

Corporate Profile

Who we are

We're one of the world's largest insurance and investment management groups, with assets under management of £983bn (around \$1.3 trillion) at 31 December 2017. Established in London in 1836, we have been providing insurance for our customers for over 180 years. We now offer much more than just insurance and are one of the world's top 20 asset managers.

With around 7,000 employees we look after the financial security of over 10 million customers in the UK and US and manage investments for around 3,000 institutional clients. We have been listed on the London Stock Exchange since 1979 with the ticker: LGEN.LN and have an ADR programme as LGCNY. At 31 December 2017, our market capitalisation stood at £16.2 billion.

Our goal

Our purpose is to improve the lives of our customers, build a better society for the long term and create value for our shareholders. This shapes every aspect of how we do business.

What we do

We enable our customers, who range from some of the world's largest companies and funds to millions of individuals and families, to manage their financial futures whether by protecting against unforeseen events, helping to save for retirement or investing money to deliver growth over time.

We deploy our strong balance sheet, our ability to understand and pool risk, our market insight and our capacity to create good value propositions for every customer, large or small.

Our strong social purpose of 'inclusive capitalism' means that we strive at all times to do the right thing not just for our customers and shareholders, but for the broader economy and society as a whole.

Investment Case

A socially aware group with broad, market leading, customer solutions with a proven track record in earnings and dividend growth; a strategy designed to respond to six growth drivers; a low cost scale business; a strong balance sheet with disciplined capital management and sustainable cash generation, supporting both organic growth and bolt-on acquisitions and directed by an empowered, experienced management team.



Sir John Kingman

Chairman



Nigel Wilson

Group Chief Executive



Jeff Davies

Chief Financial Officer

Investing and Annuities

We provide reliable and secure pension Income for individuals and members of Corporate pension scheme. We use some of our long-term funds from pensions and other products to invest in infrastructure, homes and small businesses.

Legal & General Retirement (LGR)

Legal & General Capital (LGC)

Legal & General Retirement Institutional

Working with companies, pension fund Trustees and their advisers to provide risk Transfer solutions. Launched PRT business in the US in 2015, now has assets of over \$1.5bn.

Legal & General Retirement Retail

Deals directly with customers and through advisors And partners. Top three in UK individual annuities, With 13.5% market share in 2017. No. 1 in UK.

Lifetime Mortgages, with 33% market share.

Legal & General Capital

Builds relationships directly with partners and LGIM To develop direct investments and increase the Risk-adjusted returns on shareholder assets.

Investment Management

We provide institutional and personal Investment management services, managing the investments of many of the UK's biggest corporate pension schemes

Legal & General Investment Management (LGIM)

LGIM has for a long time been the UK's leading investment manager for DB plans, establishing an expertise in liability driven investments (LDI) and equity index funds. We have a 42% share of the LDI market. We have continued to broaden our range significantly and have strong capabilities in active fixed income, multi-asset and real asset investments.

We have now established a leading position in US LDI and are building our presence in Asia, the Middle East and across Europe.

Insurance

We help people safeguard their families' financial futures through providing insurance covering life, critical illness, and disability, long-term sickness, buildings, possessions, pet and travel.

Legal & General Insurance (LGI)

General Insurance (GI)

Legal & General Insurance

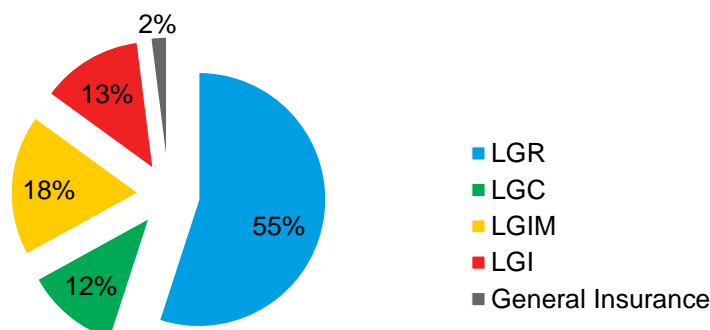
No. 1 in UK retail protection, with 24% share. Top 10 provider of US term life insurance. UK's largest mortgage club, distributing housing loans to customers.

Top four player in UK Group Protection with 16% market share.

General Insurance

No. 7 in UK household insurance.

2017 OPERATING PROFITS BY DIVISION



These percentages exclude discontinued operations. 2017 operating profit of £2,055m includes £2,366m from divisions, less £311m from group level investment projects, interest and expenses.

Financial highlights



	2017	2016	Growth
Dividend per share (pence)	15.35	14.35	7%
Net release from cont. ops ¹ (£m)	1,352	1,242	9%
Operating profit ² (£m)	2,055	1,562	32%
Profit after tax ^{2,3} (£m)	1,902	1,265	50%
Earnings per share ^{2,3} (pence)	31.87	21.22	50%
Solvency II coverage ratio (%)	189	171	
Solvency II net surplus generation (£bn)	1.2	1.1	
Solvency II surplus (£bn)	6.9	5.7	
Return on equity ^{2,3} (%)	25.6	18.8	

¹ Excludes businesses disposed of comprising Mature Savings, Legal & General Nederlands, Suffolk Life, Cofunds and IPS.

² Morality releases from LGR's £46.5bn of net longevity exposure comprises £206m relating to changes in longevity improvement assumptions to align to CMI 2015 tables, and a £126m base mortality release as reported in H1 2017.

³ Includes one-off £246m tax benefit arising on revaluation of net deferred tax liabilities relating in the US, largely relating to the US protection business following the US corporate income tax rate reduction from 35% to 21%.

Growth drivers of strategy

Ageing demographics

Helping DB pension scheme trustees take action at every stage through the de-risking journey to reduce pension liabilities and ensure members' pensions are paid on time and in full.

Globalisation of asset markets

Global assets exceed \$80 trillion. We're successful in the UK and US - leveraging our skills in Asia, the Middle East and other parts of the world.

Creating real assets

We seek to invest part of the group's £58.2 billion pension annuity assets in higher performing risk-adjusted asset classes. Direct investments can offer better and more predictable returns to shareholders and can create economic benefits for the UK.

Welfare reforms

Our auto-enrolment schemes allow individuals to build their own retirement funds that will help supplement their state pension. In addition, our success in providing company and individual insurance cover helps people have greater financial independence by safeguarding their family's financial future.

Technological innovation

We want to be disrupters in the the digital market by offering customers digital access to life insurance, general insurance and personal investments. We also need to give our customers excellent service delivery at a low cost, through digital operating models.

Today's capital

We are committed to using our long-term capital to invest in the UK economy, creating jobs, long-term infrastructure, better housing and capital to fund start-up businesses, whilst giving a risk-adjusted return for shareholders.

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For media enquiries please contact Tulchan: +44 (0) 207 353 4200

For investor enquiries: investor.relations@group.landg.com