Capital Markets Event

Credit Risk Management

LEGAL & GENERAL GROUP PLC | JUNE 2017

Capital Markets Event

Jeff Davies

Group Chief Financial Officer

Legal & General

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.

Capital Markets Event Objectives

1. Update on L&G's performance to date in 2017
2. Explain how our £2.7bn IFRS credit default reserve is calculated
3. Explain our approach to management of the credit portfolio
4. Demonstrate how our business is expected to perform under credit scenarios
5. Explain how our risk management processes work

AIM: DEMONSTRATE THAT LEGAL & GENERAL'S EARNINGS AND BALANCE SHEET ARE RESILIENT TO CREDIT STRESS EVENTS

What we will cover today

1. Financial results (Jeff Davies)

- Our consistent delivery of strong results
- Update on performance to date in 2017
- Focus on Legal & General Retirement's financial results

2. Legal & General Retirement Credit Risk (Kerrigan Procter)

Investment approach

- Liability Driven Investment
- Our diversified portfolio
- Our investment expertise

Credit Reserves

- £2.7bn credit reserves
- Development of credit reserve over 2016

Scenario analysis

- Impact of scenarios on IFRS
- Impact of scenarios on SII balance sheet

3. Risk Management (Simon Gadd)

- Our Group-Wide risk profile
- Our governance and monitoring approach
- Our internal ratings approach

4. Wrap-Up (Jeff Davies)

- Conclusions
- Question & Answer Session

FINANCIAL RESULTS

Jeff Davies

Group Chief Financial Officer

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Consistent delivery: strong results

		2016	2015	YoY (%)
ASSETS & PREMIUMS	LGIM AUM (£bn)	**894.2**	746.1	20
	Annuity assets (£bn)	**54.4**	43.4	25
	Direct investments[1] (£bn)	**10.0**	7.2	39
	UK Protection and GI gross premiums (£m)	**1,838**	1,779	3
CASH & EARNINGS	Net release from operations (£m)	**1,411**	1,256	12
	Profit before tax (£m)	**1,582**	1,355	17
	Earnings per share (pence)	**21.22**	18.16	17
CAPITAL	Shareholder basis: Solvency II surplus[2] (£bn)	**5.7**	5.5	
	Shareholder basis: Solvency II coverage ratio[2] (%)	**171**	176	
	Adjusted return on equity[3] (%)	**19.6**	17.7	

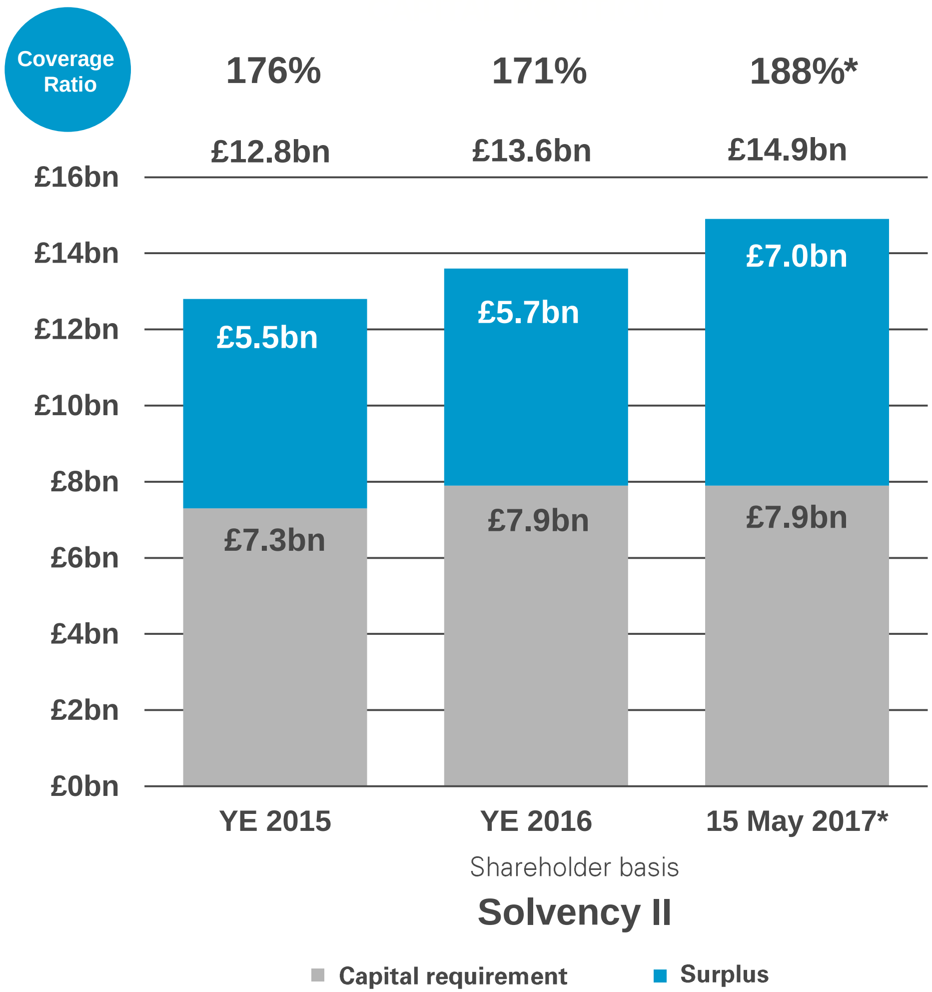
1.Represents total Group direct investments of £10bn (2015: £7.2bn), comprising LGR £8.1bn (2015: £5.7bn), LGC £1.1bn (2015: £0.9bn), and LGI £0.7bn (2015: £0.6bn).
2.The Solvency II shareholder basis adjusts for the Own Funds and SCR of the With-profits fund and our final salary pension schemes.
3.2015 represents adjusted ROE and excludes a £25m net loss arising on the disposal of Legal & General France and Egypt. Unadjusted ROE is 17.3%. 2016 represents adjusted ROE and excludes a £60m loss arising on the disposal of Cofunds and Suffolk Life. Unadjusted ROE is 18.8%.

Legal & General: 2017 performance update

Legal & General has made a successful start to 2017 with our key divisions performing strongly.

Legal & General Retirement (LGR)	• Over £1bn PRT transactions completed in the year to date • Over £300m Individual annuity sales, up 120% year on year • Over £360m new Lifetime mortgages, up 90% year on year
Legal & General Investment Management (LGIM)	• Total net inflows of £16.8bn, up 87% year on year • Assets under management over £950bn
Legal & General Capital (LGC)	• Completed, or exchanged contracts for, asset sales which will generate proceeds of c.£150m, remain on track to meet full year target of c.£250m • Invested £138m in UK infrastructure including housing and urban regeneration
Legal & General Insurance (LGI)	• UK Retail Protection gross written premiums up 5% year on year • In February, LGI US paid its 2017 dividend of $100m, up 10% year on year

Growing Solvency II surplus: £7bn at 15th May 2017



* Estimated Solvency II position as at 15 May 2017 and is before payment of the 2016 final dividend. After payment of final dividend, ratio will reduce by 7.7%

- Solvency II surplus of **£7.0bn** as at 15 May 2017
- **Net surplus generation** increased ratio **by 8.2%** in year to 15 May 2017
- £12.0bn (78%) of own funds are Tier 1 capital as at 15 May 2017
- S&P credit rating AA-, Moody's rating Aa3
- S&P assessment of Legal & General's 'Management and Governance' as strong

The YE 2016 and 15 May 2017 figures incorporate management's estimate of the impact of recalculating the Transitional Measures for Technical Provisions (TMTP) as at the reporting date as we believe this provides the most up to date and meaningful view of our Solvency II position. The conditions set out by the PRA to allow a formal recalculation of the Group's TMTP were not met as at end 2016 but, in line with PRA guidance, a formal recalculation will take place no later than 1st January 2018.

On a Solvency II proforma basis including the Own funds and SCR of the With-profits fund and our final salary pension schemes, the Group's YE 16 Solvency II coverage ratio was 165%, with Eligible Own funds of £14.3bn and SCR of £8.6bn

LGR: delivering exceptional profit growth

FINANCIAL HIGHLIGHTS	2016	2015	YoY (%)
Release from operations (£m)	**433**	374	16
New business surplus (£m)	**159**	45	253
Net release from operations (£m)	**592**	419	41
Operating profit (£m)	**811**	641	27
Total annuity AUA (£bn)	**54.4**	43.4	25
Of which: Direct investments (£bn)	**8.1**	5.7	43
Solvency II new business margin[1] (%)	**10.4**		
Solvency II new business value add[1] (£m)	**693**		

- Operating profit of £811m up 27%, reflecting:
  - increased scale of business
  - profitable new business written in 2016
  - impact of positive mortality experience
  - longevity insurance reserve model refinement
- Focus on return on capital, delivering strong Solvency II new business margin of 10.4% and future surplus releases

RECORD PROFITS IN 2017

£54.4BN ANNUITY ASSETS

DOUBLE DIGIT GROWTH IN CORE KPIs

1. Excludes US PRT business

LGR: New business volumes of £8.5bn, up 190%

NEW BUSINESS	2016	2015	LONGEVITY RISK RETENTION
1. Backbook acquisition (£m)	**2,945**	-	Longevity risk retained
2. UK Pension risk transfer (£m)	**3,338**	1,977	c.80% reinsured[1]
3. US Pension risk transfer (£m)	**347**	295	Longevity risk retained
4. Netherlands Pension risk transfer (£m)	**-**	145	Longevity risk retained
5. Individual annuities (£m)	**378**	327	Longevity risk retained[2]
Total Annuity sales (£m)	**7,008**	2,744	
6. Longevity insurance (£m)	**900**	-	Over 90% reinsured
7. New lifetime mortgages (£m)	**620**	201	N/a
Total sales (£m)	**8,528**	2,945	

- Total new business sales of £8.5bn up 190%:
  - annuity premium of £7.0bn, including £2.9bn backbook acquisition from Aegon and 6 US PRT deals totalling £347m ($448m)
  - £900m reinsured longevity insurance deal transacted in December
  - £620m lifetime mortgage sale reflecting strong growth since entry in May 2015 with 29% market share in 2016

CAPITAL EFFICIENT BUSINESS MODEL DELIVERING SIGNIFICANT GROWTH

1.Applicable to new UK PRT business written since 2015
2.Excluding medically underwritten transactions

LGR CREDIT RISK

Kerrigan Procter

LGR Chief Executive Officer

Legal & General

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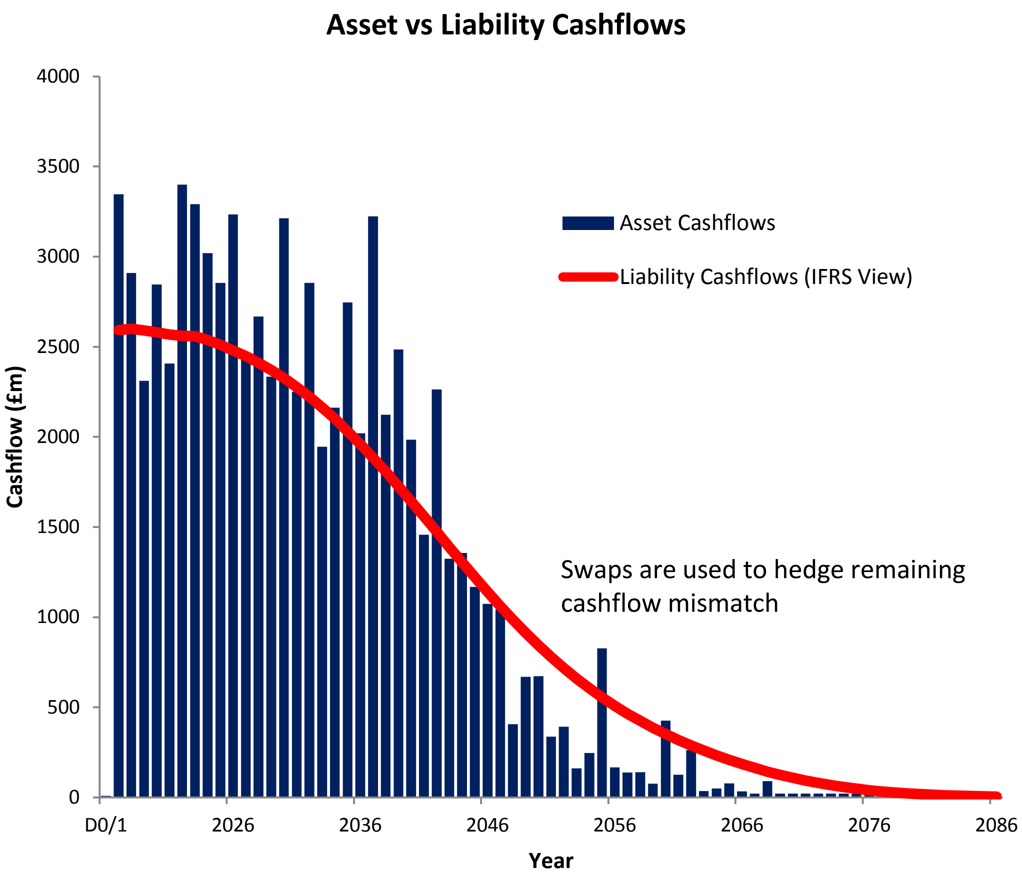
Asset Liability Management

INVESTMENT APPROACH: LIABILITY DRIVEN INVESTMENT FOR LGR PORTFOLIO

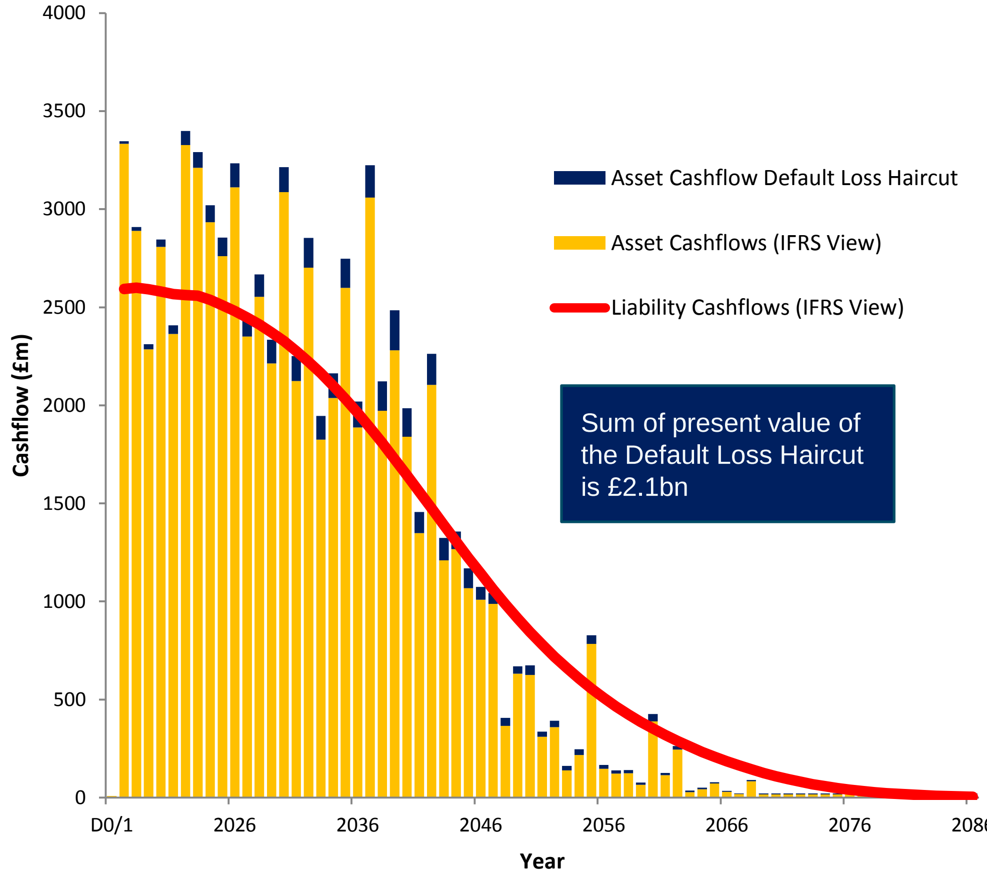
- Physical asset cashflows closely match a (prudent) view of pension payments
- We use swaps to fine-tune matching for:
  - Interest rates
  - Inflation
  - Currency
  - (All swaps are daily collateralised)
- Our main residual risk therefore is that asset cashflows are not paid as expected, in other words the risk of credit default loss



IFRS credit default reserve of £2.7bn

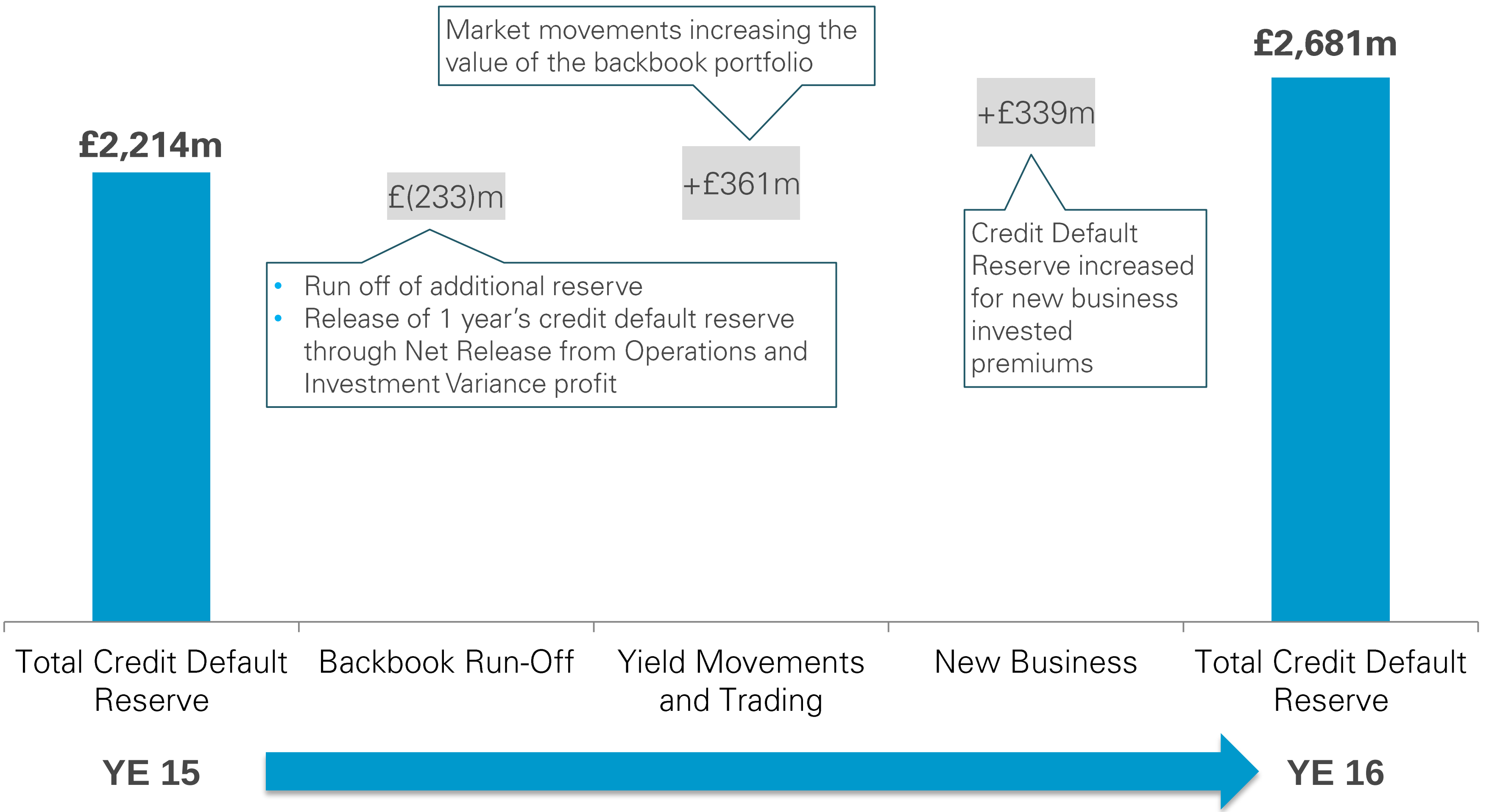
A PRUDENT APPROACH TO CALCULATING THE IFRS CREDIT DEFAULT RESERVE

- We deduct a prudent margin from each asset cashflow in case of defaults
- At the end of 2016 the value of the asset cashflow default haircuts summed to £2.1bn
- The default reserve is calculated based upon:
  - Historical levels of default
  - Quality of the portfolio
  - Expected future defaults
- We also add a further £0.6bn additional reserve to absorb short term shocks
- Total YE16 reserve of £2.7bn



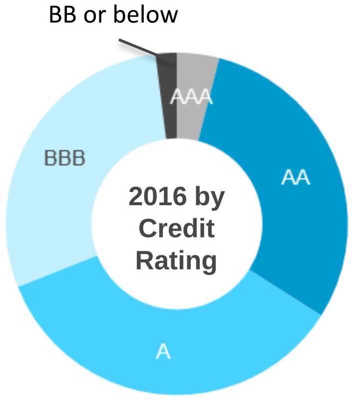
LGR: IFRS credit default reserve movement in 2016

IFRS DEFAULT RESERVE PROGRESSION FROM YE15 TO YE16



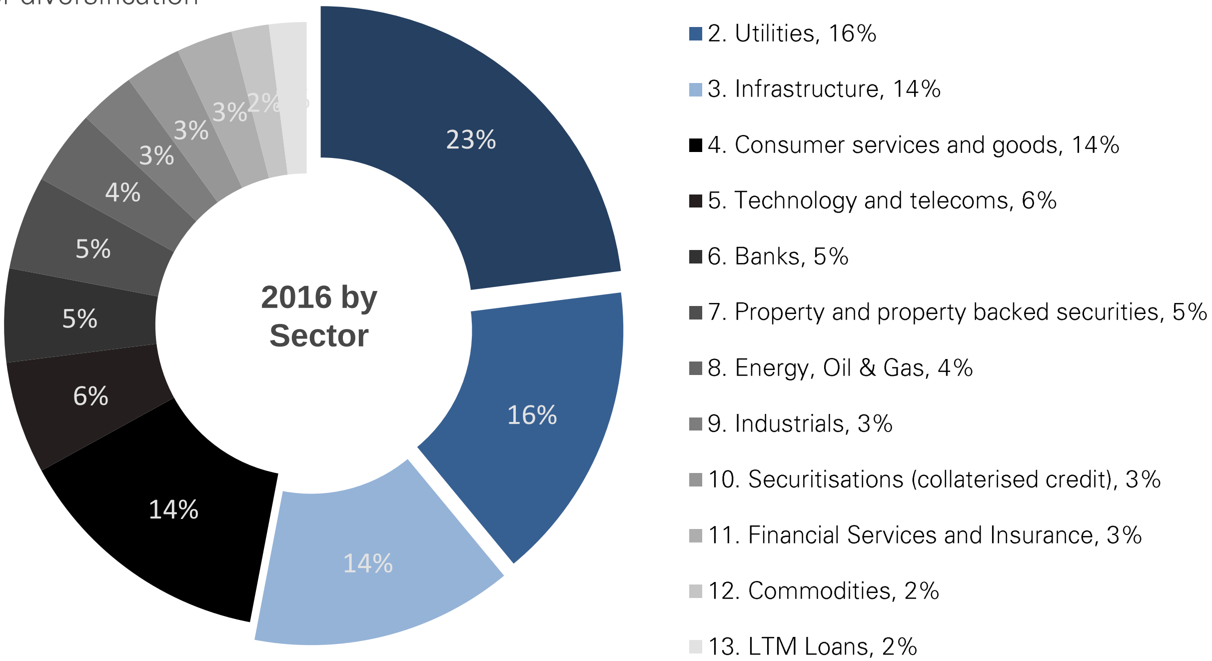
Our asset portfolio is robust and well diversified

DEFENSIVE DIVERSIFIED PORTFOLIO



- Strong credit quality of asset portfolio
- Over two thirds of the £49.5bn bond portfolio A rated or better, with 29% in BBB and 2% in sub investment
- High sector diversification

- Sector allocation limits to ensure sector concentrations are regularly reviewed and managed
- Single name issuer limits by rating to avoid excess exposures to individual counterparties
- Geographical limits for exposures by country of risk
- Non-Sterling exposure limits (USD, Euro)



Alignment of investment management with LGR

PRIMARY MANDATE OBJECTIVE: MANAGE DOWNGRADE & DEFAULT EXPERIENCE

- LGIM's mandate is aligned with LGR's strategy. We moved away from a credit benchmark based approach in 2010
- Fund manager performance is assessed against two measures, ensuring a continuous focus on avoiding downgrades and defaults, while remaining invested
  - Portfolio risk is measured by the Default Risk Provision ("DRP"), which is a probabilistic measure of future defaults
  - Portfolio credit spread is measured by asset duration times spread over LIBOR ("DTS")
- Both measures are described in the Investment Management Agreement that defines LGIM's mandate
- The mandate and investment process is Matching Adjustment compliant

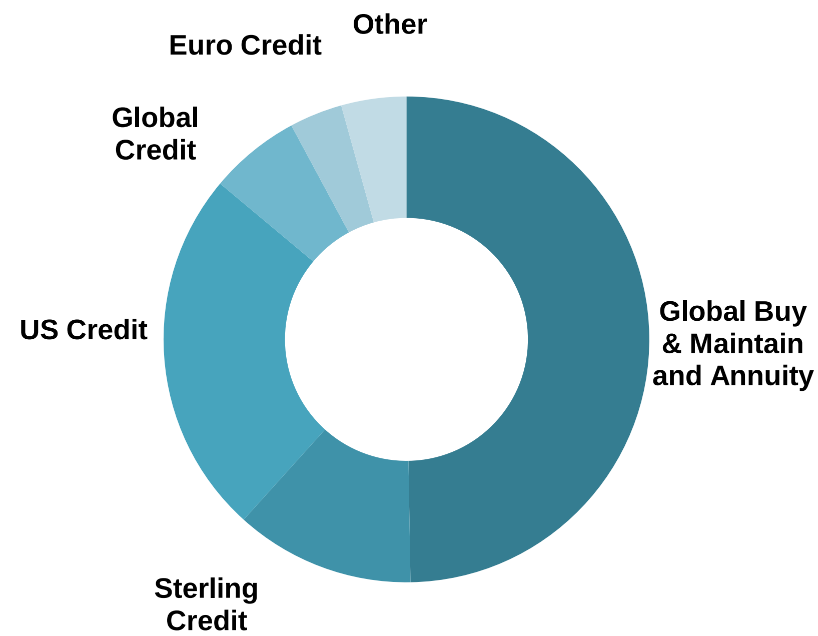
LGR supported by LGIM's Global Fixed Income expertise

DRAW ON RESOURCES ACROSS PUBLIC AND PRIVATE CREDIT

Global Fixed Income - £135bn AUM[1]

- 80 investment professionals based in London, Chicago and Hong Kong managing £135bn of assets
- Average of 14 years experience
- 82% of actively managed funds have outperformed over the past three and five years[2]
- £67bn in Annuity and Buy & Maintain Funds
- £32bn in US Credit Funds
- £16bn in Sterling Credit Funds
- £19bn in other mandates including Global and Euro Credit

SPLIT OF AUM BY MANDATE



1 As at 31 December 2016
2. Based on number of individual actively managed funds outperforming benchmark.

LGR supported by LGIM's Real Assets expertise

DELIVERING BROAD DIRECT INVESTMENT CAPABILITY FOR LGR

Real Assets - £24bn AUM[1]

- 79 investment professionals managing £24bn of assets
- Average of 12 years experience
- Weighted average outperformance of property funds against an aggregate benchmark of 60bps on a 3 year rolling basis
- £19bn in Real Estate
- £5bn in Private Credit of which:
  - £2.1bn Real Estate Lending
  - £2.0bn Infrastructure Lending
  - £0.9bn Corporate Debt

Real Estate
£19.0bn

Private Credit
£5.0bn

1. As at 31 March 2017

LGIM's credit investment philosophy and process…

Long term themes → **Driving sector and regional allocation** → **Bottom-up credit research**

Macro-thematic investment process provides guidance for top-down positioning and bottom-up stock selection

Long-term strategic themes

- Secular decline in global growth due to demographics and debt
- Diminishing returns to further central bank intervention
- Political risk via shift to anti-establishment
- Major changes in technology leading to redundant sectors/ companies
- Transformation in energy markets

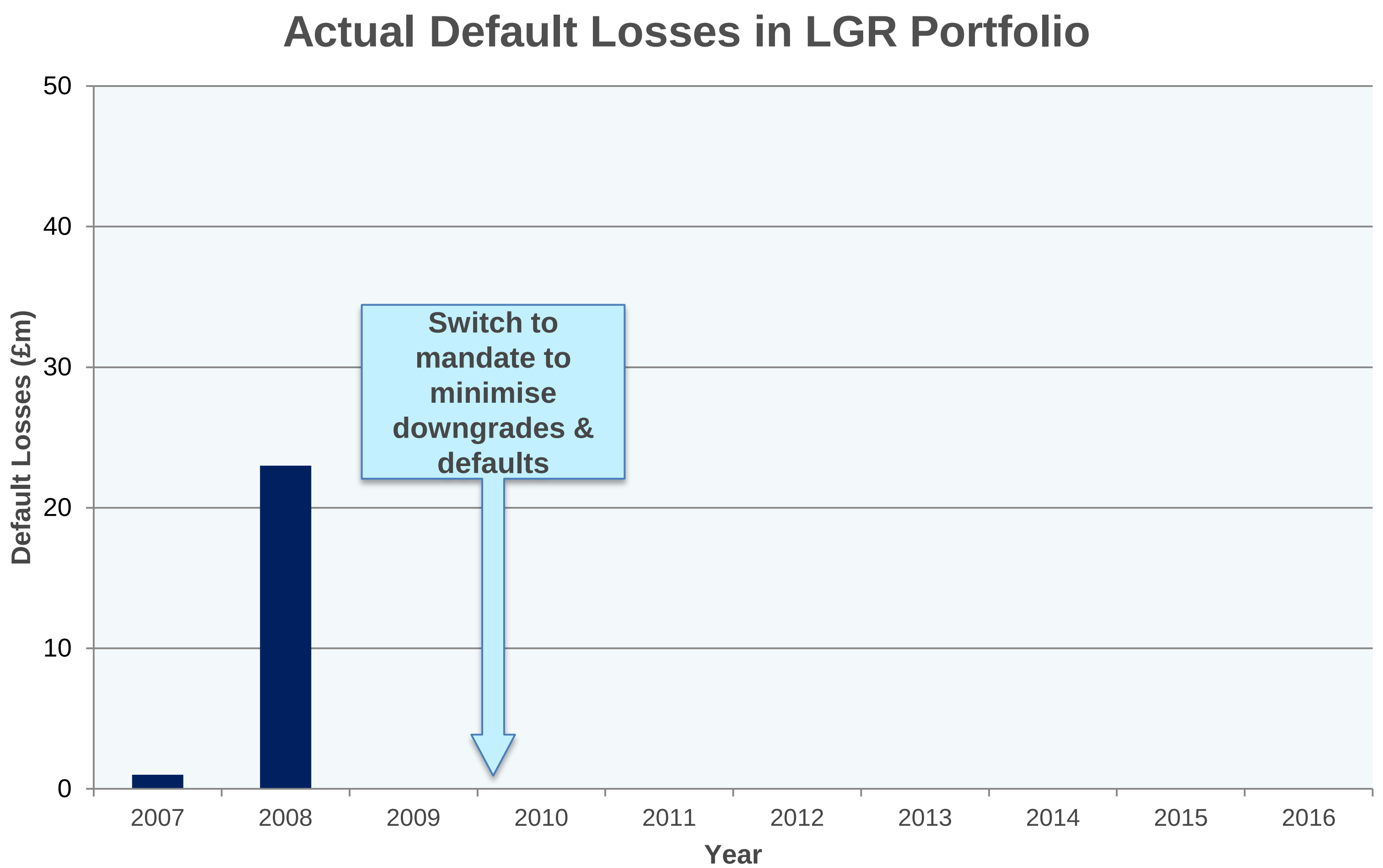
Risk allocated by sector and region

- Significant underweight in financials and quasi-sovereigns
- No exposure to European periphery
- Significant underweight in Europe with a bias to US corporates
- Limited global growth sensitive exposure given macro concerns
- Overweight non-cyclicals (regulated utilities, asset-secured funding)

Fundamental credit analysis

- Through the cycle investment horizon: stress testing and downside scenario analysis
- Focus on stable cash flow generation
- Avoid asset-lite businesses
- Quality management critical: leverage L&G's strong corporate access
- Monitor industry concentrations and interdependencies
- Consider potential "disruptors" to a sector

Very low history of defaults in LGR portfolio



Source: L&G Annual Report and Accounts 2007 - 2016

LGR: Default Loss Scenarios

DEFAULT LOSSES CAN BE ABSORBED BY RELEASING CREDIT DEFAULT RESERVE

Illustrative Scenarios

Scenario 1: No default – 2016 actual

Scenario 2: £10m default loss

- Each scenario shows how 2016 results could have been affected
- We have assumed that following each credit scenario, the current forward looking credit reserve remains sufficiently prudent.
- With the above assumption, the credit reserve could be used to offset the default loss but with a reduction in future net release

Impact of Default	YE 2016 Results	Default Loss	
		Scenario 1	Scenario 2
		No default	£10m defaults
Net Release from Operations	£592m	£0m	£0m
Profit Before Tax	£847m	£0m	£0m
Credit Default Reserve	£2.7bn	£0m	£(10)m
Future Net Release from Operations p.a. (Impact on 2017 Net release)		£0m	£(0.8)m

LGR: Impact of significant one-off default losses

THE CREDIT DEFAULT RESERVE IS SUFFICIENT TO ABSORB AN EXTREME DEFAULT EVENT

Scenario 3: £200m (0.5% of credit portfolio) asset default with 50% recovery

- £100m default loss

Scenario 4: £600m (1.5% of credit portfolio) asset default with 50% recovery

- £300m default loss

Scenario 5: £1,400m (3.5% of credit portfolio) asset default with 50% recovery

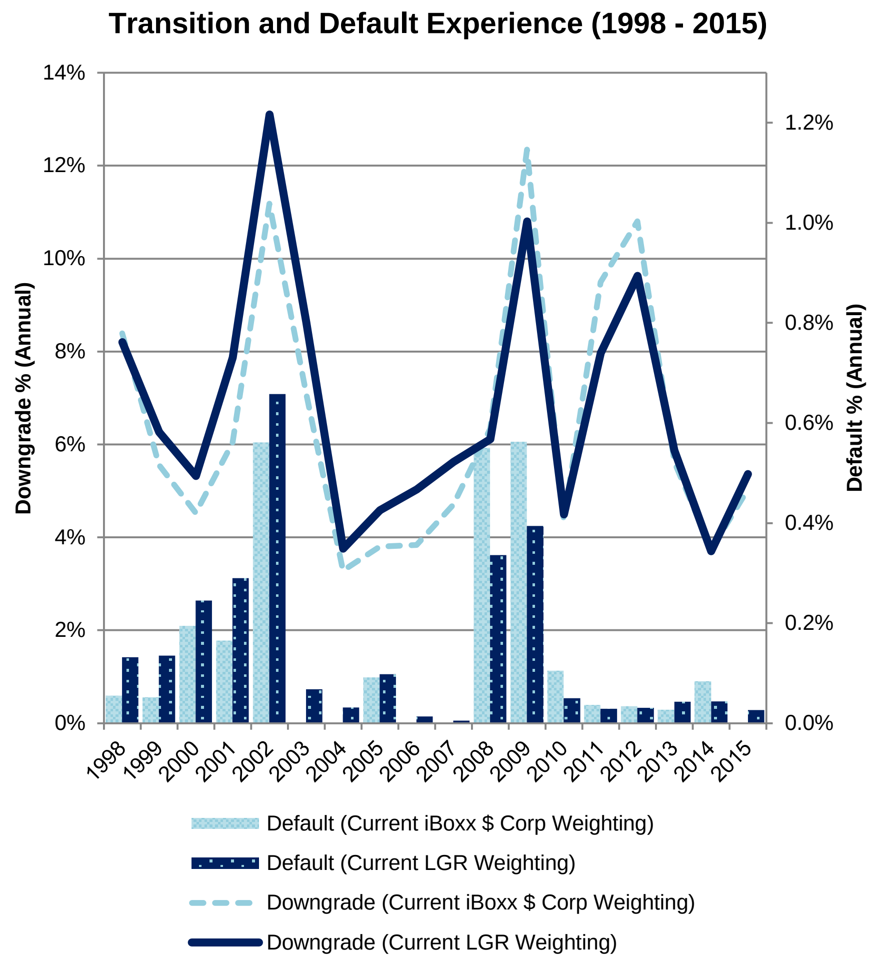
- £700m default loss

Impact of Default	YE 2016 Results	Default Loss		
		Scenario 3	Scenario 4	Scenario 5
		£100m	£300m	£700m
Net Release from Operations (£m)	£592m	£0m	£0m	£0m
Profit Before Tax (£m)	£847m	£0m	£0m	£0m
Credit Default Reserve (£bn)	£2.7bn	£(100)m	£(300)m	£(700)m
Future Net Release from Operations p.a. (£m) (Impact on 2017 Net Release)		£(8)m	£(25)m	£(58)m

LGR: 2001/02 credit event as a scenario

2001/02 CREDIT EVENT – THE WORST PERIOD IN 30 YEARS FOR DOWNGRADES AND DEFAULTS

- The graph to the right shows Moody's historical transition and default rates on current LGR portfolio weights. For reference we have also included the same Moody's data on iBoxx $ Corporates weights
- Over the past 30 years market downgrades and credit losses for the portfolio based on current LGR ratings weights were at their highest between 2001 and 2002
- Over the next few pages, we will take a look at the cumulative impact of applying the 2001 and 2002 market experience to the LGR year end portfolio



Source: Moody's transitions data with LGR/iBoxx portfolio weights at financial//non-financial and rating level

Scenario 6: credit event assumptions

2001/2002 – MODERATE SPREAD STRESS BUT SIGNIFICANT DOWNGRADES & DEFAULTS

DEFAULTS

Rating	Before Recovery	After 40% Recovery
AAA	0%	0%
AA	0.03%	0.02%
A	0.7%	0.4%
BBB	1.4%	0.9%
BB and below	7%	4.2%

Summary of Default IFRS Impacts

In this scenario, IFRS default losses totalling £260m (net of 40% recovery) are absorbed by a release of default reserve

In addition, future Net Release From Operations will reduce in line with release of default reserve

SPREADS WIDEN

A and above	+50 bps
BBB and BB	+100 bps
B and below	+500 bps

DOWNGRADES

A	16% to BBB, 4% to Sub-IG
BBB	11% to BB, 6% to B/CCC

Summary of Spread / Downgrade IFRS Impacts

Spread widening and downgrades have minimal immediate impact on IFRS financials as portfolio is well matched

In this scenario Future Net Release From Operations will reduce as downgrades increase our view of expected future defaults

Credit event – 2001/2002 Scenario

THE CREDIT DEFAULT RESERVE IS SUFFICIENT TO ABSORB A SCENARIO REPLICATING 2001/02

Scenario 6: 2001/02 Scenario

- £430m (1.1% of credit portfolio) asset default with 40% recovery
- Default losses of £260m
- The default reserve is released to fully absorb default losses
- There is also a reduction in expected future net release due to a smaller credit default reserve
- In addition, future net release from operations further reduces as downgrades increase our view of expected future defaults
- The reduction in net release corresponds to a c. 3% reduction in L&G Group net release

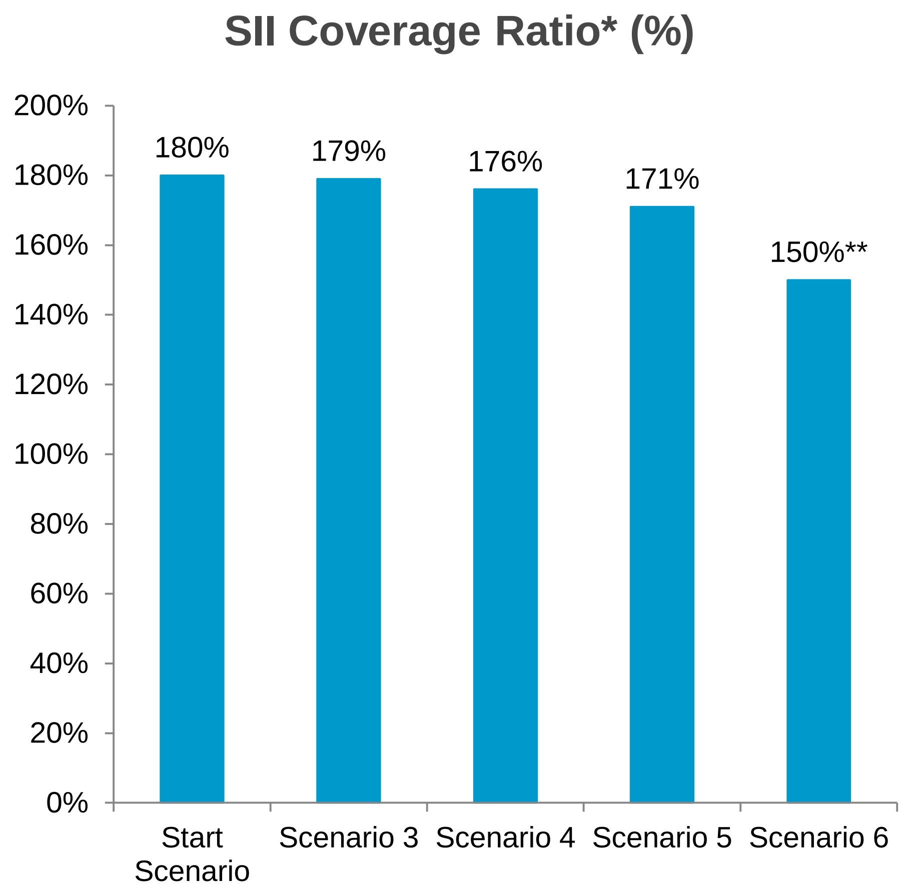
Impact of Default	2016 Actual	Scenario 6
Net Release from Operations (£m)	£592m	£0m
Profit Before Tax (£m)	£847m	£0m
Credit Default Reserve	£2.7bn	£(260)m
Future Net Release from Operations p.a. (£m)		£(46)m

LGR: impact on Solvency II coverage ratio of the scenarios

THE BUSINESS REMAINS SUFFICIENTLY CAPITALISED IN EACH OF THE SCENARIOS

Scenario 6: 2001/02 Scenario

- After experiencing the 2001/02 scenario surplus capital is still over £4bn
- The majority of the fall in coverage ratio in this scenario (c. 25%) comes from assumed downgrades, especially downgrades from investment grade to sub-investment grade
- This results in higher capital charges in our internal model which increases SCR, and also higher cashflow deductions in the matching adjustment, which reduces own funds
- The defaults further reduce own funds, and are responsible for the remainder (c. 5%) of the coverage ratio drop
- The spread stress has negligible impact on the coverage ratio

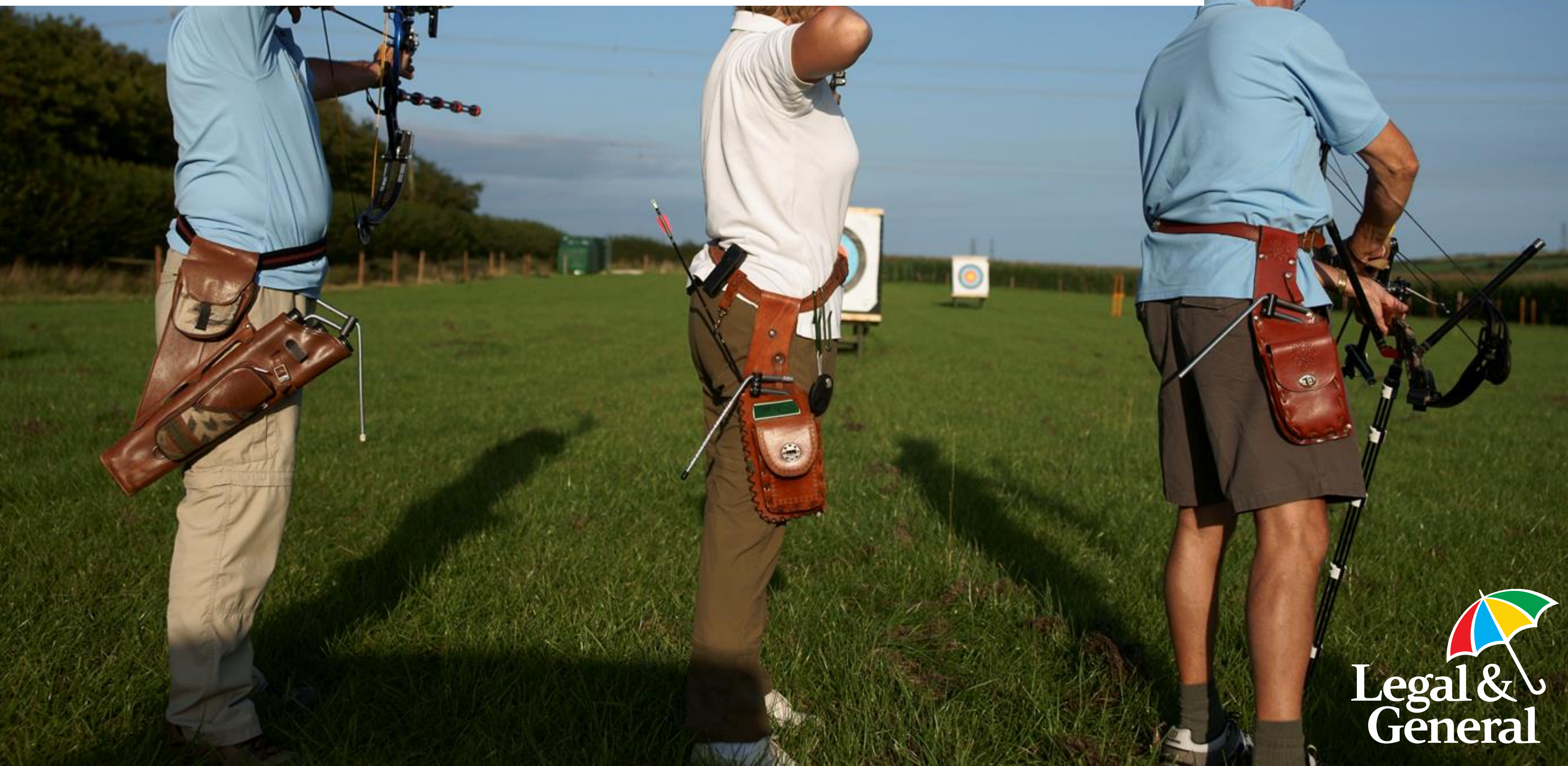


* Based on a post-dividend shareholder view as estimated at 15 May 2017
** 150% pre-management actions

RISK MANAGEMENT

Simon Gadd

Group Chief Risk Officer



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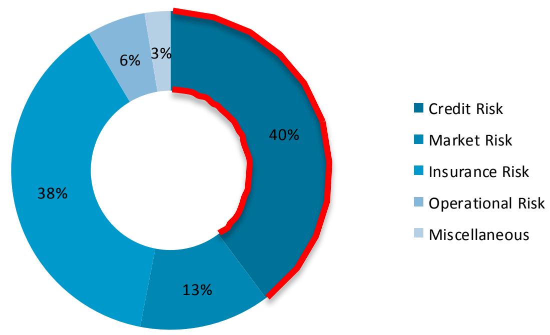
Risk Profile: focus on LGR's credit risk exposure

RISK TYPES	CATEGORIES	APPETITE	DIVISION
MARKET	Equity, spread and property	Appetite within annuities and with-profits businesses, and shareholder funds, where rewarded for taking exposure	LGR LGC Savings
	Interest rates and inflation	Limited tolerance for inflation and significant mismatches in interest rates; remove where hedging instruments exist	LGR
	Currency	Limited tolerance for developed country currency risk for investment assets; selective use of hedging to remove risks	LGR
CREDIT	Bond default	Limited tolerance for significant losses; credit rating based exposure limits set for portfolios, sectors and counterparties	LGR
	Property lending	Appetite where can assess the risk of default and the value of security taken	LGR LGC
	Banks & financial instruments	Limited tolerance for default; seek to actively manage exposures against defined risk limits and tolerances	All
	Reinsurance counterparties	Limited tolerance for significant financial loss or operational disruption from default event; set exposure limits for all reinsurers	LGR LGI
INSURANCE	Longevity mortality & morbidity	Appetite where we expect to add value, and have the capability to assess, price for and monitor trends in the risk	LGR LGI
	Life catastrophe	Limited tolerance for risk accumulation geography; set geographic concentration limits and use reassurance to manage exposures	LGI
	Persistency/ expense	Low tolerance for not achieving target returns as a result of variances in policy lapse rate or expense assumptions	LGI Savings
LIQUIDITY	Contingent events	Accept a degree of risk from markets in which operate; products that write and through investment management strategies. Seek to ensure meet obligations, avoiding loss from forced asset sales	All
OPERATIONAL & CONDUCT	People, process, systems, events	Accept degree of exposure from core strategic activity, however, very limited appetite for large losses due to customer impact, reputational damage and opportunity costs	All

Group SCR by major risk category



Governance framework

Three Lines of Defence Operating Model

1st line
Risk Taking

Business divisions are responsible for risk taking within the parameters of our risk appetite and accountable for managing risks in line with the risk policies

2nd line
Risk Control & Oversight

Risk functions led by the **Group chief risk officer**, providing objective challenge and guidance on risk matters

3rd line
Independent Assurance

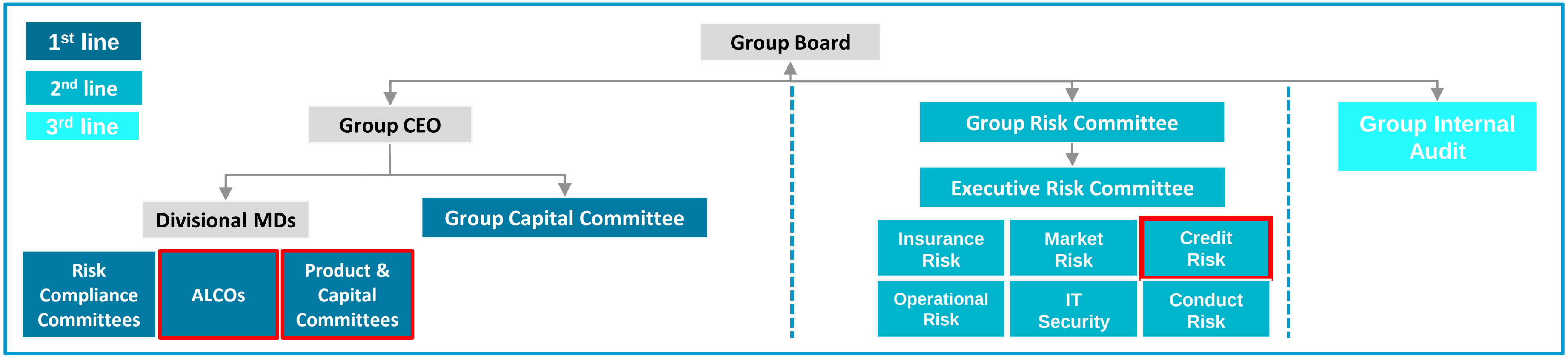
Group Internal Audit provide independent assurance on the effectiveness of business risk management and the overall operation of the risk framework

Senior Management and Board Level Engagement

Within the business, **management committees** provide forums for the review of material risk exposures and risk mitigation activities

Group level committees provide forums for Board oversight and challenge of the operation of the risk framework, and the management of key risks

As a senior board committee, the governance responsibilities of the **Group Audit Committee** include the oversight of the effectiveness of the group's internal control environment and risk management systems



Credit risk tolerances

Asset prices are not so important as credit downgrades and defaults. The second line sets risk limits aligned to the following risk factors.

Idiosyncratic downgrades: Some single names events are very difficult to predict without hindsight. These include fraud, accounting irregularities, litigation, mergers, acquisitions and sudden changes in financial policy. Concentrated holdings in individual counterparties exposes us to single name events. We aim to hold a well diversified portfolio from a single name exposure perspective and set:-

- Issuer concentration limits for corporates, banks and reinsurers
- In the specific case of reinsurers, the SII Surplus impact upon recapture is also monitored

Correlated downgrades: Different segments of the portfolio could be jointly affected by an adverse shock at a sector and/or country level or by uncorrelated shocks occurring at the same point in time. We aim to hold a well diversified portfolio from sector and country risk perspective and define:-

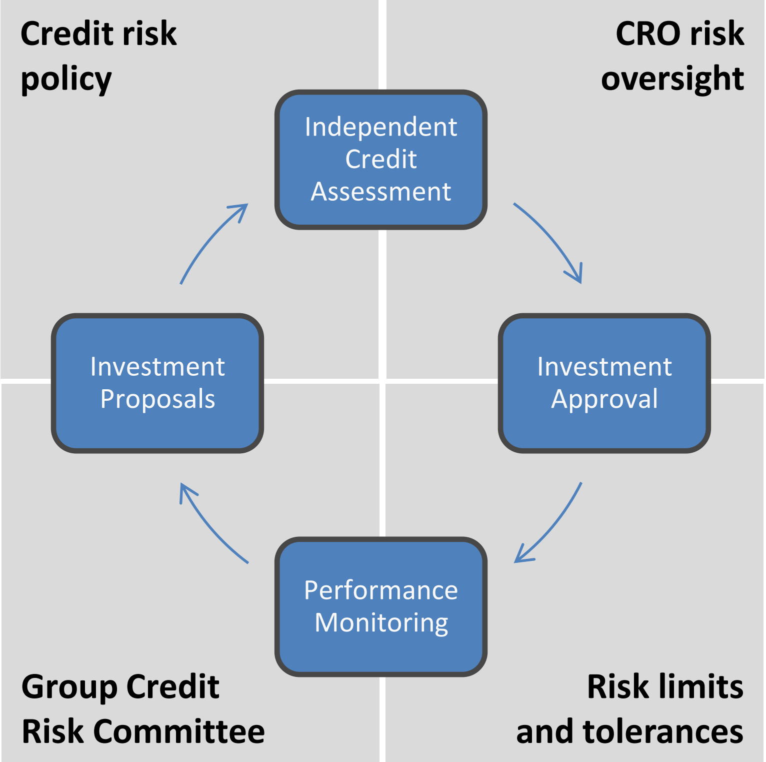
- Sector concentrations
- Country risk concentrations

Emerging risk: Downgrades and defaults are cyclical and the magnitude of downgrades and defaults may vary for the same economic shock. We aim to have forward looking assessment of credit risk and monitor:-

- Portfolio WARF (Weighted Average Rating Factor)
- 1 Year Default probabilities implied by Equity Prices and CDS
- BBBs expected to be downgraded in a stress scenario

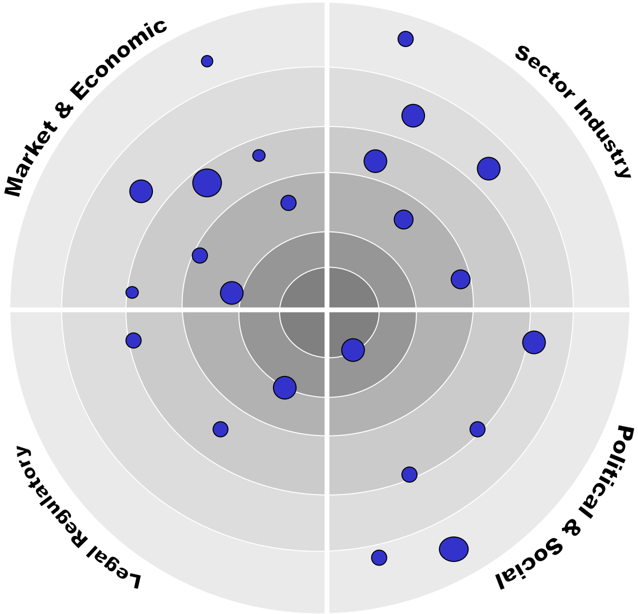
Internal ratings

- Our credit risk policy requires that all debt exposures are rated
- Alongside using published credit ratings, we determine and regularly re-appraise internal ratings for:
  - large aggregate exposures
  - complex debt structures
  - Investments where public ratings are unavailable
- Our internal credit rating methodology is consistent with the public rating agencies methodologies; and used by our credit risk analysts to propose ratings to our independent internal Credit Rating Committee
- Our central credit risk team closely monitors the methodologies, models and performance of our internal ratings and commissions external independent Private Credit Assessments to validate our view
- We also obtain external reviews of our credit processes to ensure they meet the standard for use in our Internal Model and for Matching Adjustment



Continuing to monitor the environment

- We track a wide range of risk factors, including those that could adversely impact credit markets
- We aim to maintain a well diversified and resilient traded portfolio; we undertake scenario analysis across our portfolio to test its robustness to potential events and ensure we are well prepared for threats, for example:
  - ‘Brexit’ political process
  - Stress in European banking system
  - Further fall in oil prices
- And as the business, regulatory and political landscapes continue to change, we have a range of actions that we can take
- ALM positions also mean we can take measured responses to market shocks, so that we are not forced sellers of credit
- In underwriting direct investments, our credit assessment makes specific reference to the future risks that may emerge, recognising that we are holding investments for the long term



WRAP-UP

Jeff Davies

Group Chief Financial Officer

Legal & General

What we will cover today

1. Financial results (Jeff Davies)

- Our consistent delivery of strong results
- Update on performance to date in 2017
- Focus on Legal & General Retirement's financial results

2. Legal & General Retirement Credit Risk (Kerrigan Procter)

Investment approach

- Liability Driven Investment
- Our diversified portfolio
- Our investment expertise

Credit Reserves

- £2.7bn credit reserves
- Development of credit reserve over 2016

Scenario analysis

- Impact of scenarios on IFRS
- Impact of scenarios on SII balance sheet

3. Risk Management (Simon Gadd)

- Our Group-Wide risk profile
- Our governance and monitoring approach
- Our internal ratings approach

4. Wrap-Up (Jeff Davies)

- Conclusions
- Question & Answer Session

Conclusions

1. We have a robust approach to managing credit risk in our annuity portfolio, supported by:
   - LGIM's global expertise and track record of managing our £54bn credit portfolio on a mandate to minimise downgrades and defaults
   - A well-diversified portfolio by sector, rating and geography
   - A £2.7bn credit default reserve including an additional £0.6bn to absorb short term shocks
   - A strong internal risk management framework
2. Between 2007-2016 we experienced less than £30m of default losses
3. The Group balance sheet is resilient and can withstand significant default and downgrade events with limited impact on the Group's IFRS financials and dividend growing capacity
4. Manageable impact on the Group's Solvency II position in a 1 in 200 year type event
   - A credit stress event e.g. 2001/2002 credit crisis would only reduce the group coverage ratio from 180% to 150%, with over £4bn of surplus to capitalise on market opportunities

LEGAL & GENERAL HAS A RESILIENT BUSINESS, WELL PLACED TO RESPOND TO SIGNIFICANT MARKET EVENTS

Q&A

Capital Markets Event

Credit Risk Management

LEGAL & GENERAL GROUP PLC | JUNE 2017