

Sustainable, ambitious, inclusive

2021 Half year results

£1,271m

Operating profit from divisions

H1 2020: £1,128m, **+13%**
H1 2019: £1,154m, **+10%**

22.0%

Return on equity

H1 2020: 6.3%
H1 2019: 20.2%

17.78p

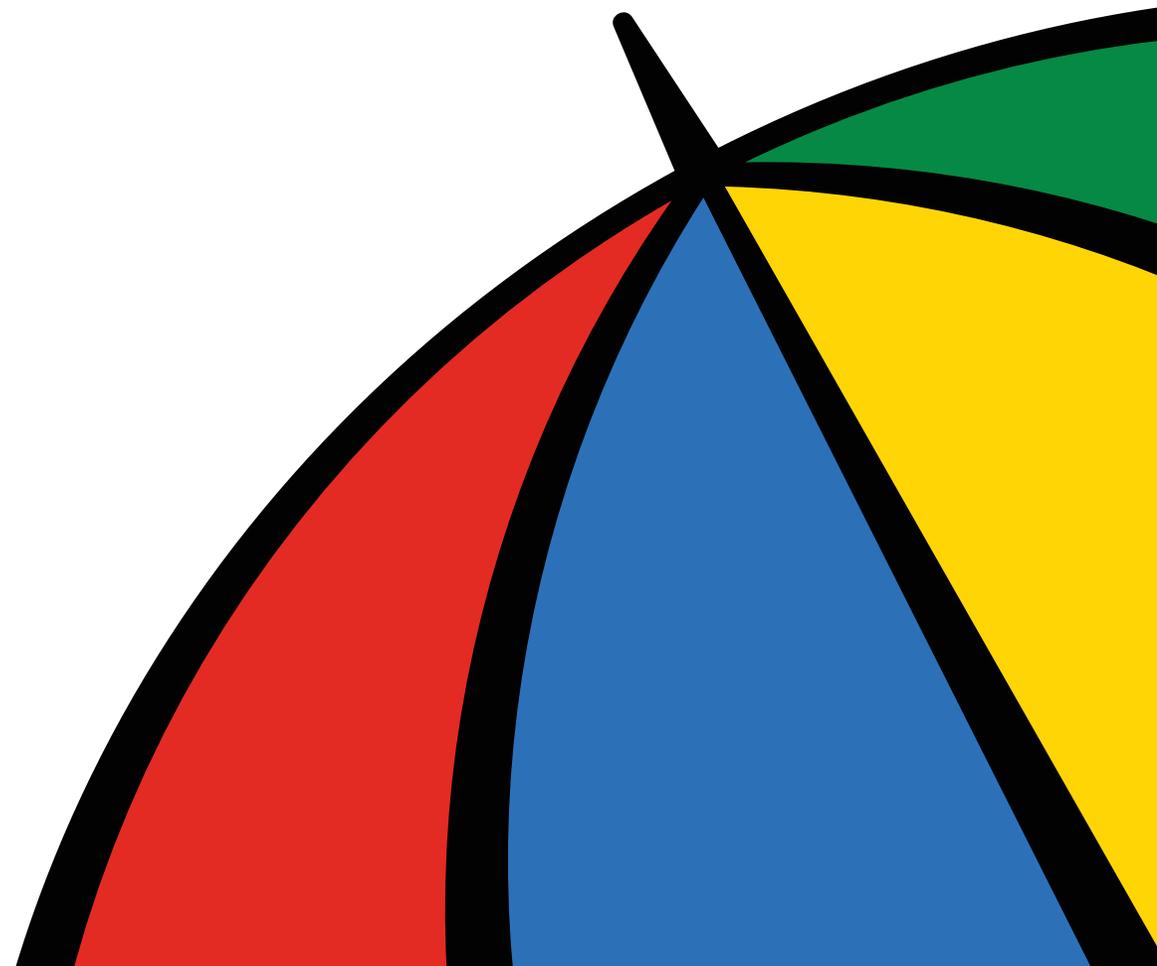
Earnings per share

H1 2020: 4.89p, **+264%**
H1 2019: 14.74p, **+21%**

5.18p

Interim dividend

H1 2020: 4.93p, **+5%**
H1 2019: 4.93p, **+5%**



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.

Sustainable, ambitious, inclusive

Nigel Wilson
Chief Executive Officer



Strong financial performance, well above pre-COVID levels

Strong
profitability...

£1,271m

Operating profit from divisions¹

H1 2020: £1,128m, **+13%**

H1 2019: £1,154m, **+10%**

17.78p

Earnings per share

H1 2020: 4.89p, **+264%**

H1 2019: 14.74p, **+21%**

Supported by a strong
balance sheet...

183%

Solvency II coverage ratio

H1 2020: 173%

H1 2019: 171%

£0.8bn

SII operational surplus generation¹

H1 2020: £0.8bn, **+9%**

H1 2019: £0.7bn, **+11%**

Driving strong
shareholder returns

22.0%

Return on equity

H1 2020: 6.3%

H1 2019: 20.2%

5.18p

Interim dividend

H1 2020: 4.93p, **+5%**

H1 2019: 4.93p, **+5%**

Our portfolio of divisions is delivering growth in operating profits

LGC, LGI and LGRR delivering at least double-digit growth

£m	H1 2020	H1 2021	%
LGC	123	250	103
LGI	88	134	52
LGRR	135	158	17
LGIM	197	204	4
LGRI	585	525	(10)
Operating profit from continuing divisions	1,128	1,271	13

What differentiates L&G from peers?

Unique ability to create and manage assets to deliver retirement solutions

**Leading global
retirement solutions
provider**

Only global provider of end to end de-risking solutions

World class asset manager

Established alternative asset origination capability

Collaborative and entrepreneurial culture

Customer-led approach

Established and action-oriented commitment to ESG

Market-leading InsurTech

Predictable and consistent strong performance over a decade

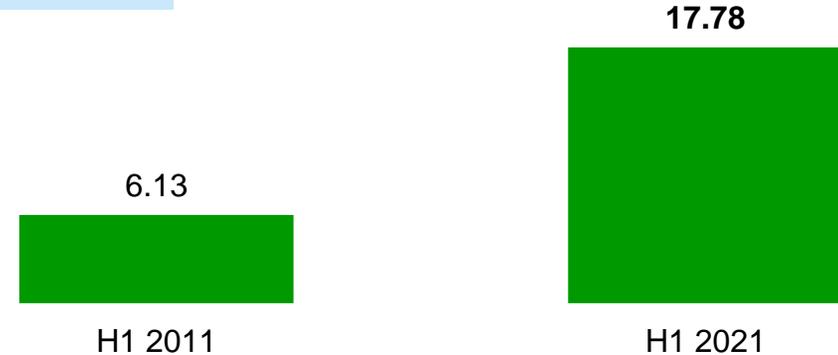
Operating profit from divisions¹ (£m)

9% CAGR



Earnings per share¹ (p)

11% CAGR



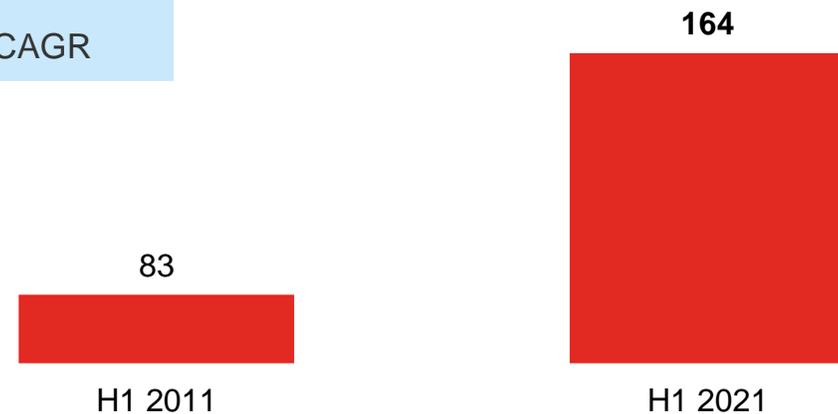
Dividend per share (p)

12% CAGR



Book Value per share (p)

7% CAGR

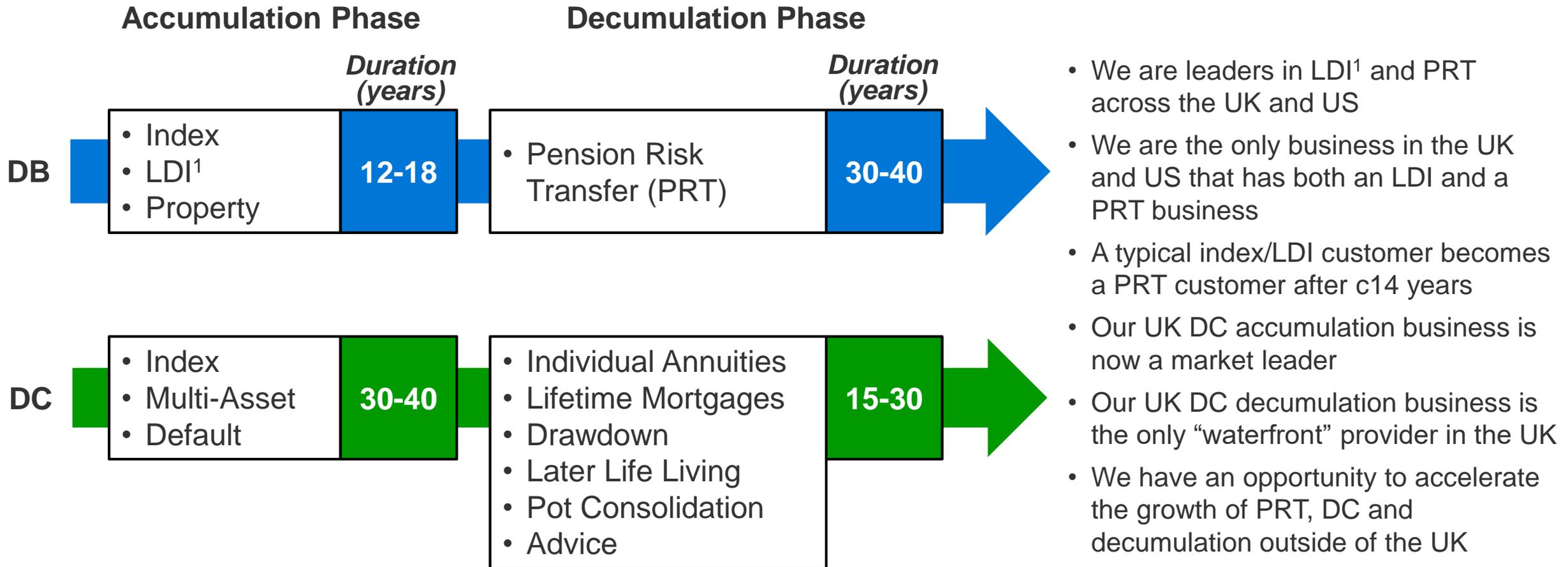


ROE (%)

15.0

22.0

L&G develops long-term client and customer relationships



Long-term, predictable earnings driven by a growing stock of accumulated assets

We have a clear purpose, and a long-term commitment to Inclusive Capitalism and ESG, with a focus on execution

Our purpose

To improve the lives of our customers, build a better society for the long term and create value for our shareholders. We use our long-term assets in an **economically effective and socially useful way** to benefit everyone in society.

ESG approach

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

- How we **invest our £93bn of proprietary assets**¹
- How we **influence as one of the world's largest asset managers** with £1.3tn AUM
- How **our businesses operate**

Environmental

- **Decarbonising the assets on our balance sheet** to align with the Paris objective
- Committed to the **Science Based Target Initiative**
- Investments in **onshore and offshore wind, ground source heat pump technology and electric vehicles**

Social

- Addressing the **affordable housing** shortage, e.g. building 3,000 affordable homes by 2023
- **Housing for the homeless** in partnership with Croydon council
- Creating a **stronger society**, e.g. Advanced Care research investment at Edinburgh University

Health

- Established a partnership with Sir Michael Marmot to **address UK health inequality**
- Continuing to **invest in pioneering health start-ups**, e.g. Current Health
- **£5m gift to Newcastle City Council** to pioneer new post-COVID approach to elderly care

Governance

- **Engaging with investee companies**, e.g. promoting Board diversity, director independence
- **Improving diversity and inclusion** at L&G, e.g. addressing areas of under-representation
- Maintaining focus on our **supply chain, modern slavery, human rights and health & safety**

Long-term, sustainable strategy delivering for our stakeholders

Our business is closely aligned to six long-term, macro growth drivers

Growth drivers	Strategic priorities	Market opportunity	Primary divisions
Ageing demographics	Be global leaders in pensions de-risking and retirement income solutions , building upon success in the UK and US.	\$53tn	LGRI, LGRR, LGIM
Globalisation of asset markets	Build a global asset management business , entering new markets and expanding our existing operations.	\$136tn	LGIM
Investing in the real economy	Be leaders in long-term direct investments , whilst benefitting society through socially responsible investments.	£100bn	LGC, LGRI, LGRR, LGIM
Welfare reforms	Help people take responsibility for their own financial security through insurance, pensions and savings .	£1.9tn	LGI, LGRR, LGIM
Technological innovation	Be market leaders in the digital provision of insurance and other financial solutions.	\$30bn	LGI, LGRR
Addressing climate change	Support the fight against climate catastrophe through the positioning of our own investments , our influence as one of the world's largest asset managers and by managing our own operational footprint .	\$20tn	All

Willis Towers Watson, Global Pensions Asset Study, 2021: \$53tn of global private DB and DC pension assets; BCG Global Asset Management 2021: \$136tn global AUM by 2024e; 400k homes to be built in the UK per annum by 2025; £1.9tn of UK DC assets and UK ISA AUM by 2025e; \$30bn US retail protection market by 2025e; \$20tn of investment needed by 2025 to achieve global net zero emissions by 2050; Investing in the real economy: £100bn market opportunity assumes 400k homes x £250k average selling price

We have a number of attractive growth opportunities

Global PRT

High growth, low penetration

- Global DB market c\$25tn
- **LGR** UK annuity portfolio to be self-financing at c£100bn (next 3-5 years)
- Expanding in US / Canada / Europe

Ambition: £40-50bn UK PRT, \$10bn International PRT by 2024

DC Pensions

High growth, medium penetration

- Global DC market c\$28tn
- UK DC assets expected to double by 2028 to c£955bn
- **LGIM** the UK market leader in DC

Increase UK decumulation share by combining best of LGIM and LGRR

LGC Alternative AUM

High growth, low penetration

- Increase **LGC** capacity in climate, housing (all classes), infrastructure, SciTech, SME finance
- Accelerate through third party capital

Targeting c£20bn alternative AUM by 2025 (£5bn internal, >£14bn third party)

LGIM Real Assets

High growth, medium penetration

- Global Real Assets AUM to grow 20% by 2025
- **LGIM** the UK market leader in Real Estate equity
- Increase LGIM blended fee rate

Expand Private Credit, ESG, long-lease equity products; optimise LGC linkage

Digitise US Term Life

Medium growth, low penetration

- US market in-force premium c\$27bn
- Fragmented, analogue market – **LGI** disrupting with tech (Horizon)
- Scaling-up high growth transformative US/UK fintech, e.g. Salary Finance

Grow US NB premium to £200m by 2025, double digit growth in fintech

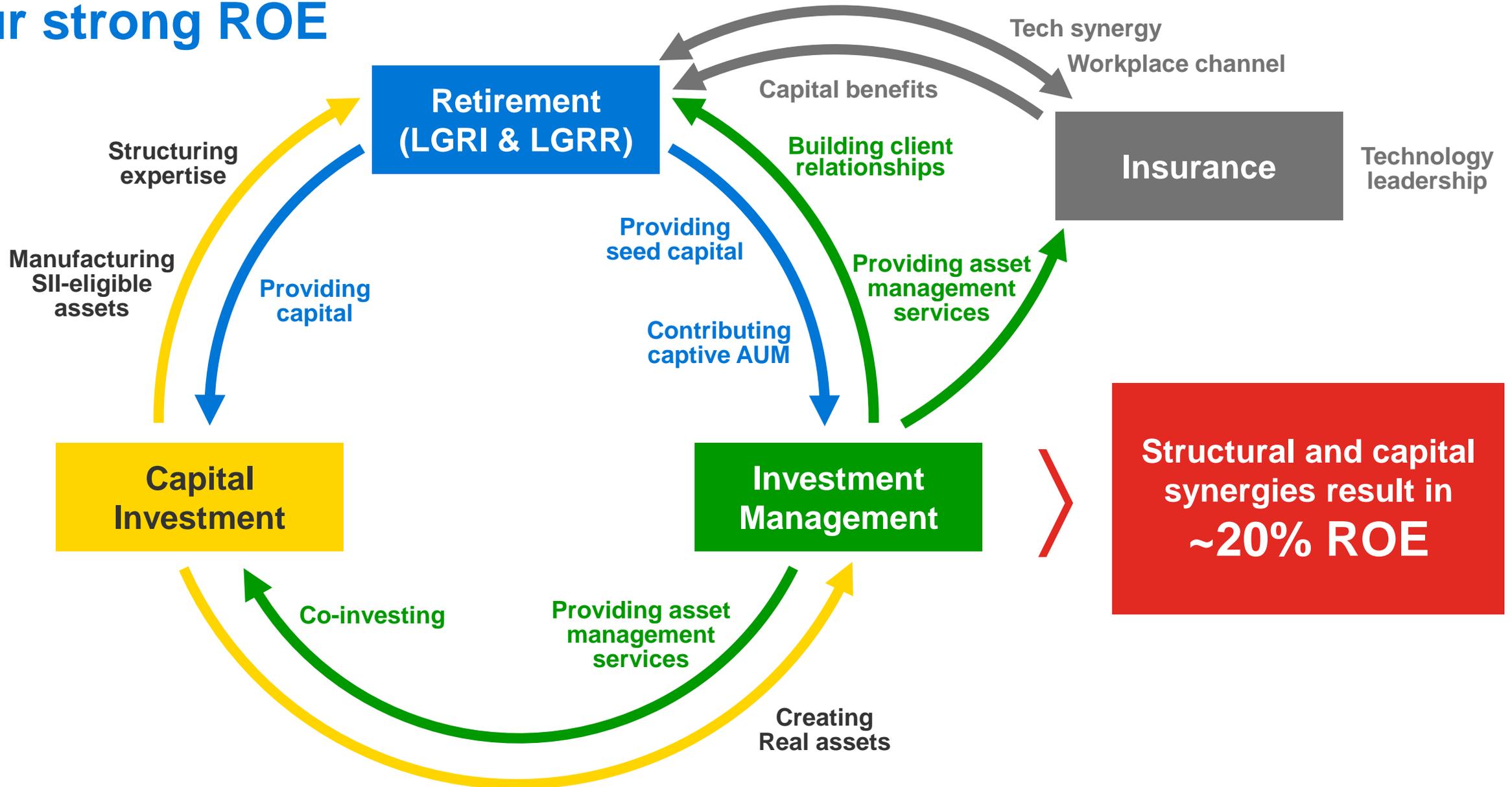
China entry

High growth, low penetration

- Kerrigan Procter appointed L&G Asia President in March 2021
- Establish L&G presence in domestic pension market, e.g. through JVs

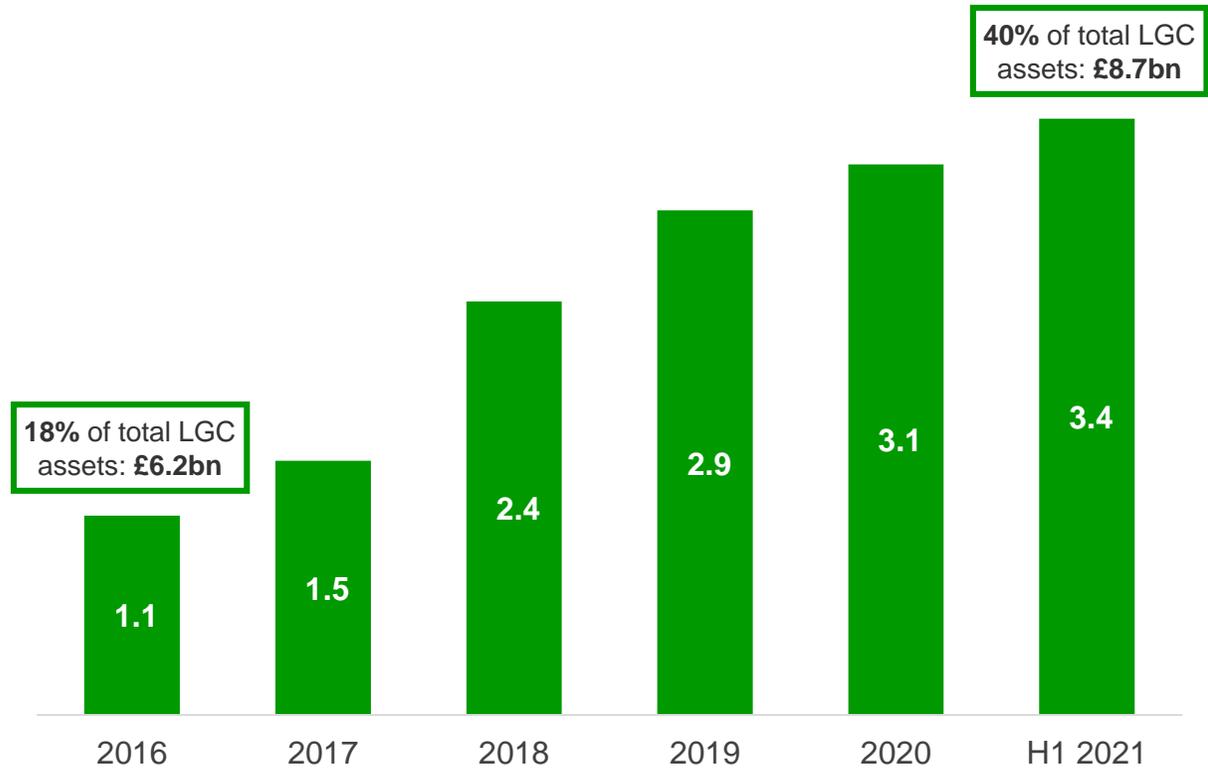
Establish asset management and pension businesses in China

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

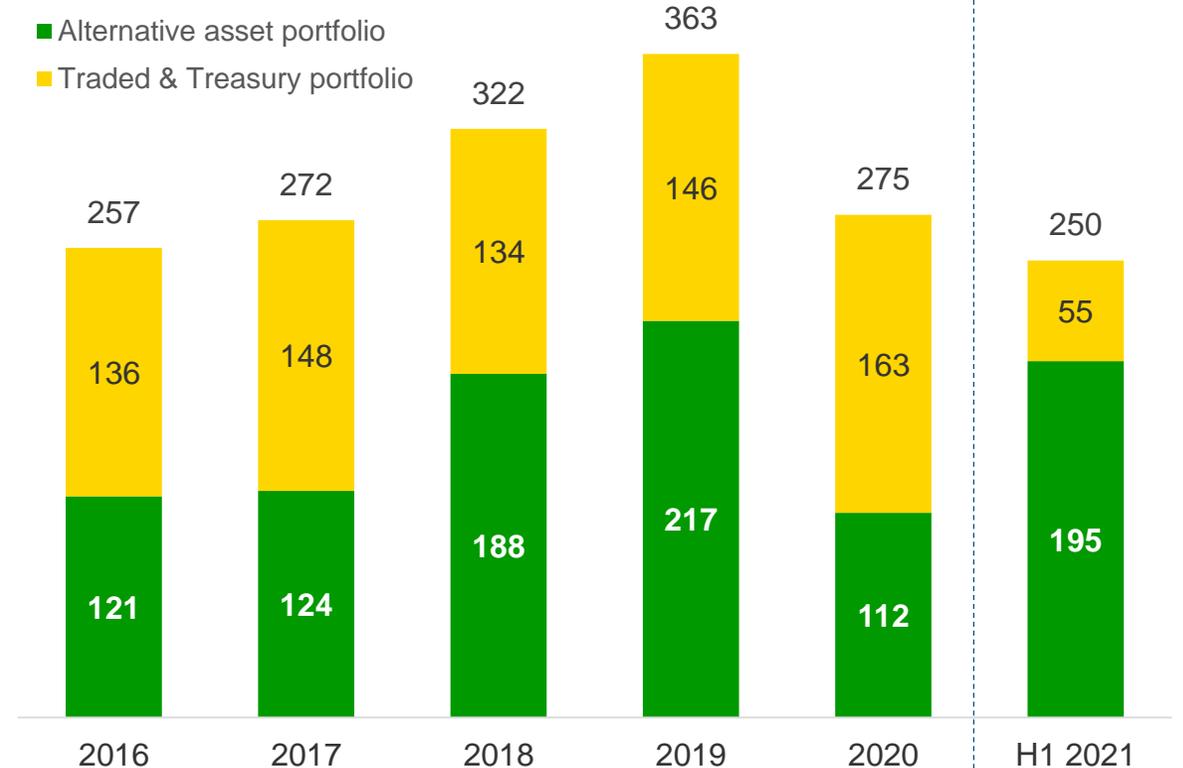


LGC is successfully growing its Alternative Asset portfolio

Alternative AUM (£bn)

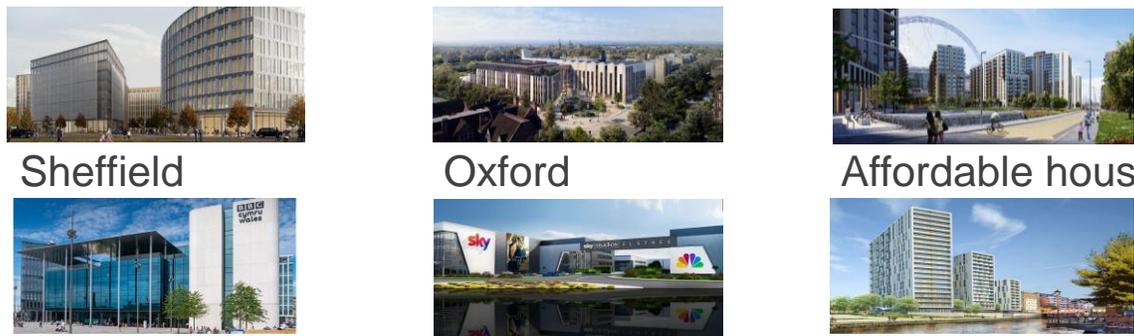


LGC Operating profit (£m)

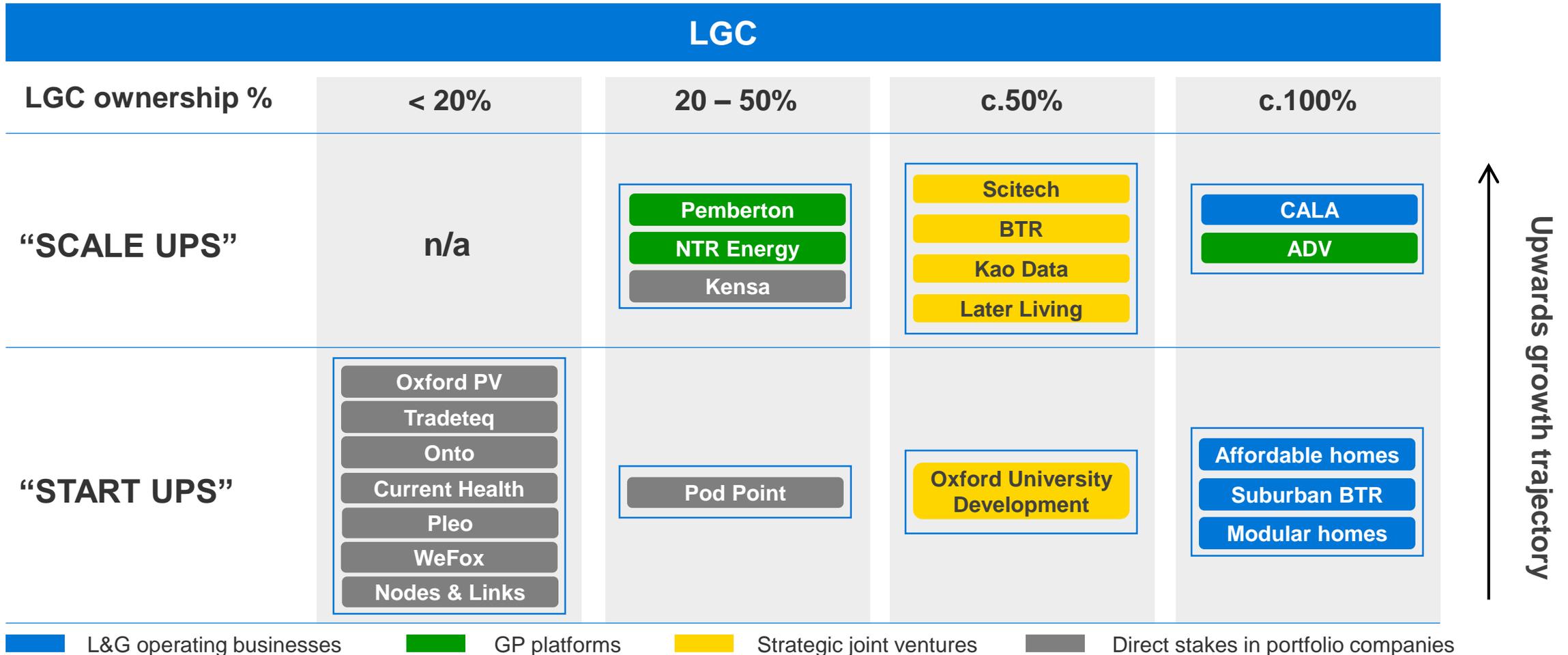


Targeting c£5bn of Alternative AUM by end-2025 (H1 2021: £3.4bn)

LGC is the Group's asset origination engine, creating assets for LGR and attracting third party capital

Sources of capital	Example projects, partnerships and platforms	Committed capital / identified projects*
<p>LGR</p>	 <p>Sheffield Oxford Affordable housing</p> <p>Cardiff Sky studios Build to rent</p>	<p>£10bn</p>
<p>Third Party Capital</p>	 <p>PEMBERTON NTR UNIVERSITY OF OXFORD PGGM MANCHESTER 1824 NatWest Group Pension Fund bruntwood</p>	<p>£13bn+</p> <p>£1bn+</p>

LGC's asset creation platforms are a source of significant future growth and incremental value to the Group



L&G operating businesses
 GP platforms
 Strategic joint ventures
 Direct stakes in portfolio companies

Oxford PV: Leaders in perovskite solar technology
Tradeteq: A technology platform to negotiate, analyse, and manage trade finance investments
Onto: Electric car subscription service
Current Health: Enhances patient access to virtual care, with easy-to-use monitoring solutions
Pleo: Offers smart company cards that automate expense reports and simplify company spending
WeFox: Digital Insurance services (motor, household and personal liability) on your smartphone
Nodes & Links: A technology company that works with global leaders in the project delivery space

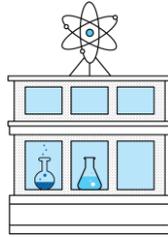
Pemberton: A leading European private debt manager investing in non-investment grade debt on behalf of institutional investors
NTR Energy: Constructs and manages sustainable infrastructure assets investing in clean energy, water treatment and recycling
Kensa: Manufactures and installs ground source heat pumps
Pod Point: UK leaders in electric vehicle charging
BTR: Build to Rent
KAO Data: Develops and operates advanced data-centres
ADV: A patient venture investor, making long-term investments in technology companies

LGC is “Building Back better” and “Levelling Up”

Creating real assets that deliver a positive **social** and **environmental** impact

Transforming the built environment

c.£1bn invested in 16 UK towns and cities, with extensive pipeline and further c.£6bn committed through university partnerships in Oxford, Manchester and Newcastle



Backing digital infrastructure

KAO Data is one of the largest data centres in the UK and is committed to running on 100% renewable energy

Developing world-class sci-tech innovation districts

Bruntwood SciTech's 2.5m sqft portfolio is home to 500+ innovation companies



Supporting UK innovation and investing in the real economy

Our Venture Capital platforms back over 300 start-up businesses

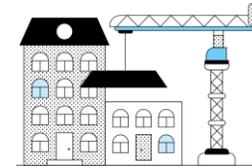
Specialist commercial real estate

Our investments in the last 6 months are set to create **c.19,500 jobs**



Helping our ageing population live better and longer

Through Inspired Villages, we are saving the NHS £3.2m and freeing up thousands of hospital beds p.a.



Tackling poor housing in areas that need it most

Affordable Homes pipeline stands at over 6,000 homes

Residential property

Redefining rental housing

c.5,600 homes in operation or development across the UK

Creating energy efficient homes of the future

Commitment to deliver net zero carbon new homes from 2030



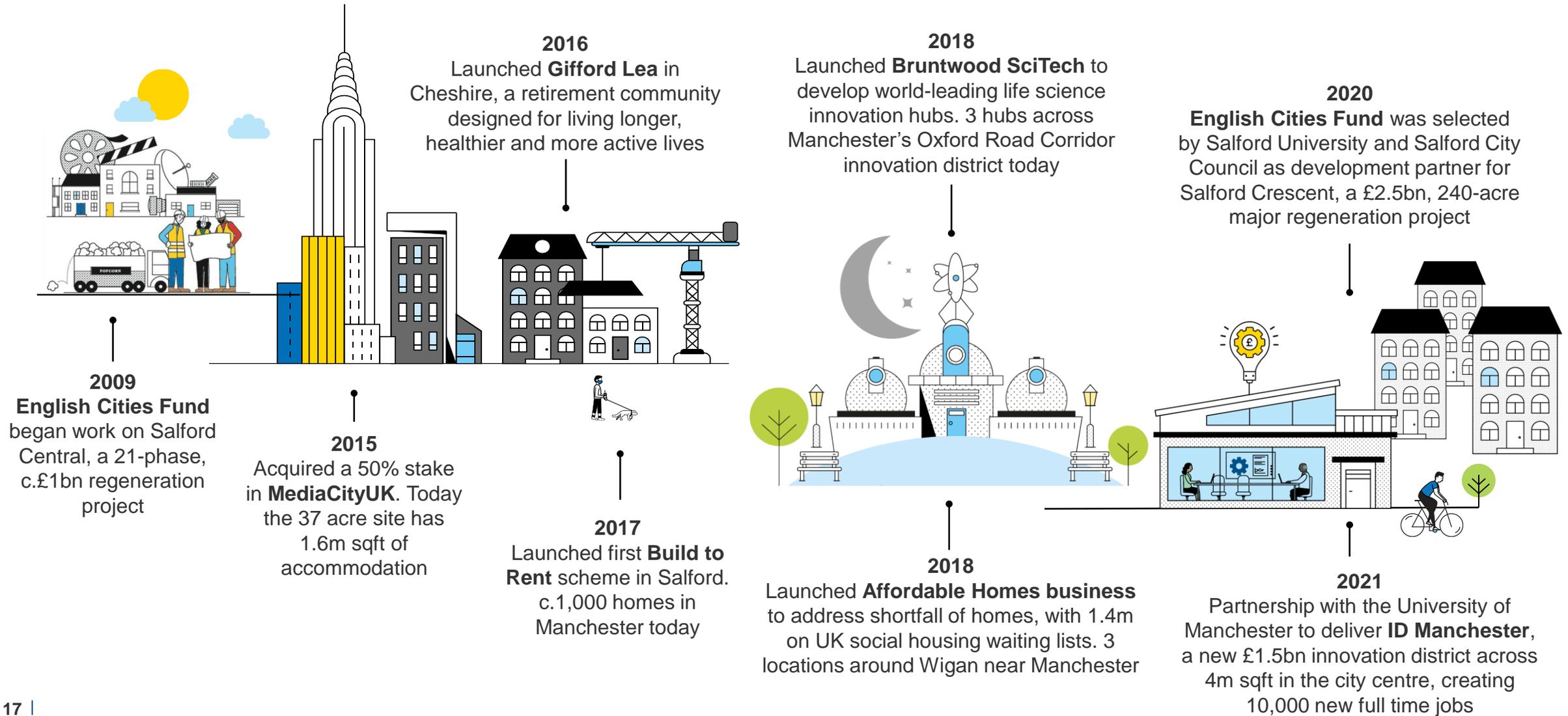
Clean energy

Addressing climate change

Investing in innovation, clean tech and renewable infrastructure, employing more than 400 skilled workers in the UK green economy

Case Study: Manchester, c.£3bn capital committed

We've been investing in Manchester for more than a decade. We've just announced a new £1.5bn innovation district in the city centre, in partnership with the University of Manchester



Case study: Pod Point

Our investment in Pod Point is helping to scale the infrastructure for Electric Vehicle charging in the UK

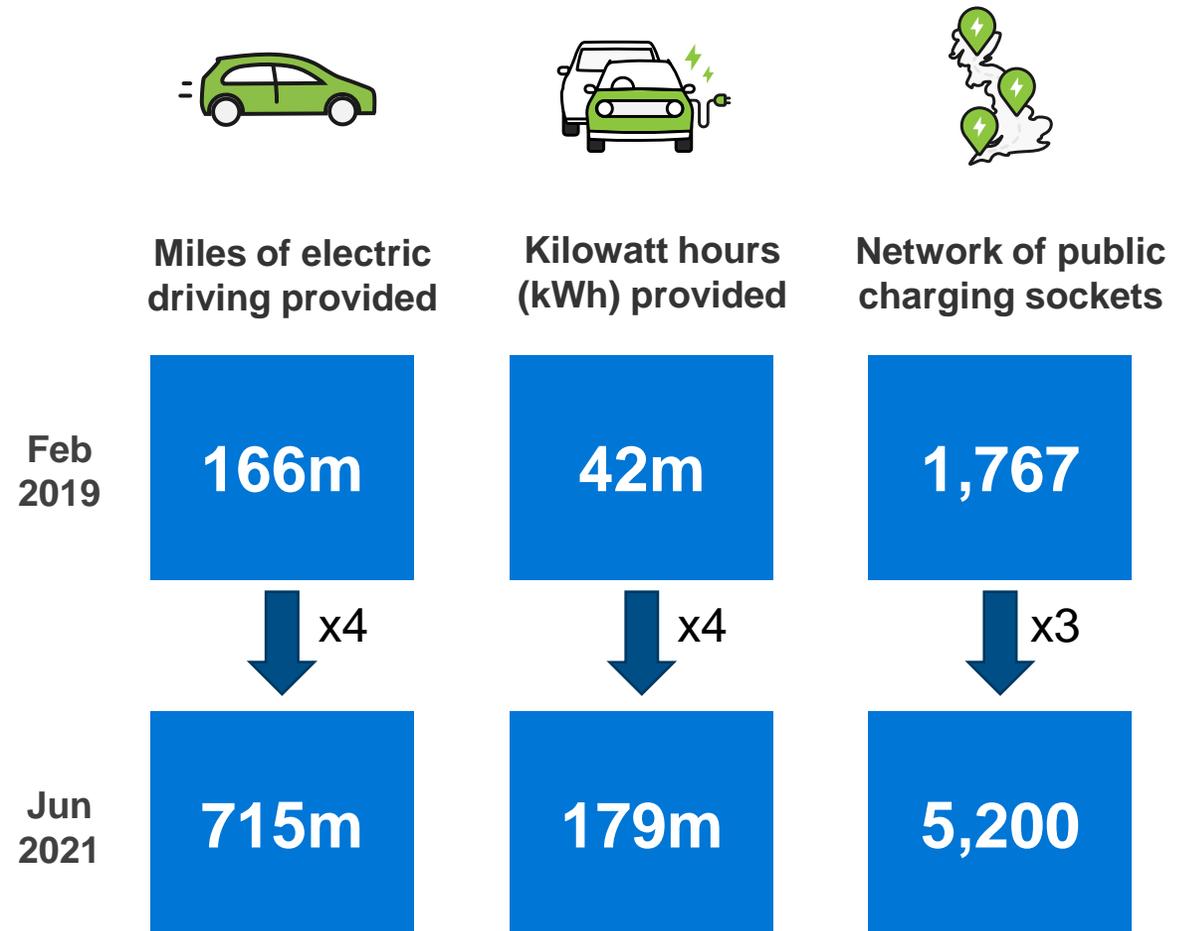
Supporting UK net zero transition

- L&G took a c13% stake in Pod Point in Feb 2019 to access and help scale the electric vehicle (EV) charging infrastructure market, increasing to c22% in Feb 2020 through a joint venture with EDF
- Pod Point is scaling up rapidly, with significant growth since our investment, driven by increasing consumer interest in EVs
- Future market growth is supported by the UK Government's 2030 target for banning the sale of new petrol and diesel vehicles, and 2035 target for phasing out hybrids
- A zero emission-capable new car market in the UK is estimated to require 1.7 million public charging points by 2030 and 2.8 million by 2035 (up from c20,000 in 2020)*

Growth through partnerships

- Tesco, in partnership with Volkswagen and Pod Point, is installing free charging points at 600 supermarkets around the UK
- Lidl has partnered with Pod Point to install rapid chargers at 350 stores by 2022
- Pod Point is working closely with property developers and managers like Barratt Homes, Savills and Bellway to wire up schemes, and across the L&G network, including CALA Homes and Inspired Villages

Pod Point growth since investment



Case study: Inspired Villages

Our new JV with NatWest Group Pension Fund will enable us to rapidly scale our Later Living proposition

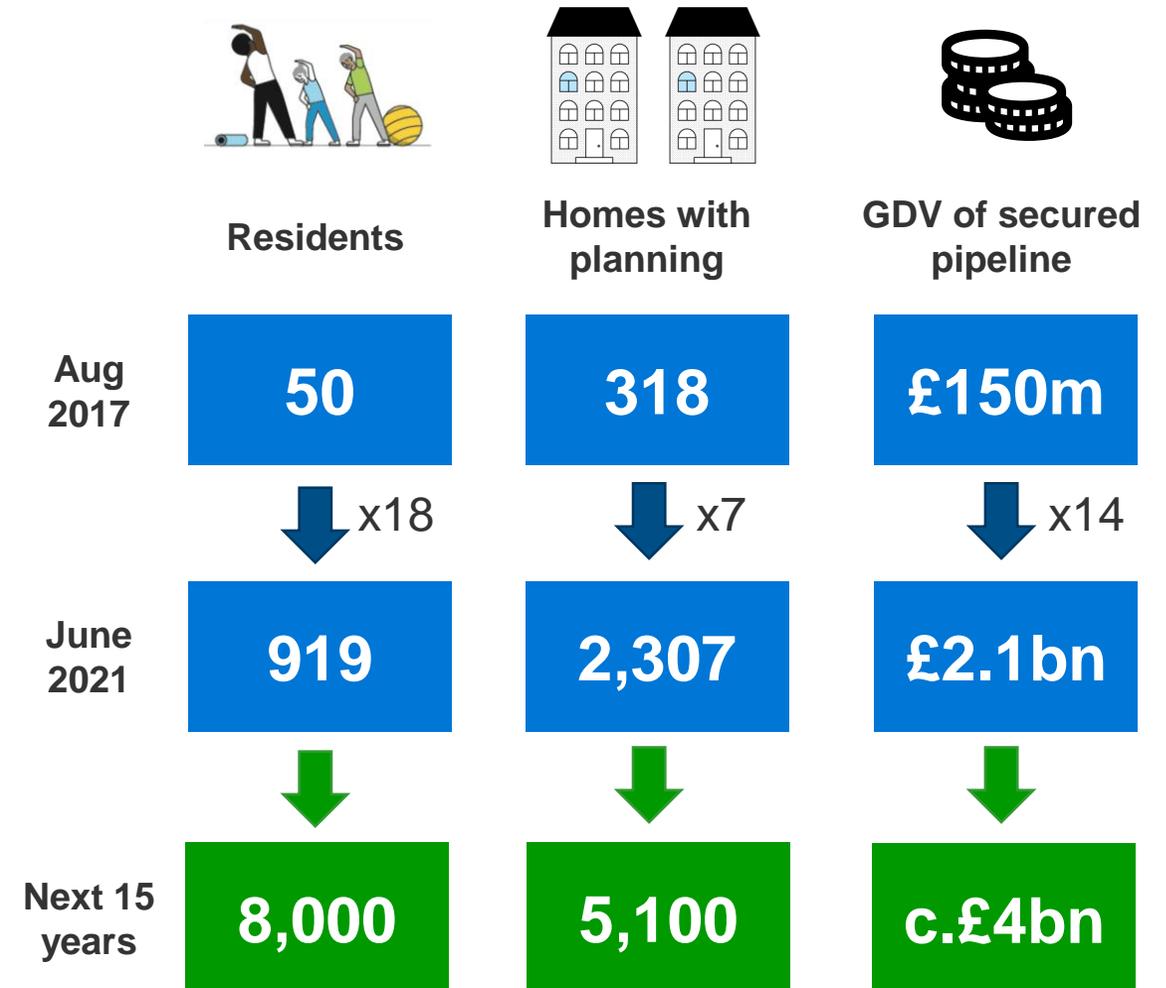
Supporting the UK's ageing population

- L&G established Inspired Villages in Aug 2017 to meet the growing demand for age-appropriate homes. There are an estimated 3.4m last-time buyers currently seeking to downsize
- Inspired Villages is scaling up rapidly, with consent secured for over 1,000 homes since the start of pandemic
- Inspired Villages is benefitting from heightened public awareness of its role in combatting loneliness, promoting good health and providing a safe, protective community
- We have recently broken ground on the UK's first two operationally net-zero carbon later living developments which will create 350+ energy efficient homes

New JV with NatWest Group Pension Fund

- In August 2021 we launched a 15-year, £500m JV with NatWest Group Pension Fund, selling a 50% stake in our first 11 sites
- The JV will enable us to scale up significantly. We have a follow-on commitment to build a portfolio of up to 34 sites, equating to 5,100 homes and a Gross Development Value (GDV) of c.£4bn

Inspired Villages growth since investment



Case study: CALA

We have grown Turnover and PBT by more than five times since we first invested in CALA in 2013

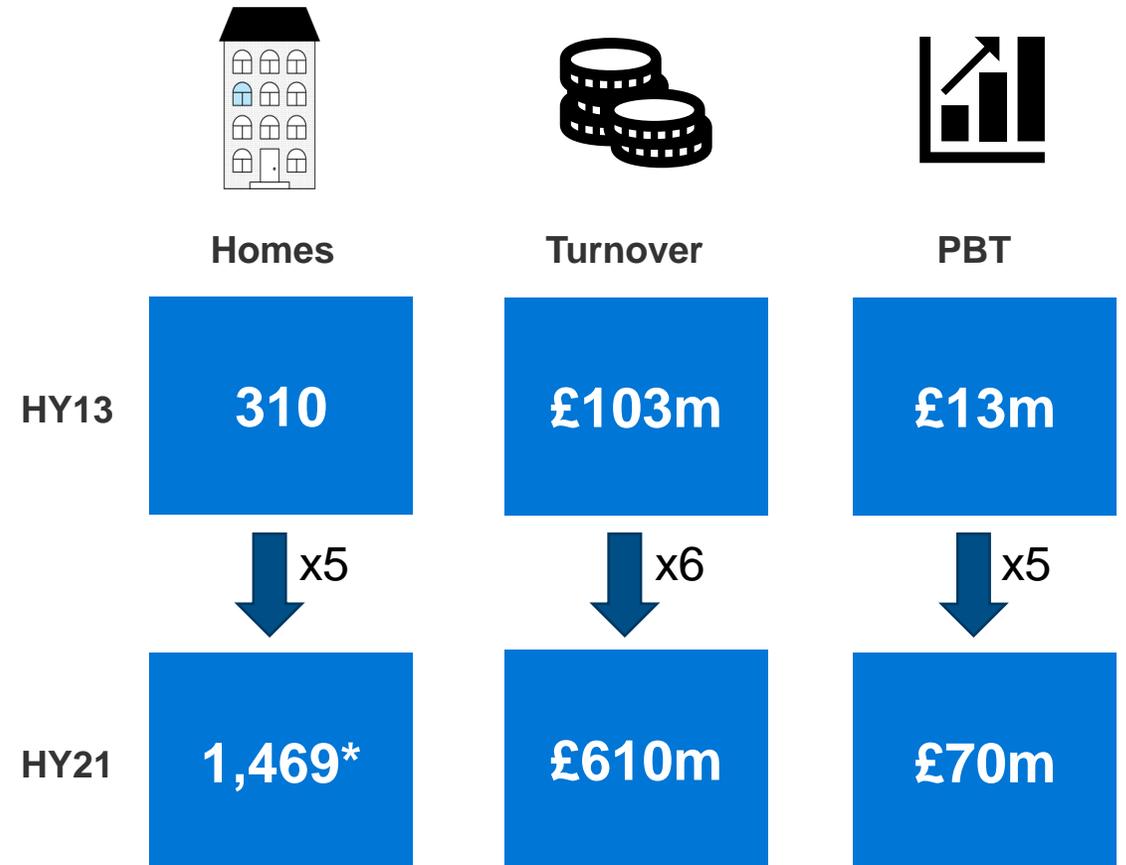
Supporting UK housing delivery

- L&G acquired a 46.5% stake in CALA in March 2013. L&G acquired 100% of CALA in March 2018
- CALA has performed exceptionally in H1 2021, rebounding strongly from 2020 when it was impacted by a pause in construction and sales activity following the first COVID-19 lockdown
- Reservations currently stand at 93% of the full year target, giving confidence in the full year outcome for 2021

Delivering a multi-tenure housing platform

- CALA works closely on larger sites with our other housing businesses, namely Build to Rent and Affordable Homes (which have access to LGR financing) and our Modular housing business. As a result, L&G is able deliver a multi-tenure approach and ensure speed of delivery
- Crowthorne and North Horsham are the first two sites to execute at scale, delivering 1,000 and 2,750 multi-tenure homes respectively, with infrastructure, including road, schools, shops and sports facilities delivered early in the programme

CALA's growth since investment



We look forward to providing further detail on LGC at our Capital Markets Event on 14th October

Financial highlights

Positioned for growth

Jeff Davies
Chief Financial Officer



Strong financial performance

Metric	H1 2019	H1 2020	H1 2021	2019 %	2020 %
Operating profit from continuing divisions (£m)	1,154	1,128	1,271	10	13
Discontinued operations (£m)		26	-		
Operating profit from divisions (£m)		1,154	1,271		10
Group debt costs (£m)		(115)	(120)		(4)
Group investment projects & expenses (£m)		(72)	(72)		-
COVID-19 costs (£m)		(21)	-		
Operating profit (£m)	1,005	946	1,079	7	14
Investment & other variances (£m)		(661)	241		
<i>Of which: LGI (largely from the formulaic impact of UK and US rates)</i>		(483)	230		
Profit before tax (£m)	1,053	285	1,320	25	
Earnings per share (p)	14.74	4.89	17.78	21	
Return on equity (%)	20.2	6.3	22.0		
SII operational surplus generation from continuing operations (£bn)	0.7	0.8	0.8	11	9
SII coverage ratio (%)	171	173	183		

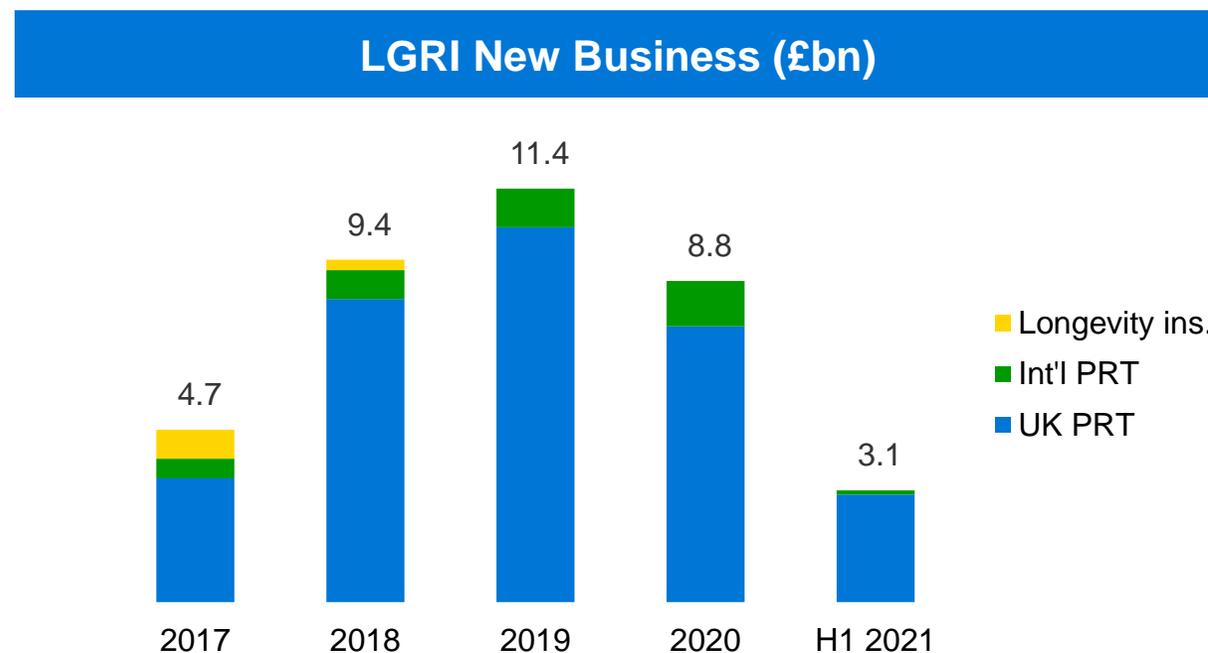
LGR: Consistently delivering strong profits

Financial Highlights	H1 2020	H1 2021
Operating profit (£m)	720	683
- LGR Institutional	585	525
- LGR Retail ¹	135	158
Profit before tax¹ (£m)	793	788
Total LGR new business (£m)	4,207	3,969
- LGR Institutional	3,424	3,072
- LGR Retail	783	897
- Workplace Savings net flows ¹ (£bn)	2.4	6.0
Total annuity AUM (£bn)	80.7	85.8
Of which: Direct investments	23.6	25.8
Solvency II New business value ² (£m)	382	274
Solvency II New business margin ² (%)	10.6	8.4

- **Operating profit of £683m**, reflecting:
 - Release from operations up 6%, reflecting the scale of the business as prudential margins unwind from the growing back book
 - PRT new business volumes of £3.1bn written at good margins, despite the market experiencing a relatively quiet start to the year
 - Individual annuity volumes of £483m, up 15% and Lifetime mortgage and Retirement interest only mortgage advances of £414m, up 14%, as retail markets continued to show recovery
 - Late retirement factors assumption change contributed £124m net of tax in H1 2020
- We do not expect an explicit release from the move to the next actuarial table, CMI19, this year, in line with our cautious implementation of CMI18. However, we do anticipate release of this margin to flow through the P&L for the next 2-3 years as we get more clarity on 2020 and 2021 data

LGRI: Successful execution in a slower market

Total Sales (£m)	H1 2020	H1 2021
UK PRT ¹	3,176	2,965
US PRT	248	107
Other International PRT	-	-
Total LGRI New Business	3,424	3,072



- Robust volumes at good margins despite slower start to 2021. **Good UK pipeline for H2, with £2.0bn won or in exclusive negotiations. Total market size of £20-£25bn expected in 2021**
- **£3.1bn premium for global PRT** across 20 transactions
 - c.£800m buy-in with TUI group UK Pension Trust. This transaction marks the Scheme’s first PRT transaction with Legal & General
 - A £925m Assured Payment Policy, our capital-light PRT product, for Legal & General Group UK Pension and Assurance Fund
 - First conversion of an Assured Payment Policy (APP) to a buy-in. A £61m transaction with AIB Group UK Pension Scheme converts c.20% of the original APP transaction
 - 53% of UK transactions were with LGIM clients
- \$149m of US PRT premium written in H1. As normal, higher levels of activity anticipated in H2. 2021 market levels expected to exceed 2020 (\$27bn)
- **Five year ambition of £40-50bn UK PRT and \$10bn of International PRT**

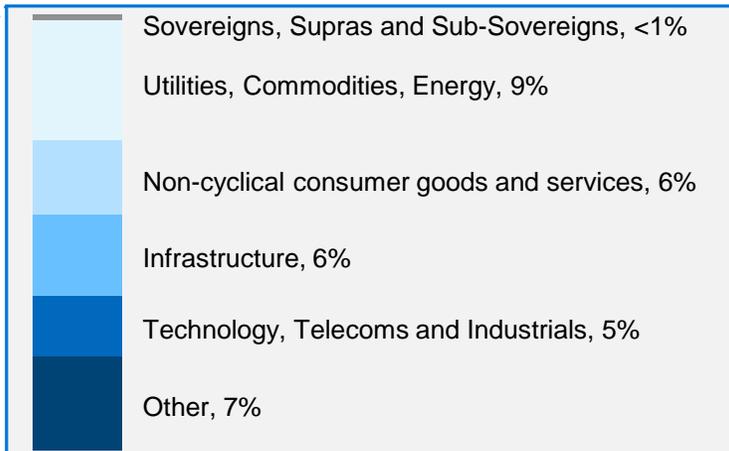
LGR assets: Defensive bond portfolio complemented by high quality, diversified direct investments

LGR Bond Portfolio: £78.2bn

H1 2021 £78.2bn



- Defensively positioned, high quality portfolio. **£3.4bn** IFRS credit default reserve remains unutilised
- Approximately **two-thirds A-rated or better**. Only 13% of BBB are BBB-
- **16%** 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



LGR DI portfolio: £25.8bn, 30% 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: c.70% of DI portfolio

- Bond - Government
- Bond - Economic Infrastructure (incl. renewables)
- Bond - Social Infrastructure
- Bond - Utilities
- Bond - Private Corporate Debt (other)
- Bond - Real Estate (debt)
- Property - Vacant Value
- Property - Fixed Coupon

- No defaults and 99.7% of scheduled cash-flows paid. Primary exposure is to the underlying high quality tenant on rental income, e.g. Amazon, not to property risk
- Originated £1.4bn of new, high quality direct investments during H1 2021. Around two-thirds of portfolio rated 'A' or above
- Continue to benefit from LGC ESG-focused asset creation via affordable homes and Build-to-Rent

LGIM: Profit growth from continued International expansion

Financial Highlights	H1 2020	H1 2021
Asset management revenue ¹ (£m)	467	480
Asset management expenses ¹ (£m)	(270)	(276)
Total LGIM operating profit (£m)	197	204
Closing AUM (£bn)	1,241	1,327
International AUM (£bn)	385	434
UK DC AUM (£bn)	97	125
Retail AUM (£bn)	39	45
Asset management cost:income ratio (%)	58	58

- Continue to build on credentials as a **responsible investor** and **remain committed to addressing environmental and social challenges**
 - **As at H1 2021, £252.3bn managed** in responsible investment strategies explicitly linked to **ESG criteria**

- Operating profit up **4% to £204m**, reflecting increased revenues from flows and robust cost management, leading to a stable cost:income ratio of 58%
- **AUM up 7% to £1.3tn**
 - **International AUM of £434bn**, 33% of total AUM
 - A market leader in **UK DC with £125bn of AUM, and 4.2m Workplace members**
 - **Retail AUM at £45bn** with gross inflows of £8.1bn. Top 3 in gross UK retail sales² over Q1 2021
- **Continuing to make progress across our three strategic pillars:**
 - **Modernise:** Continuing to evolve the operating model and invest in capability and technology
 - **Diversify:** Expanded our thematic ETF range and raised over £300m for our new Secure Income Assets Fund (SIAF), offering DB clients exposure to real estate debt, infrastructure debt and private corporate debt, invested alongside LGR
 - **Internationalise:** Good progress with our European growth strategy, further net flows in Japan and launch of our new US DC Retirement Income Strategy

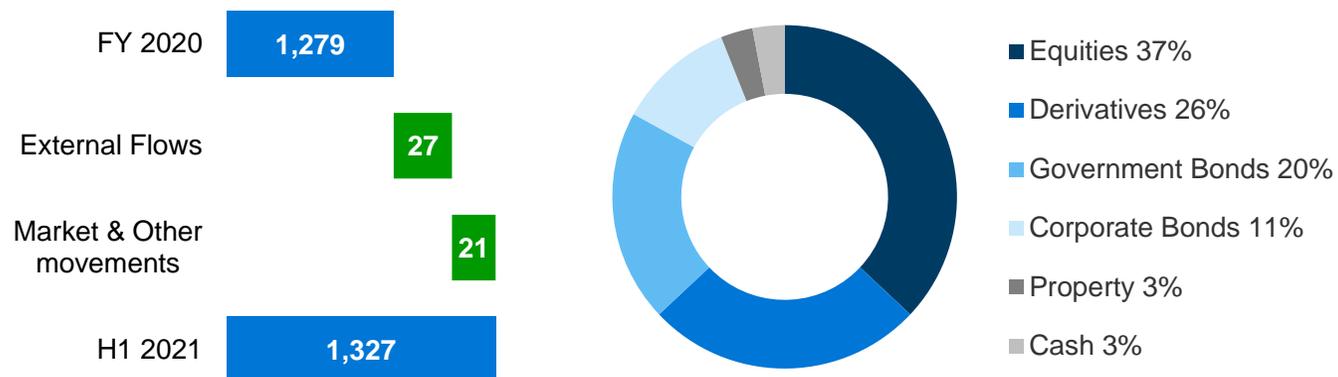
1. Revenue and expenses exclude income and costs of £18m in relation to the provision of 3rd party market data (H1 2020: £13m)

2. Pridham Report Q1 2021

Note: From 1 Jan 2021, the Workplace Savings administration business has transferred to LGRR. 2020 financials have been restated accordingly

LGIM: Strong net flows, with growth in higher margin products

H1 2021 AUM progression and composition



H1 2021 External net flows (£bn)



- **Growth in higher margin areas** including thematic ETFs, factor-based index, SIAF and multi-asset
- **Positive external net flows of £27.4bn driven by:**
 - **International flows of £15.0bn**, representing 55% of the total, with broad-based contributions from the US, Europe, Asia and Japan
 - **Strong UK DB external net flows of £4.6bn**, driven primarily by £9.7bn of inflows into DB LDI Solutions
 - **UK DC external net flows of £4.4bn** with 48 scheme wins in H1 2021. The default strategy for the majority of schemes is multi-asset or target date funds
 - **ETF net flows of £2.1bn**, with an incremental annualised revenue contribution of £7.3m reflecting focus on thematic investing, including the launch of a new range of ESG-aligned ETFs
- **Ambition is to grow cumulative profits in the range of 3% to 6% per annum**, absent market shocks

LGC: Strong H1 performance reflecting rebound to pre-pandemic growth targets

Financial Highlights	H1 2020	H1 2021
Operating profit (£m)	123	250
- Alternative asset portfolio	36	195
- Traded portfolio and Treasury	87	55
Investment and other variances (£m)	(307)	48
Profit before tax (£m)	(184)	298
Assets (£m)	8,962	8,656
- Alternative asset portfolio	3,033	3,426
- Traded portfolio and Treasury	5,929	5,230
of which: Cash and Treasury assets	3,462	2,850

- Strong commitment to **ESG-aligned investing**, with proven asset expertise in **clean energy, residential property, digital infrastructure and SME finance**
- Unique and growing asset origination capabilities to support the levelling up agenda, climate change and housing shortages

- **Operating profit doubled to £250m**, principally reflecting increased profits from our **alternative asset portfolio**
 - Alternative asset profits of £195m were driven by a bounce-back in the housebuilding market and the continued maturing of our earlier stage businesses (e.g. Pod Point and our VC platforms)
 - The alternative asset portfolio is up 13% to £3.4bn (H1 2020: £3,033m) and stands at £10.2bn including 3rd party capital
 - Net portfolio return of 10.7% (H1 2020: (5.9)%)
- **Profit before tax £298m**, resulting from strong alternative asset portfolio profits and equity market performance in the first half of the year, partially offset by early-stage investment costs
- Over the next five years the ambition is to build our diversified alternative AUM towards c.£5bn (H1 2021: £3.4bn) with a target blended portfolio return of 8-10% and to increase third party capital to over £14bn (H1 2021: £6.8bn). **We therefore expect to manage close to £20bn of alternative AUM by 2025**

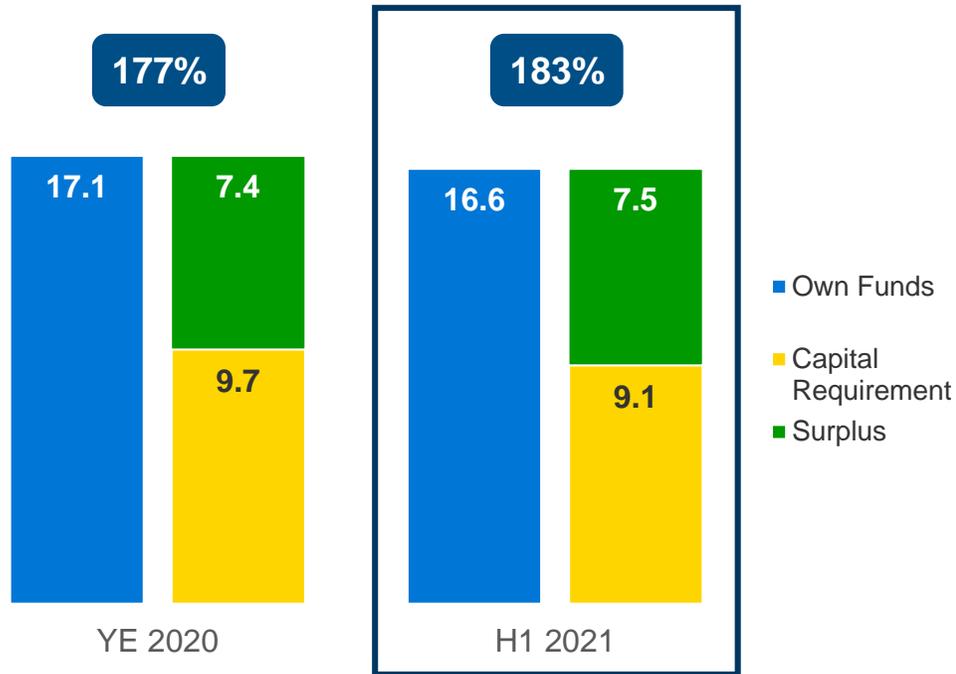
LGI: Supporting customers through unprecedented times

Financial Highlights	H1 2020	H1 2021
Operating profit (£m)	88	134
- UK	57	96
- US	31	38
Investment and other variances (£m)	(483)	230
Profit before tax (£m)	(395)	364
Annual premium (£m)	192	203
Gross written premium (£m)	1,475	1,500
- UK	925	988
- US	550	512
Solvency II New business value (£m)	138	131
- UK	86	83
- US	52	48

- **Operating Profit of £134m, up 52%**, with H1 2020 largely impacted by adverse mortality experience arising as a result of COVID-19, in addition to strong new business surplus in UK Retail Protection in H1 2021
 - Total COVID-19 impact of £79m from the second wave, offset against the £110m provision raised at FY 20, leaving c£30m for H2
- Profit before tax up to £364m, driven by the formulaic impact on reserves of rising government yields in both the UK and US
- **Annual premium up 6% to £203m and gross written premium up 2% to £1.5bn**, as markets continue to recover from COVID related disruption
- **Solvency II NBV down 5% to £131m**, strong sales in Retail Protection offset by the weakening US dollar
- \$111m dividend paid by LGIA on 2nd March 2021 (2020: \$109m)
- **In line with previous years, we expect H2 operating profit to be greater than H1**

Robust Solvency II Balance sheet

Solvency II Balance Sheet (£bn)

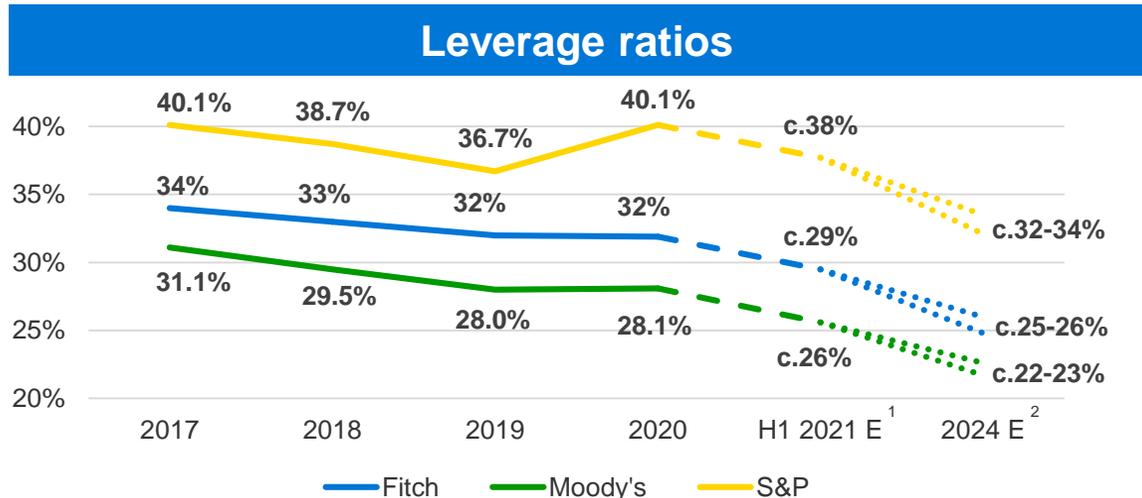
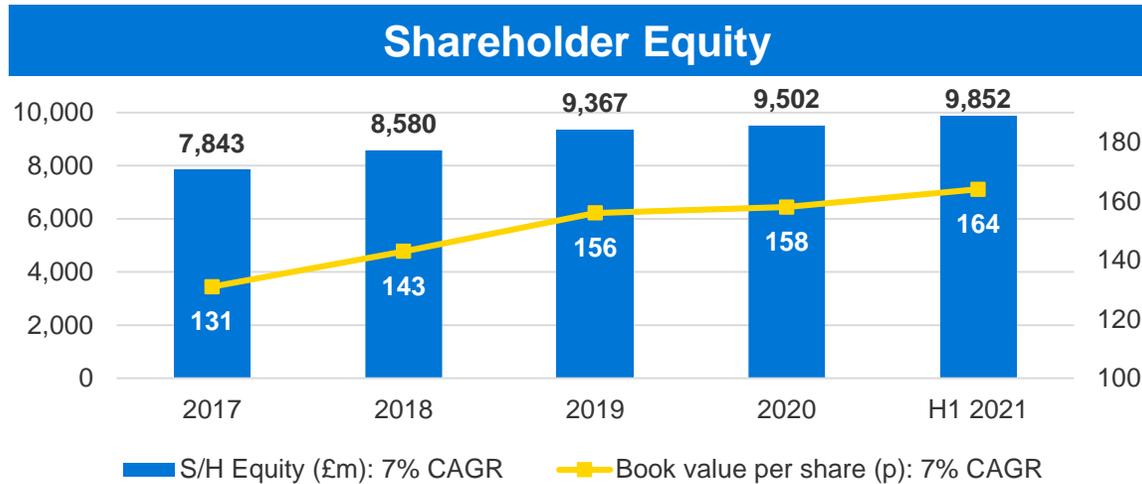


- Coverage ratio of **183%**
- Solvency II surplus of **£7.5bn**
- Tier 1 Own funds of **£13.1bn (79%)**

Solvency II surplus analysis of change (£bn)



Strongly positioned for growth, leverage to naturally reduce over time



AA- Fitch **Aa3** Moody's **AA-** S&P

- Between 2017-2019 leverage reduced due to equity growth despite debt issuances over that period (£400m in 2018 and a net £200m in 2019)
- Tier 2 and RT1 Subordinated debt issuances in H1 2020 given favourable bond market conditions demonstrates financial flexibility, positioning us strongly:
 - To capitalise on new business opportunities
 - For the recovery phase from COVID-19
- **Over the period 2020-2024 we expect our leverage to reduce as we aim to grow EPS faster than dividends**
- **Solvency II leverage is also projected to reduce over the period, broadly in line with the rating agency ratios**
- **Our ability to grow our balance sheet provides optionality for future debt issuances, if required, to optimise returns**

Ratings shown are Legal and General Assurance Society Limited Financial strength rating
 2017 – 2020 leverage ratio source: Fitch ratings, S&P Global ratings, Moody's Investors Service (Moody's adjusted financial leverage)
 1. L&G pro forma estimate reflecting £300m subordinated debt redemption in July 2021
 2. L&G estimate based on Cash generation and Dividend ambitions to 2024 - assumes no further debt is raised over the period

We are making good progress against our five year cash, capital and dividend ambitions

Cumulative (£bn)	2020-2024	To Date
Cash generation ¹	8.0-9.0	2.4
Capital generation ²	8.0-9.0	2.3
Dividends ³	5.6-5.9	1.4

- Good growth in H1 21 cash and capital generation:
 - Cash generation up 14% year on year
 - Capital generation up 9% year on year

- Over the period 2020-2024⁴ our ambition is for:
 - Cash & capital generation significantly to exceed dividends
 - EPS to grow faster than dividends
 - Net surplus generation (i.e. including new business strain) to exceed dividends
- Over the period 2021-2024, we anticipate growing the full year dividend at 3-6% per annum
- The 2021 interim dividend (declared) is 5.18p. Going forward the Board intends to adopt a formulaic approach whereby the interim dividend grows by the same percentage as the total dividend for the prior year

1. Cash generation is Net release from operations

2. Capital generation is Solvency II operational surplus generation

32 | 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

In summary

£1,271m

Operating profit from divisions¹

H1 2020: £1,128m, **+13%**

H1 2019: £1,154m, **+10%**

183%

Solvency II coverage ratio

H1 2020: 173%

H1 2019: 171%

22.0%

Return on equity

H1 2020: 6.3%

H1 2019: 20.2%

£0.8bn

SII operational surplus generation¹

H1 2020: £0.8bn, **+9%**

H1 2019: £0.7bn, **+11%**

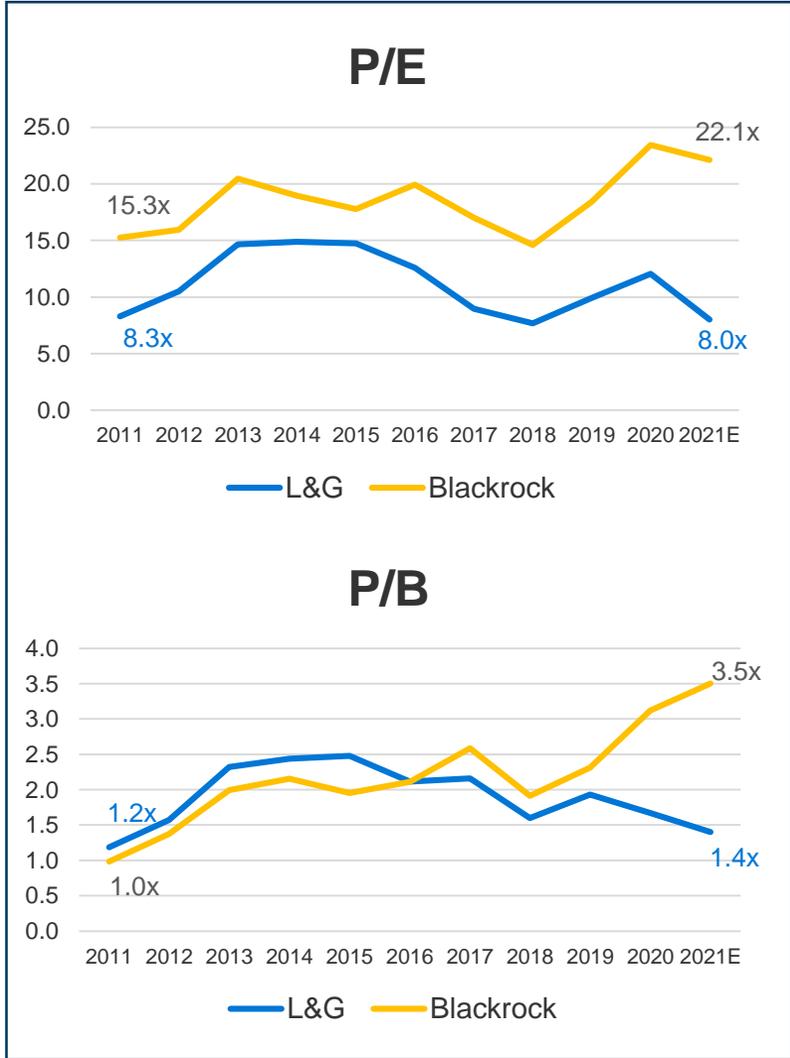
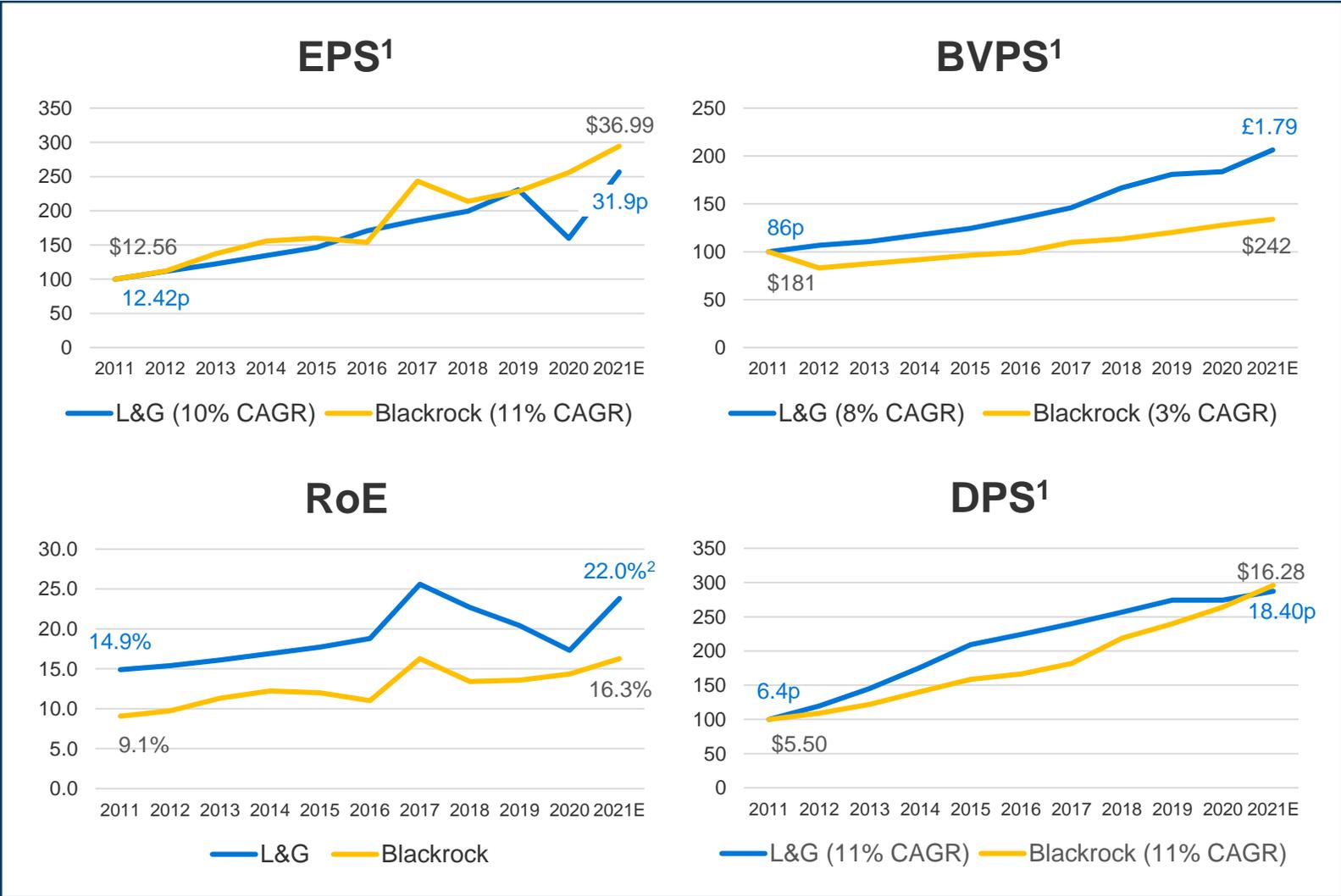
- We have delivered a **strong set of results**, and are confident in achieving our five year ambitions
- Our **balance sheet remains robust**, with SII coverage now at 183%. No defaults within our credit portfolio
- We are **well positioned** for further profitable growth. **We expect to deliver double digit operating profit growth at the full year**

Sustainable, ambitious, inclusive

Nigel Wilson
Chief Executive Officer



Whilst we have performed well relative to Blackrock (a respected competitor) our performance has not been reflected in valuation



A compelling investment case

1

An established track record of consistent and profitable growth: between HY11-HY21 we delivered 11% CAGR in EPS, 12% CAGR in DPS and 7% CAGR in Book Value per Share

2

A highly synergistic and growth-oriented business model, driving c20% ROE, and strongly aligned to six long-term, macro growth drivers. Delivering domestic and international growth

3

Long-term and predictable value creation: very long duration business (30-40 years), with earnings driven by a growing stock of accumulated assets

4

A proven robust and resilient balance sheet: with no defaults, 99.7% of scheduled cash flows from Direct Investments and limited downgrades to sub-investment grade

5

A clear purpose, a longstanding commitment to Inclusive Capitalism and a leader in ESG, with a focus on execution and delivery

6

A clear set of growth ambitions to 2024 with attractive annual growth in the dividend and ongoing investment in high quality new business. **Significant associated valuation upside**

Sustainable, ambitious, inclusive

2021 Half year results

£1,271m

Operating profit from divisions

H1 2020: £1,128m, **+13%**
H1 2019: £1,154m, **+10%**

22.0%

Return on equity

H1 2020: 6.3%
H1 2019: 20.2%

17.78p

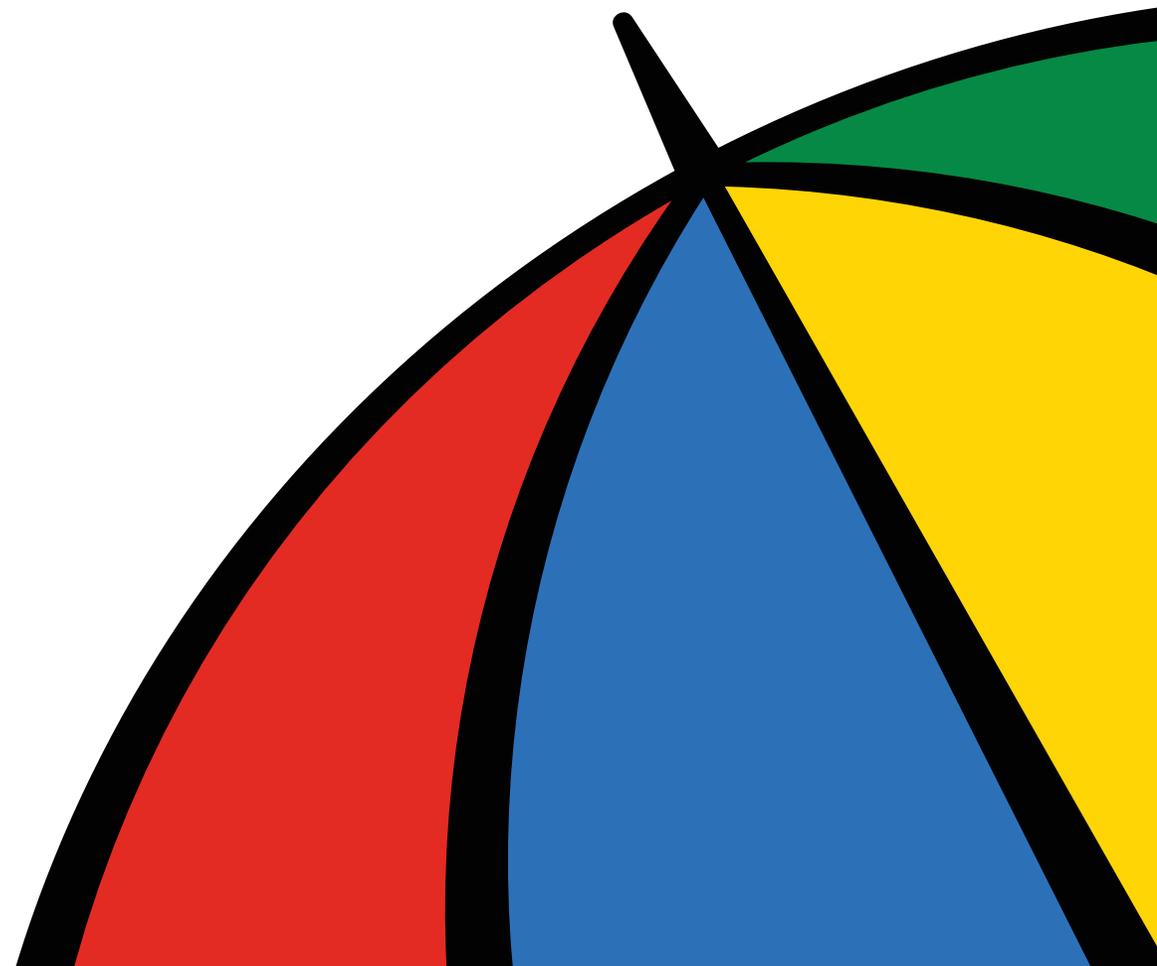
Earnings per share

H1 2020: 4.89p, **+264%**
H1 2019: 14.74p, **+21%**

5.18p

Interim dividend

H1 2020: 4.93p, **+5%**
H1 2019: 4.93p, **+5%**



ESG at L&G: Ratings and collaborations

The following slides provide a data-driven overview of environment, social and governance (ESG) activity at L&G. We demonstrate achievements to date, key metrics and some of our future commitments but these slides do not cover all ESG activity.

ESG ratings

	2018	2019	2020 ¹
Sustainalytics ²	17.1 (Low Risk)	17.5 (Low Risk)	16.0 (Low Risk)
CDP	B	B	A-
DJSI / RobecoSAM	n/a	32 nd percentile	74 th percentile
MSCI ³	AA	AA	AA
Bloomberg Gender Equality Score	68%	79%	79%
FTSE4Good	92 nd percentile	78 th percentile	89 th percentile

Third party collaborations

- Aldersgate Group
- ClimateAction 100+ (*LGIM*)
- UN Global Compact
- UN Net Zero Asset Managers Initiative (*LGIM*)
- UN Net-Zero Asset Owner Alliance
- UN Principles for Responsible Investment
- Race to Zero
- Science-based targets initiative (SBTi)

Disclosure frameworks

- Task Force on Climate-related Financial Disclosures (TCFD)
- Global Reporting Initiative (GRI)
- Sustainability Accounting Standards Board (SASB)

1. 2020 ratings as at 30th June 2021

2. Sustainalytics risk rating from 0 (negligible risk) to >40 (severe risk)

3. The use by Legal & General of any MSCI ESG Research LLGC or its affiliates ("MSCI") data, and the use of MSCI logos, trademarks, service marks or index names herein, do not constitute a sponsorship, endorsement, recommendation, or promotion of Legal & General by MSCI. MSCI services and data are the property of MSCI or its information providers and are provided 'as-is' and without warranty. MSCI names and logos are trademarks or service marks of MSCI

ESG at L&G: Journey to net zero

What have we achieved so far¹

Invest	Updated exclusions for thermal coal ² and the LGIM Climate Impact Pledge stocks ³ written into the Investment Management Agreements
	Implemented additional governance and control around the acquisition of high carbon investments
Influence	Developed investment solutions which seek to support the low-carbon transition, including a Core Fixed Income exchange traded fund (ETF) range
	Renewed and broadened our Climate Impact Pledge
Operate	Included progress on climate-related objectives within our Executive remuneration scorecard

Environmental metrics	2018	2019	2020
Total CO ₂ e emissions (tonnes) ⁴	48,744	46,164	40,344
Balance sheet investments (CO ₂ e/£m Enterprise Value)	n/a ⁵	120	117
Business travel (tCO ₂ e)	7,316	7,223	3,045
Waste (tonnes)	14,891	31,033 ⁶	25,191

Commitments¹

		Date
Invest	Reduce LGR's portfolio carbon emission intensity by 18.5%	2025
	Reduce the Group's portfolio carbon emission intensity by half by 2030 and achieve net zero by 2050	2030, 2050
Influence	Launch a climate solution capability for LGIM clients, quantifying portfolio climate risks and temperature alignment	2021
	Reduce the operational carbon and energy intensity of LGIM Real Assets' landlord-controlled areas (Scope 1 and 2 emissions) by 60%	2030
Operate	Enable all new homes we build from 2030 to operate with net zero carbon emissions	2030

1. See TCFD report and Sustainability Report for full list of commitments and achievements to date

2. These are stocks where thermal coal is more than 20% of revenues of mining companies and 30% of power generating utilities by revenue or power generation (as appropriate). For utility stocks where coal is between 20–30%, additional Group governance is required in advance of acquisition

3. These are stocks that have fallen below the minimum thresholds LGIM applies on behalf of the Future World Range of Funds in the assessment of a wide range of climate risk mitigation policies

4. Calculated using The Greenhouse Gas Protocol Corporate Accounting and Reporting Standard. Emission Factors are from the UK Government Emissions Conversion Factors for Greenhouse Gas Company reporting (BEIS 2020)

5. Methodology updated from 2019 onwards; comparable figure for 2018 not available

6. Increase in Modular housing activity and updated CALA methodology

ESG at L&G: Building a better society

What have we achieved so far

Invested £1.5bn in the UK's towns and cities

Invested in over 300 companies through our venture capital investments and alternative finance platform, from universities to science laboratories to start-ups

Donated over £11m to charity in 2020, including £3.5m of employee matching

Products	2018	2019	2020
Number of pension customers ('000)	722	758	765
Total pension payments (£bn)	1,930	2,392	2,359
Life insurance payments (£m)	332	392	460
Percentage of life insurance claims paid (%)	97	97	97
Critical illness payments (£m)	195	224	203
Percentage of critical illness claims paid (%)	93	92	92
Number of individuals whose lives we insure (m)	1.8	2.0	2.1
Amount paid to group protection customers who have died (£m)	216	232	243

Commitments¹

Date

LGIM Real Assets aim to measure social value across 20% of their property assets by value

2023

Ambition to deliver 3,000 modular homes per year

2024

Deliver over 1,000 new homes under 'Build to Rent' schemes each year across the UK

2024

ESG at L&G: Growing our business responsibly

What have we achieved so far

Improved our employee satisfaction score by 5 points as at October 2020 vs 2019

Extended healthcare cover to all employees

As of May 2021, we have improved ethnic minority representation on our Board in response to the Parker Review (with the appointment of Nilufer von Bismarck OBE and Ric Lewis)

We operated throughout 2020 without accessing any furlough scheme or other Covid-19 business support

Our people	2018	2019	2020
Number of employees	7,657 ¹	8,507 ¹	10,099
UK employees on permanent contracts (%)	86.8	87.4	95.3
Number of new hires in the UK	1,263	1,648	1,337
Female Board directors (%)	33	36	30
Female middle/senior management (%)	37	38	35 ²
Difference in median hourly rate of pay between male and female employees (%)	30.3	28.5	25.6
Investment in UK employee learning and development (£m)	4.4	4.5	5.3
Employee satisfaction index (%)	72	72	77
Number of RIDDOR accidents	11 ¹	17 ¹	27

Commitments³

Improve the data we hold on our people, including on ethnicity and other protected characteristics

Date

2022

As a signatory of the Women in Finance Charter, we are committed to a target of 40% female senior managers⁴

2020

Continue to report progress on narrowing our gender pay gap

Ongoing

1. Excludes employees of smaller LGC businesses

2. 2020 impacted by the sale of our Mature Savings and General Insurance businesses, which had a more equal gender balance

3. See Sustainability Report for full list of commitments

4. Work ongoing to update target

ESG at L&G: Growing our business responsibly

LGIM Active Ownership

	2018	2019	2020
Number of companies covered by our Climate Impact Pledge	c. 80	c. 80	c. 1,000 ¹
Number of company engagements from our Investment Stewardship team	236	739	891
Number of worldwide resolutions on which we voted ²	48,788	50,900	66,037
Number of directors whose election we opposed due to governance concerns	3,864	4,055	4,700
Number of new responsible investment strategies launched	14	14	20
AUM in responsible investment strategies (£bn)	n/a ³	150	207

Exclusions

- Coal⁴
- Controversial weapons

Additional resources

- [TCFD Report 2020](#)
- [GRI Disclosure 2020](#)
- [SASB Disclosure 2020](#)
- [Sustainability and Inclusive Capitalism Report 2020](#)
- [Data Centre Report 2020](#)
- [Governance and Policies](#)
- [LGIM Active Ownership Report 2020](#)

1. Leveraging new data and analytics – including our own Destination@Risk modelling – allowed us to substantially increase the sectors and companies covered

2. Voting instructions for main FTSE pooled funds

3. Data on AUM in responsible investment strategies was not centralised until 2019

4. >20% of revenues of mining companies; and >30% of power generating utilities by revenue or power generation (as appropriate). For utility stocks where coal is between 20 and 30% of the issuer's activity, additional Group governance is required in advance of acquisition