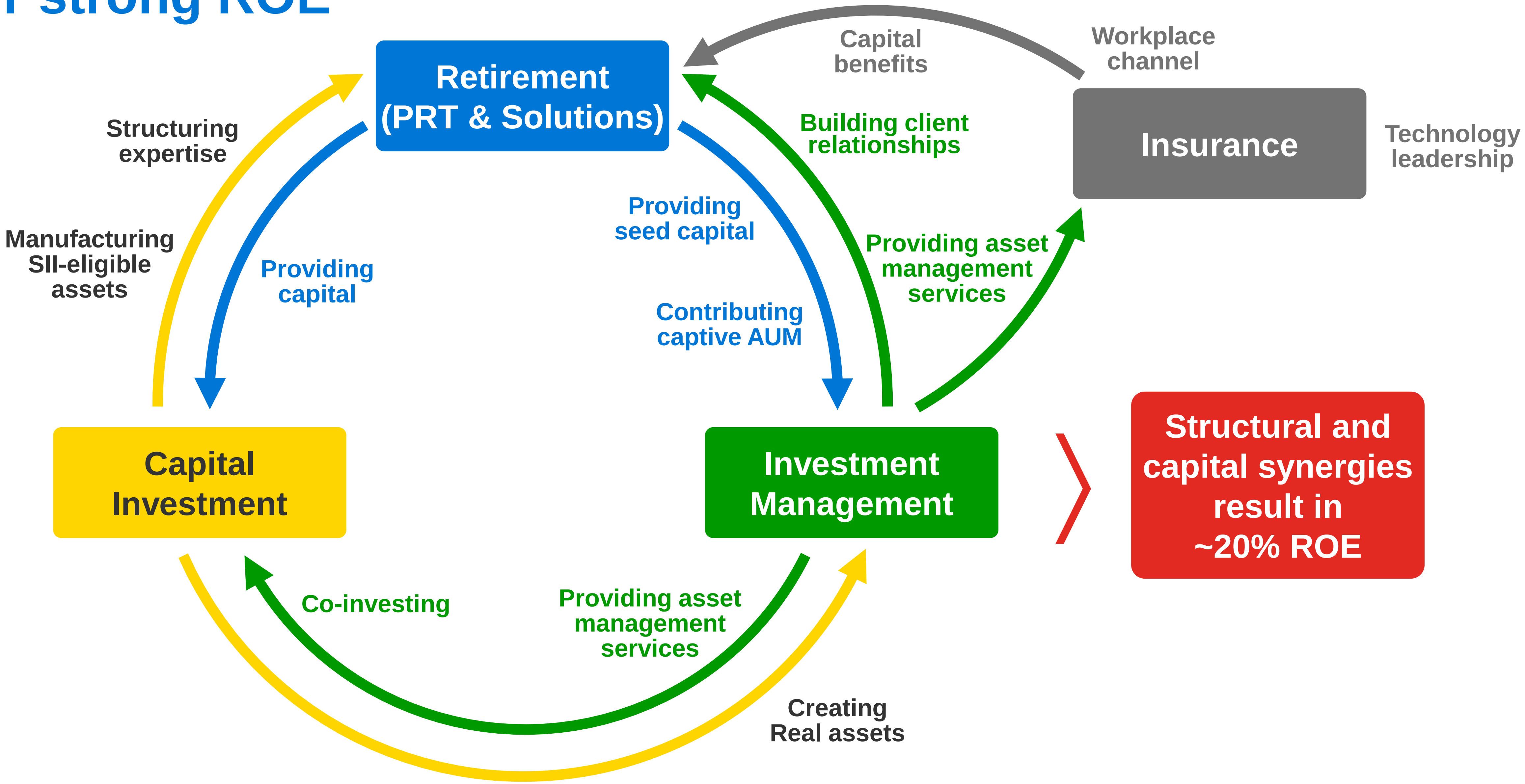
Theses are all large attractive, growing markets

UK retirement solutions universe (2018)

		Accumulation	Decumulation	
Pensions	DB	DB Pensions £1,918bn	PRT £175bn	*Global DB: $24tn*
		LDI £1,024bn[1] (42%)		
	DC	Workplace £389bn	Individual Annuities £284bn	*Global DC: $23tn*
		Private Pensions £294bn	Drawdown £160bn	
Save		£616bn	Stocks & Shares, Cash, ISAs £674bn	
Advice		Fiduciary advice	Pension consolidation/advice	
Living		**43%** of people in the UK expect property to be their biggest source of retirement income[2]	Lifetime Mortgages	
			Later Living	

1. XPS, Liability Driven Investment: A £1tn market, 2019; 2. ONS, Wealth & Assets Survey

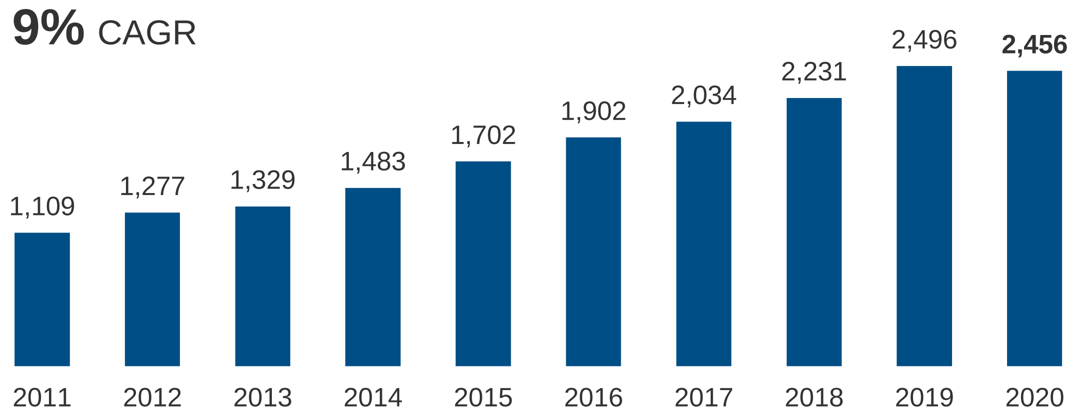
The highly synergistic nature of our business model underpins our strong ROE



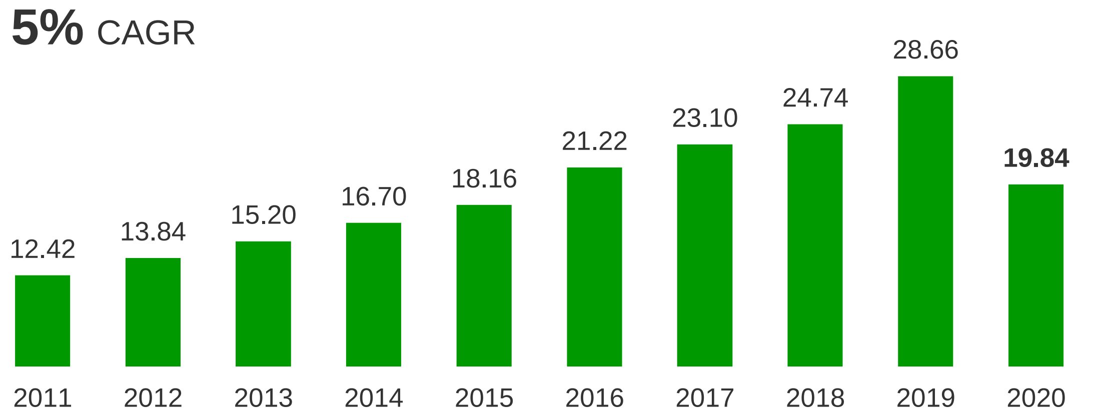
We have an established track record of consistent growth

A pause year in 2020, impacted by COVID-19

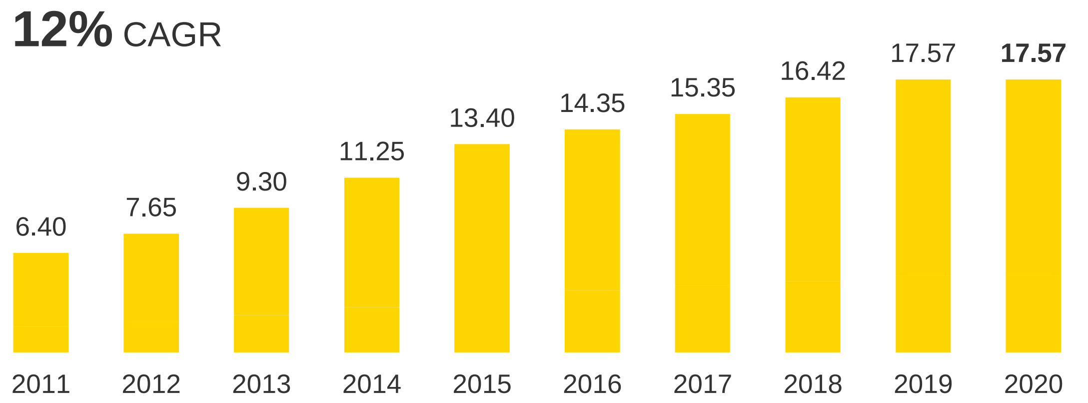
Operating profit from divisions[1] (£m)



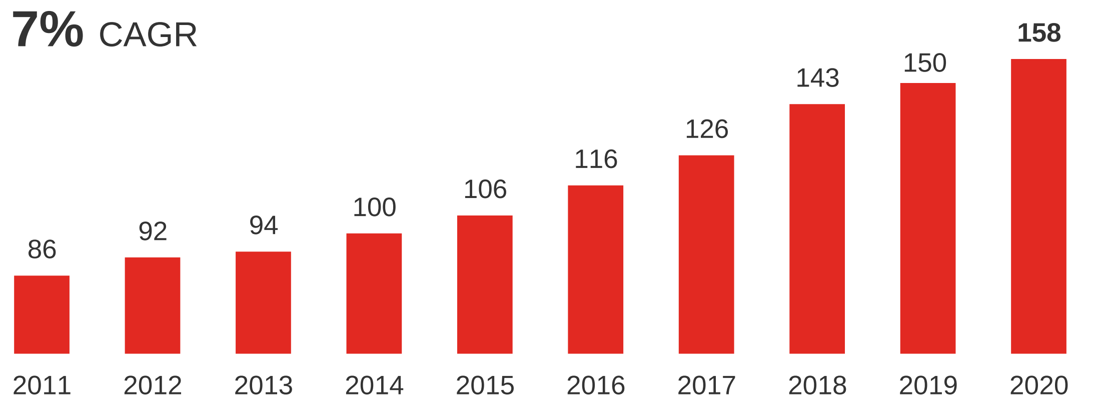
Earnings per share[2] (p)



Dividend per share (p)



Book Value per share (p)



ROE (%)	14.9	15.4	16.1	16.9	17.7	18.8	25.6	22.7	20.4	**17.3**

1. Includes discontinued operations, excludes mortality reserve releases
2. In addition to the above, 2020 EPS excludes Mature Savings gain on disposal

LGC is a unique and important source of value creation

Creating and scaling alternative assets to back LGR liabilities and to attract third party capital

Alternative asset class	Example Assets	GP Equity position (%)	Access to External Funding	LGR Asset Creation	Sector NAV £bn	Third party capital[1] £bn	
						2020	2025 ambition
Alternative credit	Pemberton	40	✓	✓	0.4	4.8	9.0+
Residential	CALA	100	✓		1.7	-	2.5+
	Affordable	100	✓	✓			
	Later Living	100	✓				
	Build to Rent	100	✓	✓			
Clean energy	NTR	25	✓	✓	0.2	0.4	1.0+
	Pod Point	22	✓				
Specialist commercial property	Oxford University JV	50	✓	✓	0.7	-	0.5+
	Bruntwood SciTech	50	✓				
	KAO data centre	50	✓				
SME Growth Equity	Fund of funds	c.100	✓		0.1	0.04	1.0+
Total					**3.1**	**5.2**	**14.0+**

- **Other investments include: Kensa, Oxford PV, Onto (LGC), SalaryFinance (LGI) and Current Health (LGRR)**

1. Includes 3rd party capital AUM invested directly and via owned boutiques, and asset creation for LGR

Pemberton has successfully grown and diversified AUM since launch

>€9bn
AUM[1]
Across 4 strategies

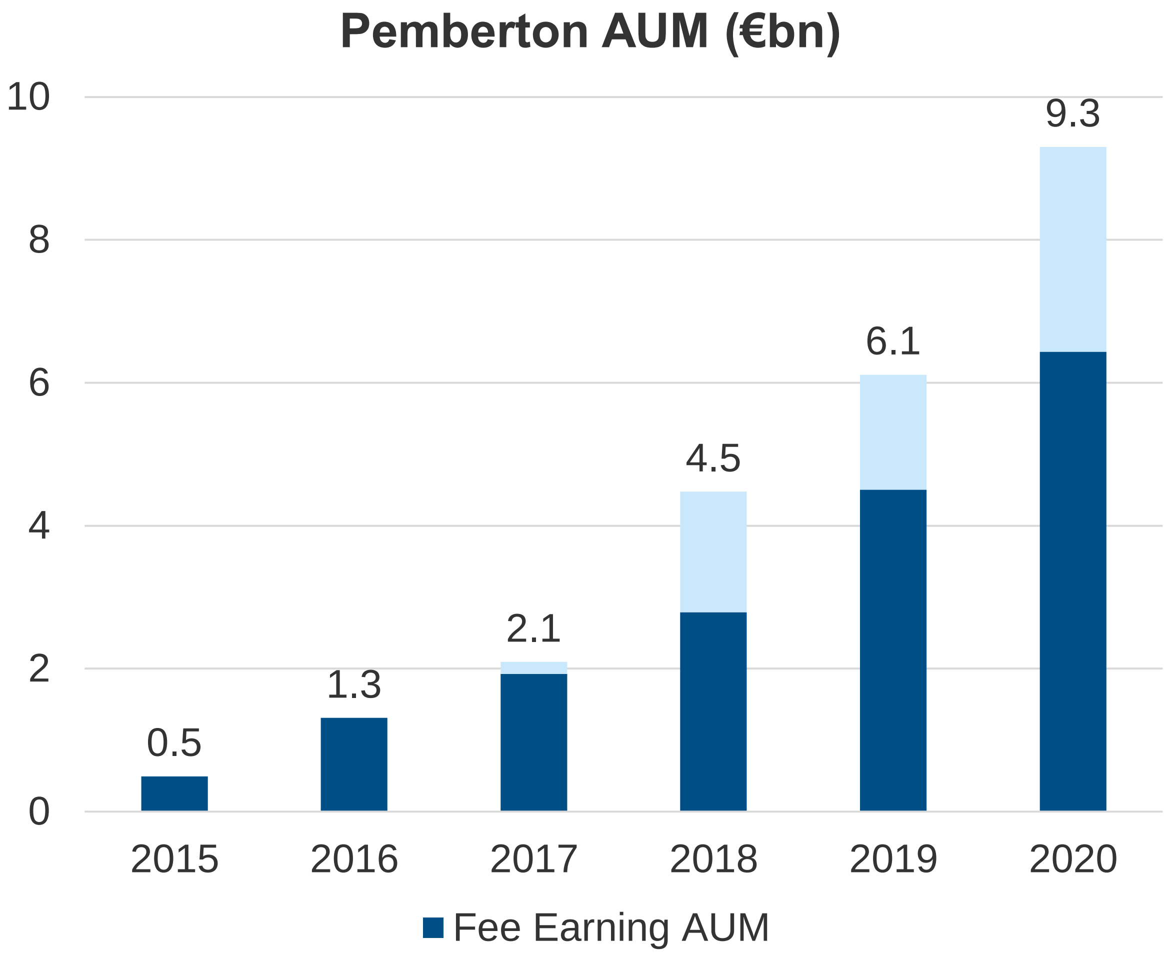
>€8.3bn
Invested[2]
Since inception

88
Companies
Invested[2]

111
Investors
Worldwide

102
Professionals[3]
Firmwide

8
Locations
Across Europe



1. As of 31 December 2020. AUM defined as committed capital
2. Across all funds, including recycled capital
3. Pemberton Group, including consultants, contractors and advisors

NB L&G initially invested in Pemberton in 2014 and increased stake to 40% stake in 2019

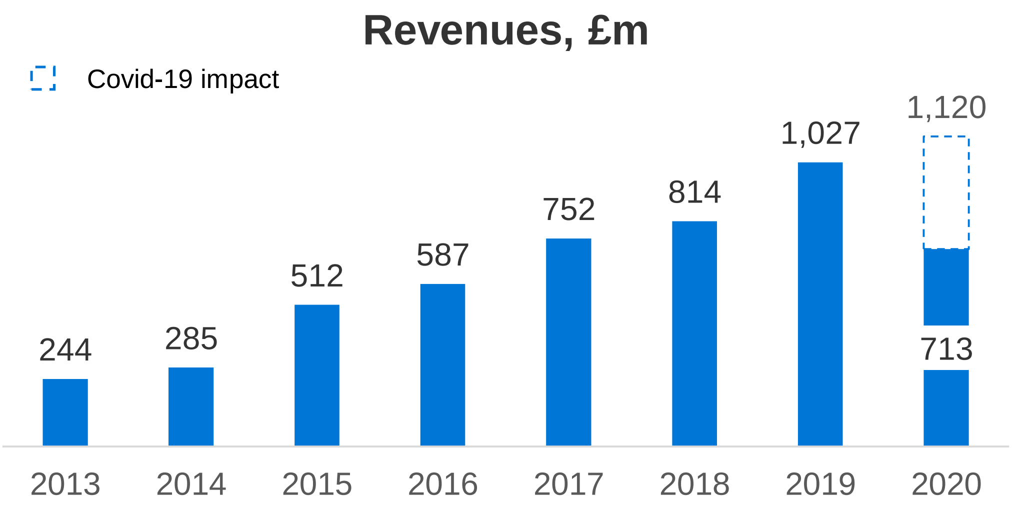
CALA has grown revenues and profits strongly since L&G acquired a stake in 2013. 2021 YTD sales are good, despite COVID

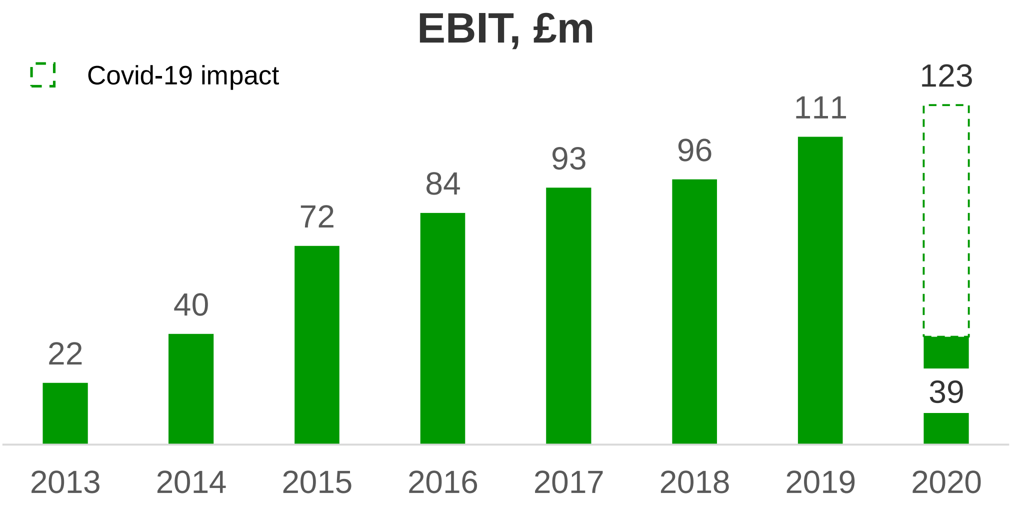
CALA has provided the **foundation** for the development of L&G's **diversified housing platform**

- Mar 2013: L&G acquires **46.5% of CALA**
- Jan 2016: Launch of L&G's **Build to Rent** business
- Feb 2016: Launch of **Modular Homes** business
- Aug 2017: Acquisition of **Later Living** business
- Mar 2018: L&G acquires **100% of CALA**
- Apr 2018: Launch of **Affordable Housing**
- Nov 2020: Launch of **Suburban Build to Rent** business

Covid impact on CALA

- Paused construction and sales activity Mar-June last year
- Adapted construction to adhere to social distancing rules
- Strong rebound in 2H (pent-up demand/stamp duty discount)
- 2020 impact: revenue reduced by £407m, EBIT by £84m
- Strong forward sales position for 2021. 55%[1] sold for the year





Numbers from 2018 onwards are presented in calendar years, whereas actual results prior to 2018 are to June each year
The profits LGC recognise are lower than EBIT, given the inclusion of finance costs and acquisition adjustments
Revenue includes income from joint ventures
1. Forward sold % exclude Cala Affordable homes

We have made a good start against our five year ambitions

Cumulative (£bn)	2020-2024	2020
Cash generation[1]	8.0-9.0	**1.5**
Capital generation[2]	8.0-9.0	**1.5**
Dividends[3]	5.6-5.9	**1.0**
Capital generation[2]		1.5
New business strain		(0.3)
Dividends paid		(1.0)
Net surplus generation[4]		**0.2**

- Over the period 2020-2024[4] our ambition is for:
  - – Cash and capital generation to significantly exceed dividends
  - – EPS to grow faster than dividends
  - – Net surplus generation (i.e. including new business strain) to exceed dividends

1. Cash generation is IFRS Net release from operations (excluding non-BAU mortality releases)
2. Capital generation is Solvency II operational surplus generation
3. Dividends declared. The target range is based on a flat final 2020 dividend, and 3-6% annual growth thereafter
4. The ambition is based on the aggregate performance over a five-year period. Performance may vary from year to year and individual statements may not be met in each year on a standalone basis

Financial highlights
Resilient through uncertainty

Jeff Davies
Chief Financial Officer

Financial highlights: A pause year

Metric	2019	2020	%
Operating profit from continuing divisions (£m)	2,485	**2,422**	**(3)**
Discontinued operations (£m)	11	**34**	
Operating profit from divisions (£m)	2,496	**2,456**	**(2)**
Group debt costs (£m)	(208)	(233)	
Group investment projects & expenses (£m)	(157)	(155)	
COVID-19 costs (£m)	-	(27)	
Operating profit excluding mortality release (£m)	2,131	**2,041**	**(4)**
Mortality release (£m)	155	**177**	**n/a**
Operating profit (£m)	2,286	**2,218**	**(3)**
Investment & other variances (£m)	(174)	**(430)**	
Of which: LGI (largely from the formulaic impact of UK and US rates)	*(234)*	***(459)***	
Profit before tax (£m)	2,112	**1,788**	
Earnings per share excluding mortality release & Mature Savings gain on disposal (p)	28.66	**19.84**	
Return on equity (%)	20.4	**17.3**	
SII operational surplus generation from continuing operations (£bn)	1.5	**1.5**	**4**
SII coverage ratio (%)	184	**177**	

LGR: Consistently delivering despite challenging environment

Financial Highlights	2019	2020
Operating profit excl. mortality release (£m)	1,414	**1,554**
- LGR Institutional	1,116	**1,229**
- LGR Retail	298	**325**
Profit before tax excl. mortality release (£m)	1,457	**1,573**
Mortality release (£m)	155	**177**
Total LGR new business (£m)	13,327	**10,544**
- LGR Institutional	11,392	**8,843**
- LGR Retail	1,935	**1,701**
Total annuity AUM (£bn)	75.9	**87.0**
Of which: Direct investments (£bn)	21.6	**24.7**
Solvency II New business value[1] (£m)	890	**901**
Solvency II New business margin[1] (%)	7.9	**10.6**

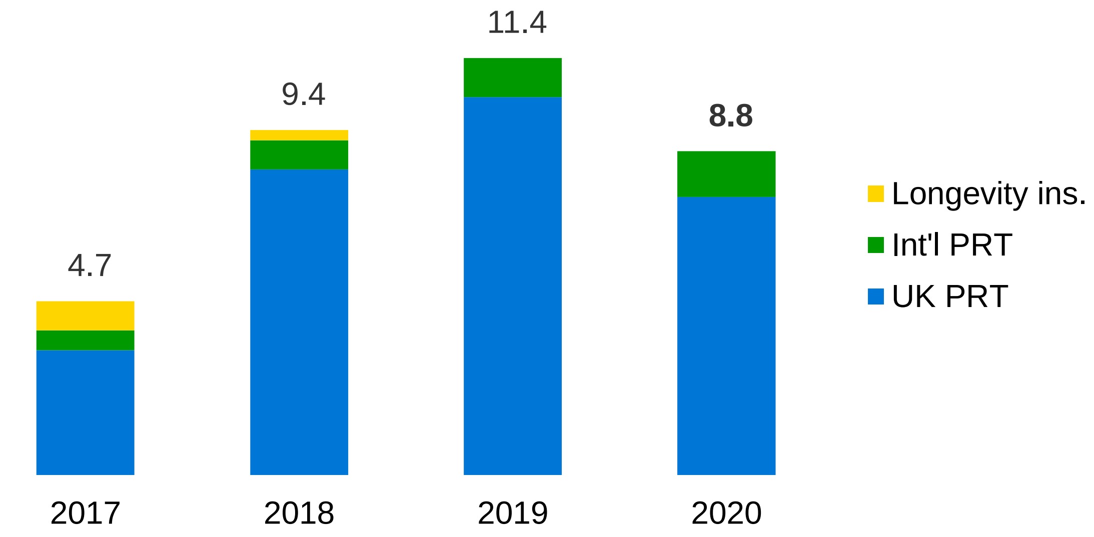
- **Operating profit of £1,554m up 10%**, reflecting:
  - Release from operations grew 10% reflecting the scale of the business as prudential margins unwind from the growing backbook
  - PRT new business volumes of £8.8bn, Individual annuity volumes of £910m and Lifetime mortgage and Retirement interest only mortgage advances of £791m
  - Volumes for Individual annuities and Lifetime mortgages temporarily impacted by Spring lockdown measures. Positive signs of recovery for both markets over H2
  - Entered 2021 strongly and delivered good volumes despite the lockdown, although uncertainty remains in the outlook
  - Heavier mortality experience as a result of COVID-19
  - Positive variances driven by assumption changes
- UK annuities achieved a 10.6% Solvency II new business margin. UK PRT capital strain was less than 4%

1. UK business only

LGRI: Active PRT market with attractive margins. Five year ambition of £40-50bn UK PRT remains

Total Sales (£m)	2019	2020
UK PRT[1]	10,325	**7,593**
US PRT	893	**1,250**
Other International PRT	174	**-**
Total LGRI New Business	11,392	**8,843**

LGRI New Business (£bn)

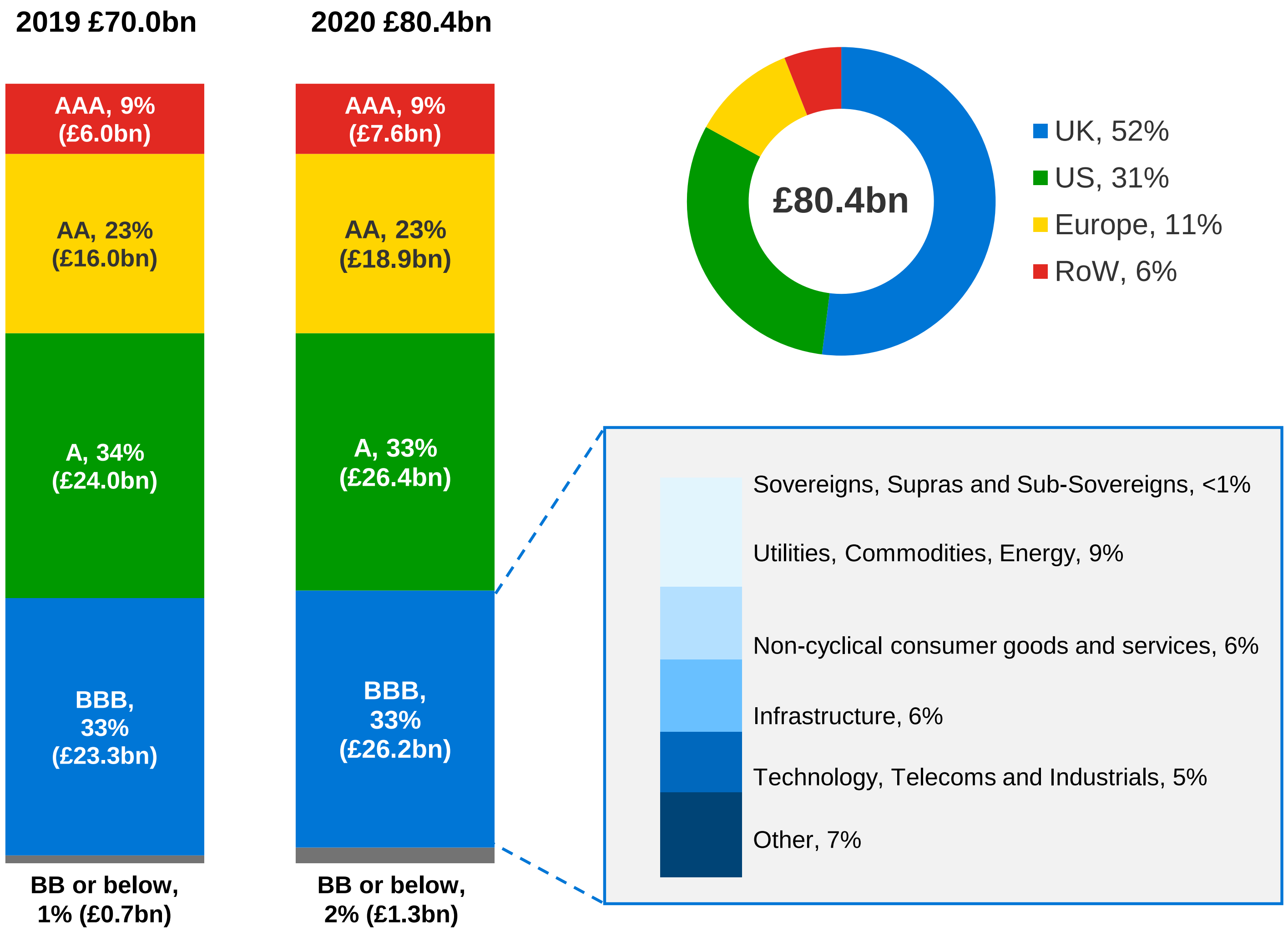


- Despite COVID-19, **2020 was the second largest year on record, with c.£30bn of UK PRT, highlighting the resilience and strong appetite in this market**
- **£8.8bn premium for global PRT** across 61 transactions, vs. 42 transactions in 2019, demonstrating the resilience of the market and our agile and efficient operating model
  - **£1.1bn** bulk annuity with Maersk Retirement Benefit Scheme covering around 1,900 deferred members and 3,000 retirees
  - A ninth bulk annuity for ICI, one of our largest PRT clients
  - First global transaction simultaneously covering IHS Markit's UK and US pension schemes, followed up by similar transaction with Evonik in H2
  - Continuing to service the whole market, leveraging technological innovation for smaller schemes. Over 65% of transactions were less than £100m
- **Record year in the US**, with premiums up 42% to $1.6bn (£1.3bn), including our largest fully retained transaction ($355m)

1. Includes Assured Payment Policy, Insured Self-Sufficiency premium

LGR: Defensive Bond portfolio – no defaults and limited downgrades to sub-investment grade

LGR Bond Portfolio: £80.4bn



- Defensively positioned, high quality portfolio not materially impacted by COVID-19
- The traded credit portfolio (excluding gilts), which is actively managed, has had **no defaults** and has seen net downgrades to sub-investment grade of 0.9% since the start of COVID-19; compared to the index which saw 1.8%
- As is normal practice, we continue to analyse our BBB exposures, and where appropriate, have taken the opportunity to improve credit quality at attractive pricing levels
- **£3.5bn** IFRS credit default reserve remains unutilised
- Approximately two-thirds **A rated or better**, only 13% of BBB are BBB-
- **19%** of bonds in Sovereign-like assets
- Lower-rated, cyclical exposures kept to a minimum: <1% airlines, hotels, leisure and traditional retail combined
- Geographically diversified portfolio. Non-GBP FX exposure hedged

LGR: Direct Investment portfolio – high quality and diversified counterparty exposure, with 99.9% of scheduled cash-flows paid

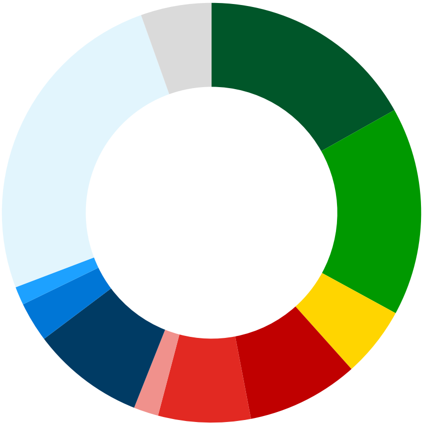
LGR Direct Investment portfolio: £24.7bn, 28% of total LGR assets

Direct investments by type

High quality **Lifetime Mortgage** book: average customer age 73; weighted average loan-to-value of c.31.0%

Across these asset classes, the primary exposure is to high quality counterparties, not to property valuations: 69% of DI portfolio

Direct investments by sector



- The portfolio has continued to perform strongly. **No defaults** and 99.9% of scheduled cash-flows paid, reflecting the high quality of our counterparty exposure
- **Primary exposure is to the underlying high quality tenant** on rental income, e.g. Amazon, not to property risk
- Office Property exposure is primarily:
  - HMRC Buildings
  - Secretary of State
- Limited exposure to affected sectors such as hotels, leisure and non-essential consumer goods c.3%
- Continue to benefit from LGC asset creation via affordable homes and Build-to-Rent

LGIM: Resilient performance with AUM and profit growth

Financial Highlights	2019	2020
Asset management revenue[1] (£m)	912	**956**
Asset management expenses[1] (£m)	(514)	**(549)**
Workplace Savings operating profit (£m)	(4)	**(3)**
Total LGIM operating profit (£m)	394	**404**
Closing AUM (£bn)	1,196	**1,279**
International AUM (£bn)	370	**388**
UK DC AUM (£bn)	94	**113**
Retail AUM (£bn)	39	**42**
Asset management cost : income ratio (%)	56	**57**

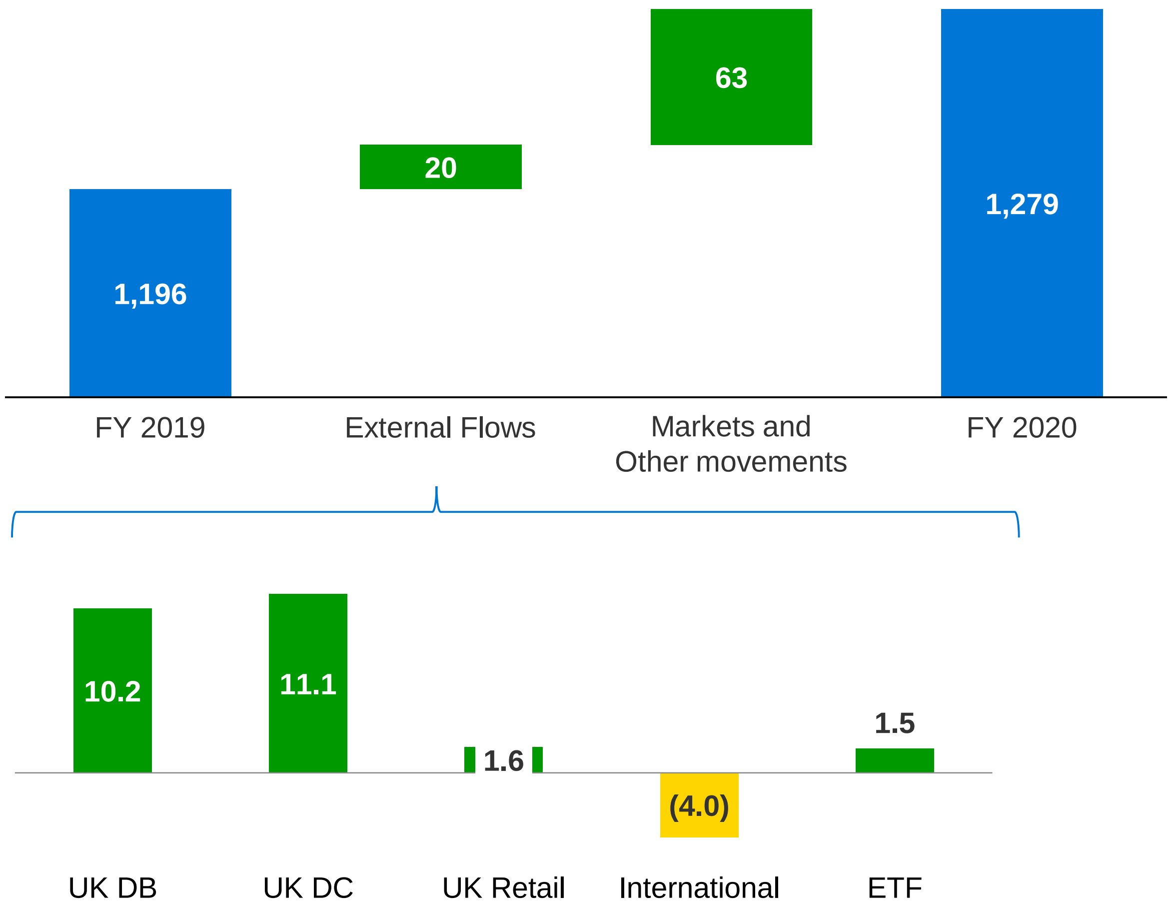
- LGIM continues to build on its credentials as a **responsible investor** and **remains committed to addressing environmental and social challenges**
  - **As at FY20, LGIM managed £207bn** in responsible investment strategies explicitly linked to **ESG criteria**

- Operating profit up **3% to £404m,** reflecting increased revenues from flows and asset values, partially offset by LGIM's continued investment in its growth strategy
- **AUM up to £1.3tn** benefitting from a diversified asset base and positive net flows
  - **International AUM of £388bn**, 30% of total AUM
  - A market leader in **UK DC with £113bn of AUM, and 4m Workplace members**
  - **Retail AUM at £42bn** – positive net flows and top 4 in gross UK retail sales[2] in 2020
- **Cost : income ratio of 57%** reflects this **continued investment** in order to:
  - **Modernise:** We have begun a process of strengthening our global operating platform
  - **Diversify:** Continued product innovation, aligned to client need and with an ESG focus
  - **Internationalise:** Targeted investment internationally with US, Europe and Asia focus
- LGIM continues to be a strong enabler and beneficiary of LGR growth, with internal revenue of £148m (2019: £131m)

1. Revenue and expenses exclude income and costs of £27m in relation to the provision of 3rd party market data (FY 19: £24m)
2. Pridham Report Feb 2021

LGIM: Resilient AUM and positive flows underpinned by diverse asset exposure

AUM progression from FY19



- **Positive external net flows of £20.4bn driven by:**
  - **Strong UK DC external net flows of £11.1bn** with 82 scheme wins in 2020 (64 in 2019)
  - **Strong UK DB external net flows of £10.2bn**, driven primarily by strong inflows of £22.7bn into DB LDI Solutions
  - **Retail net flows of £1.6bn**, driven by developments in product range, distribution and client service
  - **ETF net flows of £1.5bn**, with particular focus on thematic investing, including the launch of a new range of ESG aligned ETFs
- **International** outflows driven by the US, with pension plans rebalancing their portfolios away from fixed income, partially offset by positive net flows in Asia
- LGIM's ambition is to **grow cumulative profits at least in line with the Group's dividend growth rate of 3% to 6%**, absent market shocks

LGC: H2 recovery & continue to build alternative asset platform

Financial Highlights	2019	2020
Operating profit (£m)	363	**275**
- Direct Investments	217	**112**
- Traded portfolio and Treasury	146	**163**
Investment and other variances (£m)	91	**(299)**
Profit before tax (£m)	454	**(24)**
Assets (£m)	8,990	**9,047**
- Direct Investments	2,877	**3,139**
- Traded portfolio and Treasury	6,113	**5,908**
of which: Cash and Treasury assets	3,579	**3,504**

- **Operating profit of £275m,** primarily impacted by a pause in house building activities in H1 2020
- Housing sales made a strong recovery in H2 2020 and demand continues into 2021
- **Profit before tax of £(24)m**, includes the impact of equity market volatility, early stage development costs and asset markdowns, particularly in respect of our two retail assets and a prudent approach in the valuation of realisable yields in some of our housing businesses
- Continuing to prudently develop the Direct Investment portfolio, which is up **9% to £3.1bn**
- **Over the next 3 to 5 years we expect to build our diversified direct investment portfolio up to c.£5bn with a target blended portfolio return of 8% to 10%**

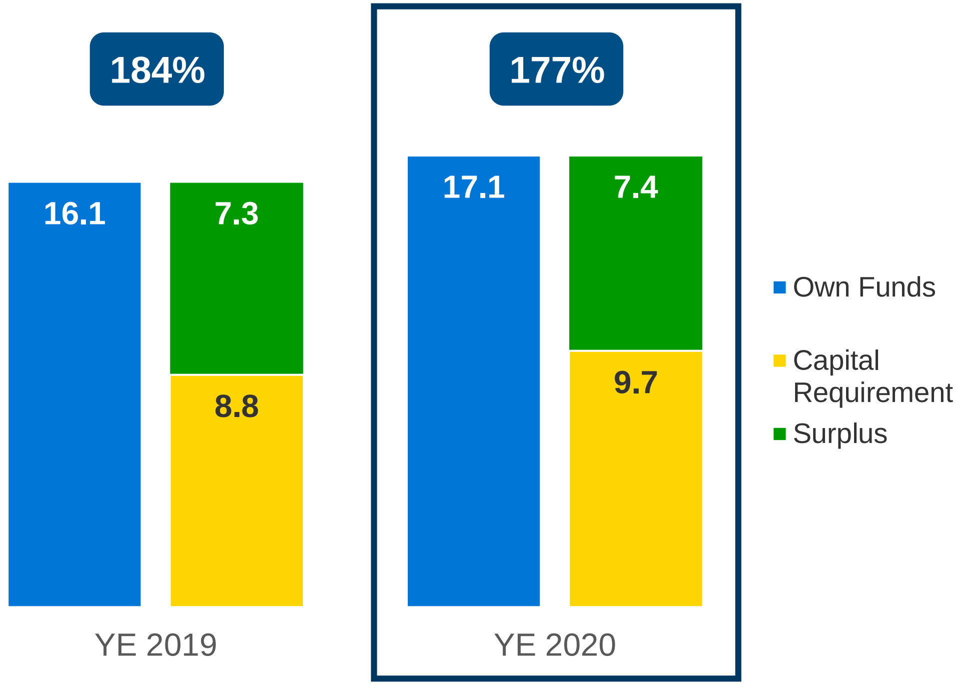
LGI: Supporting customers through unprecedented times

Financial Highlights	2019	2020
Operating profit (£m)	314	**189**
- UK	223	**205**
- US	91	**(16)**
Investment and other variances (£m)	(234)	**(459)**
Profit before tax (£m)	80	**(270)**
Annual premium (£m)	339	**372**
Gross written premium (£m)	2,729	**2,849**
- UK	1,672	**1,756**
- US	1,057	**1,093**
Solvency II New business value (£m)	216	**254**
- UK	122	**160**
- US	94	**94**

- **Operating Profit of £189m,** largely impacted by adverse mortality experience arising as a result of COVID-19
  - **UK Operating Profit of £205m**. Adverse mortality experience in Group Protection, partially offset by strong new business surplus in Retail Protection
  - **US Operating Profit of £(16)m**. Impacted by adverse mortality experience, consistent with the experience across the wider US life sector
  - Total COVID-19 impact of £186m. £76m in respect of 2020 mortality and £110m provision for potential COVID-19 claims in 2021
- Profit before tax down to £(270)m, driven by a formulaic impact on reserves of falling government yields in both the UK and US
- Gross claims of £1,942m paid out over 2020
- **Growth in gross written premium, up 4% to £2.8bn**, despite temporary impacts from lockdown measures in both the UK and US
- **SII NBV up 18% to £254m**, reflecting strong sales in Group Protection and improved margins as a result of business mix and expense efficiencies
- $111m dividend paid by LGIA on 2nd March 2021 (2020: $109m)

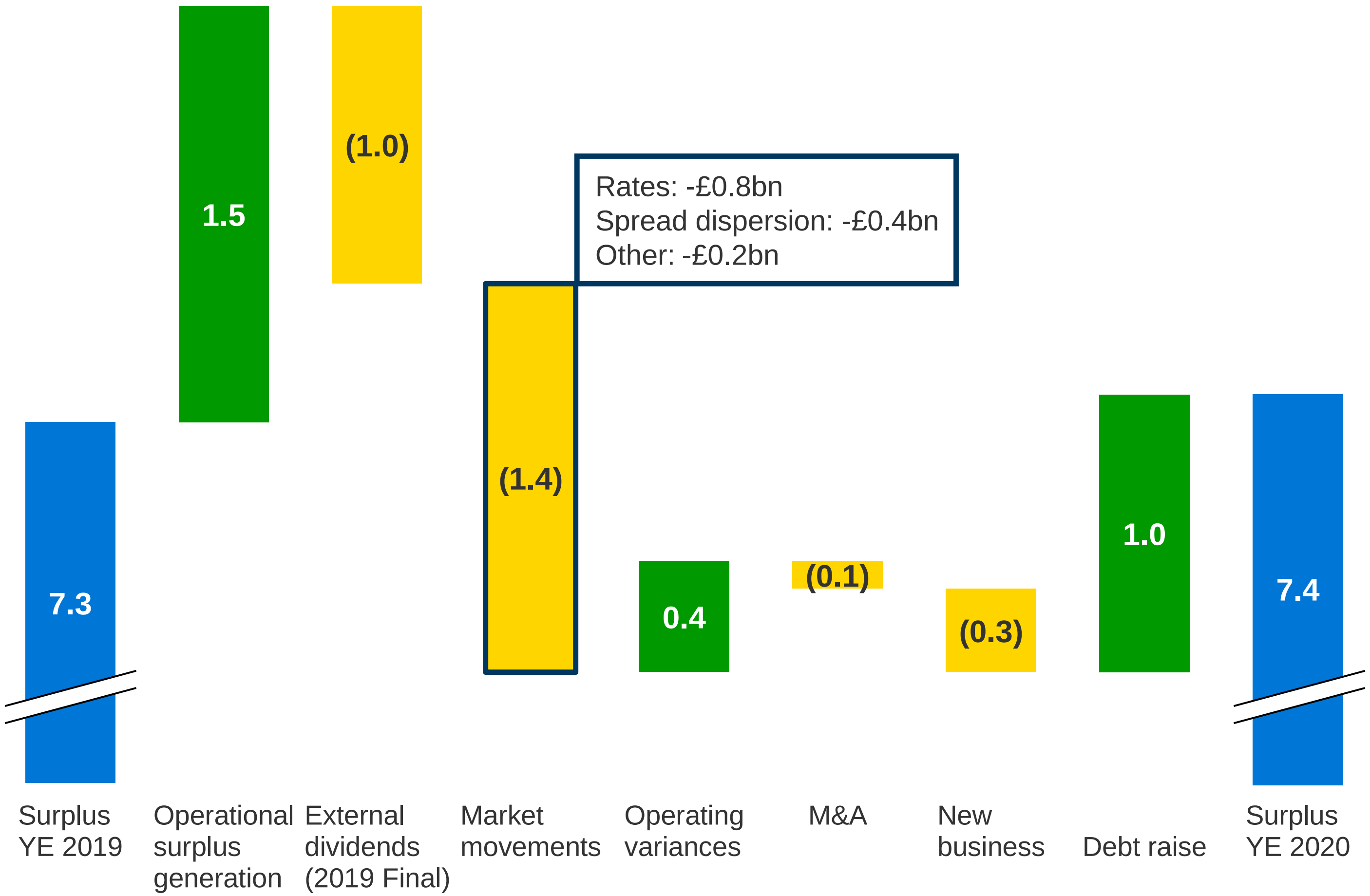
Robust Solvency II Balance sheet

Solvency II Balance Sheet (£bn)



- Solvency II surplus of **£7.4bn**
- Tier 1 Own funds of **£12.8bn (75%)**
- Estimated Coverage ratio as at 5th March was 192%

Solvency II surplus analysis of change (£bn)



Solvency II coverage ratio is on shareholder basis
Operating variances include the mortality release, impact of experience variances, changes to model calibrations, and management actions

Financial highlights

We remain a robust, resilient and relevant business

£2,422m

Operating profit from divisions[1]

2019: £2,485m

17.3%

Return on equity

2019: 20.4%

177%

Solvency II coverage ratio

2019: 184%

£1.5bn

SII operational surplus generation[1]

2019: £1.5bn

- Despite Covid-19 we have delivered a resilient performance, consistent with our five year ambitions
- Our balance sheet has been robust, with SII coverage now estimated at 192%. No defaults within our credit portfolio
- Despite Covid-19 restrictions, 2021 has started well with good levels of new business

1. Excludes discontinued operations and mortality reserve release

Robust, resilient and relevant

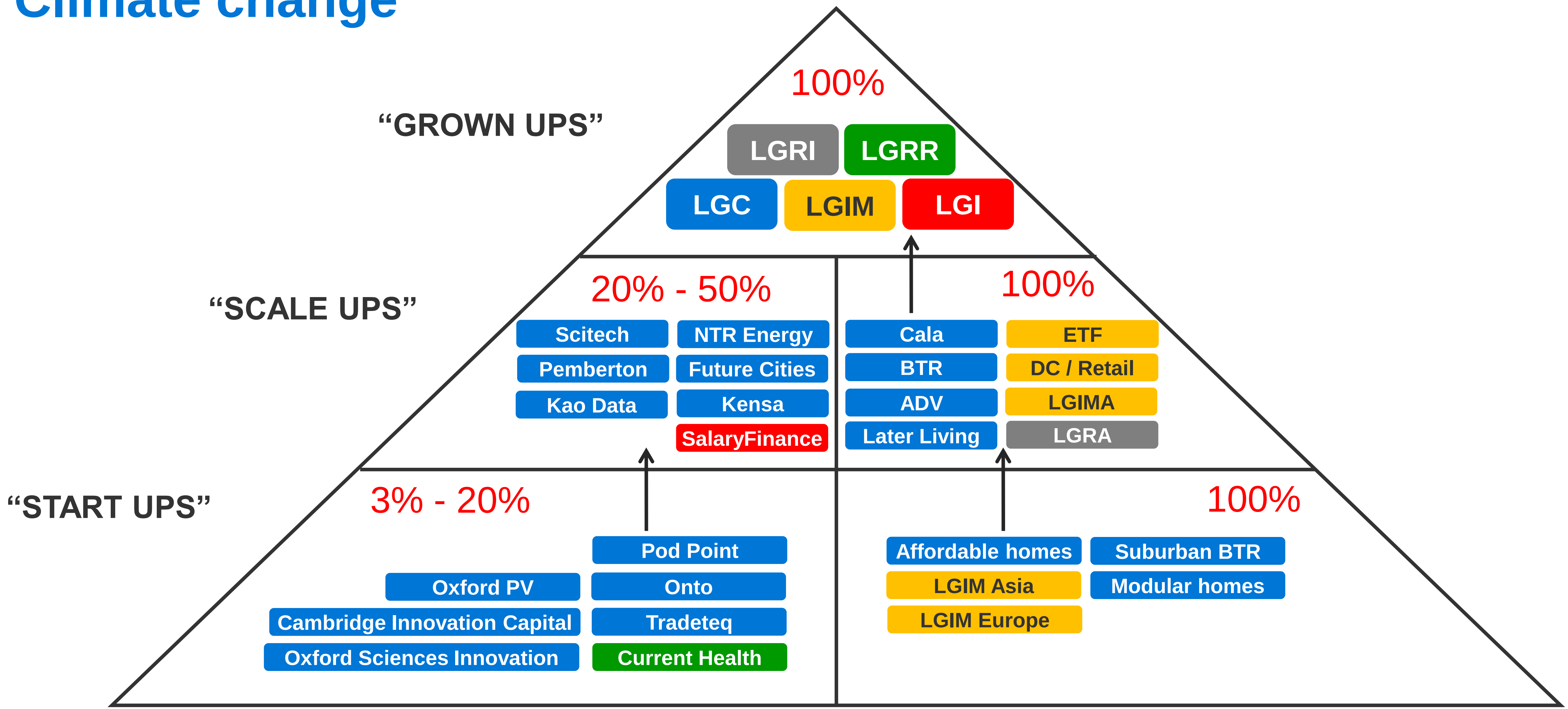
Nigel Wilson
Chief Executive Officer

Each of our businesses contribute to our 5 year growth ambition

We expect Group earnings to be increasingly diversified and less capital intensive

Business	5 Year Ambition
LGRI	• £40-50bn of UK PRT new business volumes (2015-2020: £35bn) • $10bn of international PRT new business volumes (2015-2020: $5bn)
LGIM	• Grow cumulative profits at least in line with the Group's dividend growth rate, absent market shocks • Expand in areas with higher margins
LGC	• Grow alternative assets AUM up to c.£5bn (2020: £3.1bn) • Add £9bn+ of 3rd party capital AUM
LGI	• Sustain UK market leadership via applied technology • Grow US new business premium to £200m (10%+ CAGR) • Achieve double digit growth for fintech businesses
LGRR	• Capitalise on the large and growing UK retirement solutions opportunity: • £40bn of pension savings coming to retirement each year • £1.7tn of UK housing equity owned by over 55s
Climate	• Reduce the number of carbon-intensive companies that we own in our shareholder funds • Develop low-carbon, energy-efficient homes in our housing business (net zero by 2030)

Scaling up businesses of the future with a focus on ESG and Climate change



 Generated £1.5bn of proceeds since 2015 for investment in higher growth and return business

Delivering inclusive capitalism

- We delivered a **robust and resilient** set of results in 2020, and a **dividend of 17.57p per share**
- We have a **clear and compelling strategy** and **set of financial ambitions**
- We have an **established track record of profitable growth**
- **2021 has started well**, with good levels of new business
- We are successfully developing a number of **start-up and scale-up businesses**
- We have a **strong and long-standing commitment to ESG and inclusive capitalism**

2020 Full year results

Delivering value through Inclusive Capitalism

Robust, resilient and relevant