Strength and growth

2022 Half year results

£1,355m

Operating profit from divisions

H1 2021: £1,271m, **+7%**

21.3%

Return on equity

H1 2021: 22.0%

212%

Solvency ratio

H1 2021: 182%

19.28p

Earnings per share

H1 2021 17.78p, **+8%**

5.44p

Interim dividend

H1 2021: 5.18p, **+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.

Strength and growth

Good financial performance and a strong balance sheet

Strong profitability…

£1,355m

Operating profit from divisions

H1 2021 £1,271m, **+7%**

19.28p

Earnings per share

H1 2021: 17.78p, **+8%**

Supported by a strong balance sheet…

212%

Solvency II coverage ratio

H1 2021: 182%

£0.9bn

SII operational surplus generation

H1 2021: £0.8bn, **+14%**

Driving strong shareholder returns

21.3%

Return on equity

H1 2021: 22.0%

5.44p

Interim dividend

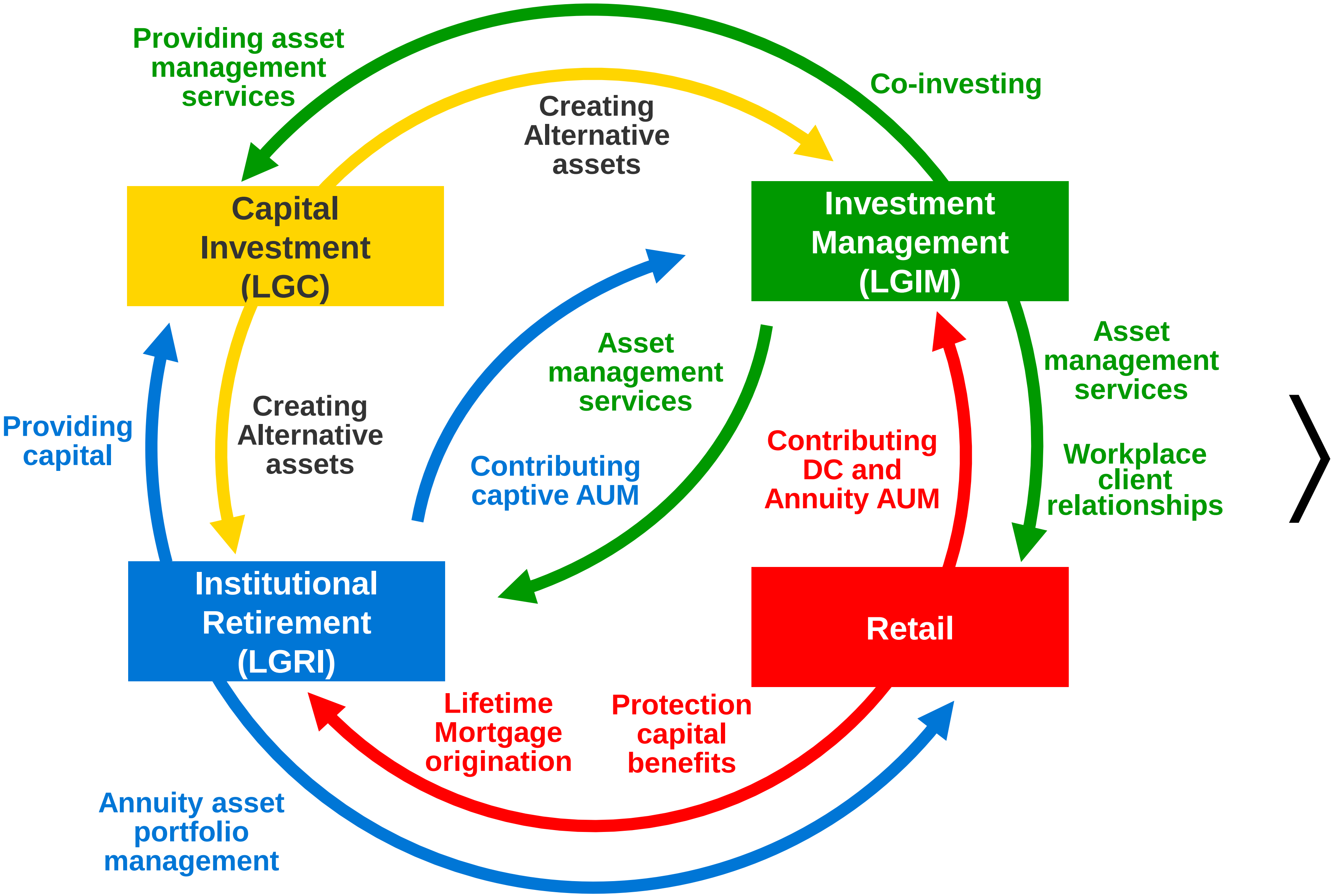
H1 2021: 5.18p, **+5%**

We have four strong divisions, operating at scale

H1 2022 operating profit by division

Division	Provision	Description	H1 2022 Operating Profit (£m)
LGC	**Asset Origination**	An alternative asset origination platform, originating assets for L&G and for third parties, and generating attractive shareholder returns	263
LGIM	**Asset Management**	A global £1.3tn asset manager with deep expertise in DB and DC pensions	200
LGRI	**Retirement Solutions**	A leading multi-national manager of institutional Pension Risk Transfer business	560
Retail	**Retirement & Protection Solutions**	A leading provider of UK retail retirement solutions and of UK and US life insurance & income protection	332
			1,355

The synergies between them underpin our 20%+ ROE



Structural and capital synergies result in

~20% ROE

Collectively, these businesses have delivered good growth in operating profits, demonstrating resilience in volatile markets

Operating profit from divisions

£m	H1 2021	H1 2022	%
LGRI	525	**560**	7
LGC	250	**263**	5
LGIM	204	**200**	(2)
Retail	292	**332**	14
Operating profit from divisions	**1,271**	**1,355**	**7**
Operating profit	**1,079**	**1,160**	**8**

Our business is aligned to six long-term growth drivers, providing immunity to a low / no economic growth environment

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	**$57tn**	LGRI, Retail, LGIM
Globalisation of asset markets	Build a **global asset management business**, entering new markets and expanding our existing operations	**$149tn**	LGIM
Investing in the real economy	Be leaders in **long-term direct investments**, whilst benefitting society through **socially responsible** investments	**£100bn**	LGC, LGRI, Retail, LGIM
Welfare reforms	Help people take responsibility for their own **financial security through insurance, pensions and savings**	**£1.6tn**	Retail, LGIM
Technological innovation	Be market leaders in the **digital provision** of insurance and other financial solutions	**$30bn**	Retail
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, 2022: $53tn of global private DB and DC pension assets; BCG Global Asset Management 2022: $149tn global AUM by 2026e; 400k (x £250k average selling price) homes to be built in the UK per annum by 2025; £1.6tn 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

We are well positioned to navigate the prevailing market environment

Indicative impact of prevailing market conditions on L&G

	Normalising interest rates	Widening credit spreads	Rising inflation
+	Solvency ratio up = greater capital optionality Reduced DB scheme deficits (for unmatched schemes) = increased demand for PRT Positive Insurance investment variances = higher EPS	Reduced DB scheme deficits = increased demand for PRT Improved PRT pricing and margins	Annuity assets and liabilities closely matched Lower loan to value ratios on lifetime mortgages = greater security
-	LGIM fixed income and LDI asset values down	Greater market concern over credit risk reflected in our share price* Spread of market-sourced direct investments over credit is temporarily lower	Wage inflation Focus on managing construction supply chain exposure

* We have a strong track record in managing credit risk. We have a high quality portfolio (99% investment grade) with no defaults since 2008 and strong DI cash flows (100% received in H1)

We are on track to achieve or beat our cumulative cash and capital ambitions

Illustrative growth in cash and capital

£bn	Growth from 2H 2022 to 2024 at	2020a	2021a	*2022*	*2023*	*2024*	2020-2024 Ambition
Cumulative cash generation	0%	1.5	3.2	*5.1*	*6.8*	*8.5*	8.0 – 9.0
	5%	1.5	3.2	*5.1*	*7.0*	*8.9*	
	10%	1.5	3.2	*5.2*	*7.1*	*9.3*	
Cumulative capital generation	0%	1.5	3.1	*4.9*	*6.7*	*8.5*	8.0 – 9.0
	5%	1.5	3.1	*4.9*	*6.8*	*8.8*	
	10%	1.5	3.1	*4.9*	*6.9*	*9.1*	

**We are confident that we will consistently grow cash and capital faster than our dividend commitment. Widening "jaws" over the dividend create positive capital optionality.
Even zero growth in cash and capital generation from now to 2024 would see us meet our ambitions.**

Cash generation: Actuals to H1 2022. From H2 2022 onwards, assumes variously 0%, 5% and 10% annual growth from 2021 baseline
Capital generation: Actuals to H1 2022. FY 2022 capital generation of £1.8bn and from 2023 onwards assumes variously 0%, 5% and 10% annual growth from 2022 baseline
These do not represent forecasts and are for illustrative purposes only

We achieved self-sustainability on the UK annuity portfolio (and for Group) in 2020, 2021 and expect to do so again in 2022

UK annuity portfolio: self-sustainability

£bn	UK annuity portfolio			Group		
	2020	2021	2022	2020	2021	2022
UK PRT and Retail Annuity Volumes	8.5	7.2	8.0-12.0			
Operational Surplus Generation (OSG)	1.0	1.1	1.2	1.5	1.6	1.8
New Business Strain	(0.3)	(0.3)	(0.3-0.5)	(0.3)	(0.4)	(0.4-0.6)
Net Surplus Generation	0.8	0.8	0.9-0.7	1.2	1.3	1.4-1.2
Dividend	(0.7)	(0.7)	(0.7)	(1.0)	(1.1)	(1.1)
Net Surplus Generation – Dividend	**0.1**	**0.1**	**0.2-0**	**0.1**	**0.2**	**0.3-0.1**

- We expect to achieve self-sustainability again in 2022, driven by double digit growth in OSG (i.e. capital generation) to c£1.8bn
- Our growing annuity portfolio generates increasing OSG year on year, increasing dividend headroom

Notes:
The UK annuity portfolio OSG figures also include contributions from LGIM and LGC, reflecting the total Group value of writing UK PRT. Management actions are also included
Whilst we may choose not to prioritise self-sustainability in every discrete year, our ambition is for net surplus generation to exceed dividends for the Group over the period 2020-2024
Numbers in the table above do not sum due to rounding

Our newly created Retail division has multiple growth opportunities across protection, retirement and fintech

L&G Retail	Multiple Attractive Markets	L&G Position
Workplace Savings	Workplace DC stock expected to grow 140% over next 10 years from £515bn to c£1.25tn – fuelled by growth into Master Trust	**c.15% Master Trust market share**
Retirement Income	c£32bn at-retirement annual flows[1] of which c.£4bn from annuity. Market growth from improving annuity rates and growth in DC savings	**c.21% Annuity market share**
Home Finance (Later life lending)	UK: c£5bn growing at 20%+; over-55's hold c£2.6tn housing equity. Inevitable source of retirement funding worldwide	**c.17% market share**
Retail Protection	Est. £7bn[2] total in-force premiums; modest single digit growth	**c.25% market share** (New business)
Group Protection	c£2.8bn total in-force premiums, increasing with salary inflation	**c.14% market share** (New business)
US Protection	$30bn[3] total annual premium market Highly fragmented – over 500 carriers – slowly digitising	**c.4% market share** (New business)
FinTech	Over 2,500 UK FinTechs, which saw over $37.3bn in investment in 2021 – up seven fold from 2020	**9 strategic investments**
Mortgage Services	Over 1.2m UK mortgages arranged per year, >75% intermediated	**c.30% market share** (intermediary lending)

Notes: Market data and L&G position are 2021 unless stated otherwise. 1 – Estimated for end 2020. 2 – Assuming c.£350 average per policy and c.20.7m total in-force policies (ABI). 3 – Internal estimate.
Sources: ABI, FCA Retirement Income Data, FCA PSD, SwissRE, Broadridge UK DC and RI Navigator Report, Savills, Equity Release Council, Deloitte FinTech Landscape, KPMG, UK Finance

Our strategy is underpinned by a clear purpose and 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

ESHG approach

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

- How we **invest our £88bn 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,** e.g. 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 VC start-ups**, e.g. CMR Surgical, Hinge 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

1. As at 30th June 2022, excluding derivatives, cash & cash equivalents and loans; please see the appendix for further quantitative data on our ESHG progress and commitments

L&G has a strong balance sheet and is well positioned to continue to deliver profitable growth

1. Our six long-term strategic growth drivers are as relevant today as they have ever been. They also help to immunise our business to a low / no growth economic environment

2. Year to date operating performance is in line with our expectations. Operating profit and EPS are both up 8%, cash and capital generation up double digits, and DPS up 5%

3. Solvency is strong at 212% (FY 2021: 187%). Our annuity portfolio continues to perform resiliently with no defaults. 100% of scheduled DI cash-flows were paid in H1

4. The market environment is accelerating global demand for PRT. H1 2022 volumes were written at good margins and low capital strain. The UK annuity business (and Group) was self-financing in 2020, 2021 and is expected to be self-financing again in 2022

5. LGC continues to perform strongly and remains on track to achieve our stated 2025 ambitions: operating profits of at least £600-700m and fee-generating third party capital of £25-30bn

Financial highlights

Jeff Davies
Chief Financial Officer

Strong financial performance

Metric	H1 2021	H1 2022	%
Operating profit from divisions (£m)	**1,271**	**1,355**	**7**
Group debt costs (£m)	(120)	(108)	
Group investment projects & expenses (£m)	(72)	(87)	
Operating profit (£m)	**1,079**	**1,160**	**8**
Investment & other variances (£m)	**241**	**207**	
Profit before tax (£m)	**1,320**	**1,367**	
Earnings per share (p)	**17.78**	**19.28**	**8**
Return on equity (%)	**22.0**	**21.3**	
SII operational surplus generation (£bn)	**0.8**	**0.9**	**14**
SII coverage ratio (%)	**182**	**212**	

LGRI: Consistently delivering strong profits

Financial Highlights	H1 2021	H1 2022
Operating profit (£m)	525	**560**
Investment and other variances (£m)	75	**133**
Profit before tax (£m)	600	**693**
Total LGRI new business (£m)	3,072	**4,449**
Total annuity AUM[1] (£bn)	85.8	**78.8[2]**

- **Operating profit of £560m**, reflecting:
  - The scale of the business as prudential margins unwind from the back book
  - An effective ongoing asset strategy – including the allocation of some Direct Investment assets to our back-book – that is increasing the total yield on our portfolio
  - £4.4bn of PRT new business written at attractive margins
- H1 2021 result included positive variances driven by COVID-driven excess deaths which have not been repeated at the same scale in H1 2022

1. Annuity AUM includes LGRI and Retail Retirement business
2. Total annuity AUM has reduced due to the higher interest rate environment

LGRI: Disciplined approach for value

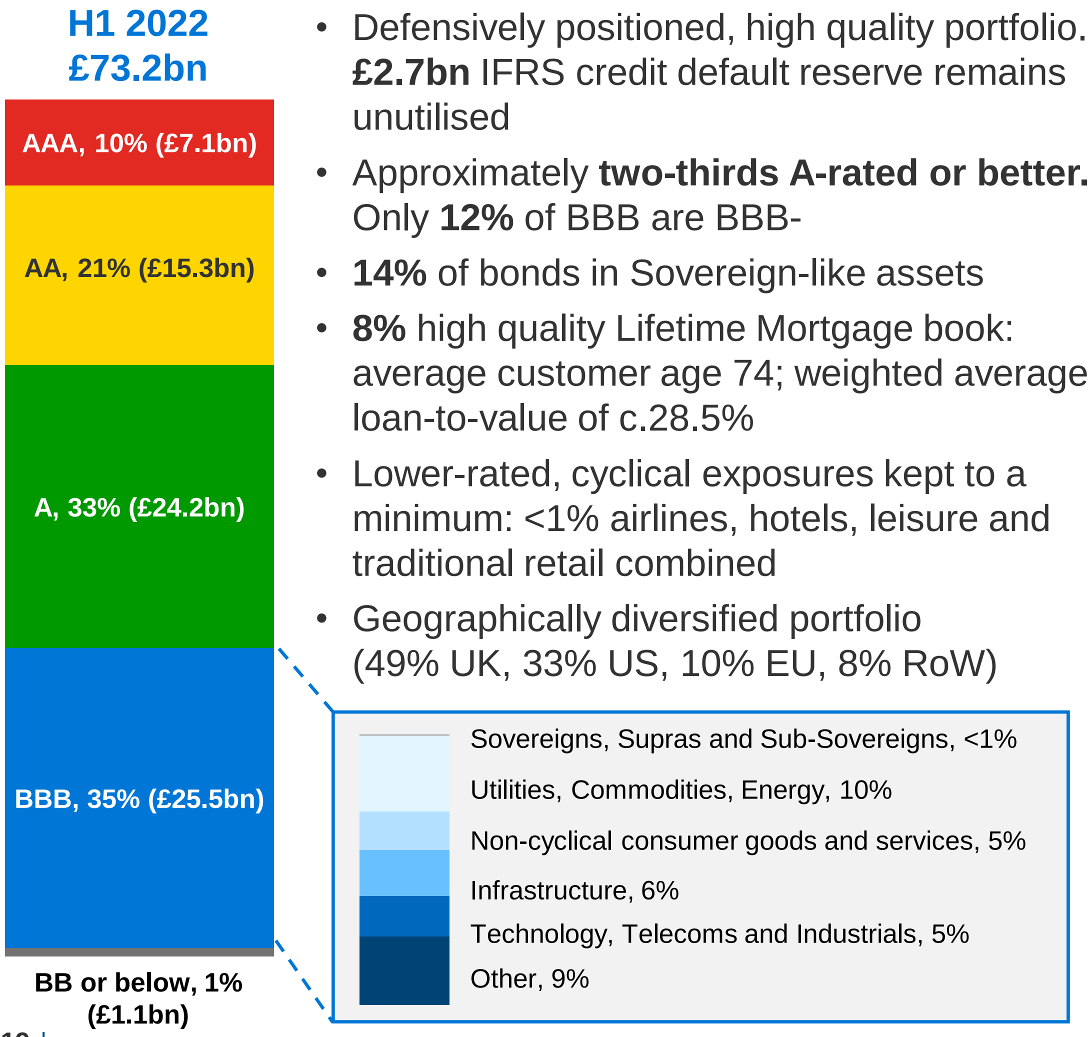
Total Sales (£m)	H1 2021	H1 2022
UK PRT[1]	2,965	**3,715**
US PRT	107	**593**
Other International PRT	-	**141**
Total LGRI New Business	3,072	**4,449**
Solvency II New business value[2] (£m)	241	**323**
Solvency II New business margin[2] (%)	8.7	**8.7**

- **Strong H1 2022 volumes: £4.4bn of global PRT across 25 transactions**
- **In the UK,** continued momentum and financial discipline, despite a competitive market:
  - LGRI achieved consistent SII new business margin supported by good asset origination and reinsurance terms. Volumes were written at a capital strain of less than 4%
  - c£3.7bn of UK PRT premium across 20 transactions. Committed presence across all market segments, writing our smallest deal of less than £1m through to our largest deal of c£2.2bn (a follow-on transaction with British Steel pension scheme under an umbrella agreement)
- **$0.7bn of US PRT** across 4 transactions including our largest transaction at over $550m. Another Canadian deal (for CAD$230m) building on our strategic partnerships in that market
- **c£25bn pipeline leading into H2 2022 and 2023. We are delivering against our five-year ambition of £40-50bn UK PRT and $10bn of International PRT**

1. Includes Assured Payment Policy
2. UK PRT business only

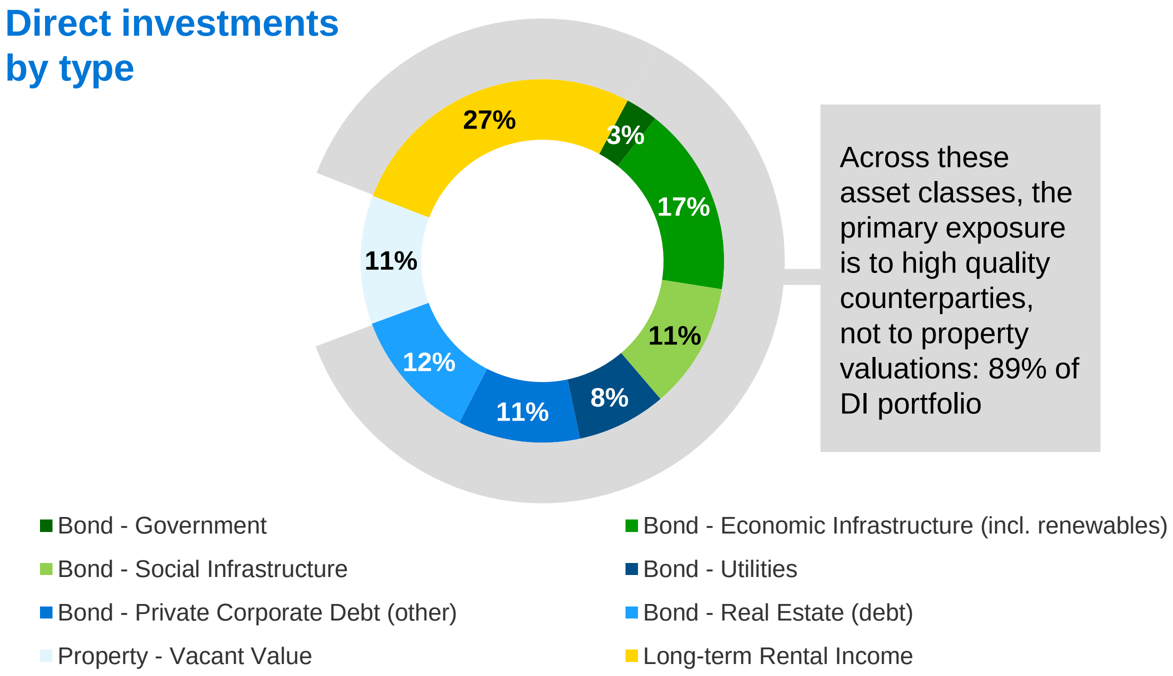
Annuity assets: Diversified bond portfolio complemented by high quality direct investments

Annuity Bond Portfolio: £73.2bn (out of £78.8bn)



- Defensively positioned, high quality portfolio. **£2.7bn** IFRS credit default reserve remains unutilised
- Approximately **two-thirds A-rated or better.** Only **12%** of BBB are BBB-
- **14%** of bonds in Sovereign-like assets
- **8%** high quality Lifetime Mortgage book: average customer age 74; weighted average loan-to-value of c.28.5%
- Lower-rated, cyclical exposures kept to a minimum: <1% airlines, hotels, leisure and traditional retail combined
- Geographically diversified portfolio (49% UK, 33% US, 10% EU, 8% RoW)

Annuity DI portfolio: £20.5bn, 26% of total assets



- No defaults and 100% of scheduled cash-flows paid. Primary exposure is to the underlying high quality tenant on rental income, e.g. Amazon, not to property risk. Around two-thirds of portfolio rated ‘A’ or above
- Originated £1.6bn of new, high quality direct investments during H1 2022. Continue to benefit from LGC ESG-focused asset creation via Affordable Homes, Build to rent and Urban Regeneration

Note: Annuity DI portfolio of £20.5bn excludes Lifetime Mortgage assets of £5.8bn

L&G invests primarily in investment grade credit. We adopt a prudent default assumption. Default experience has been low

99%	Percentage of L&G’s bond portfolio that is investment grade
43bps	L&G prudent annual IFRS default assumption
18bps	Market-implied IFRS base default assumption
<1bp	Actual L&G annual default rate (2007-H1 2022)

L&G prudent annual IFRS default assumption is for corporate bonds and direct investments and equivalent to £2.7bn IFRS default reserve
Actual L&G annual default rate of 0.9bps equivalent to £25m of defaults since 2007
Market-implied IFRS base default assumption is for credit assets. Note: we assume a buy and maintain strategy as opposed to a “straight to default” assumption

We have improved the quality of our portfolio as it has grown. Investment variances are net positive

Annuity bond portfolio	2007	Today
Assets under management (£bn)	16.2	73.2
% of assets that are investment grade	90	99
Credit default reserve (£bn)	0.5	2.7
Credit default reserve as % of AUM	3.1	3.7

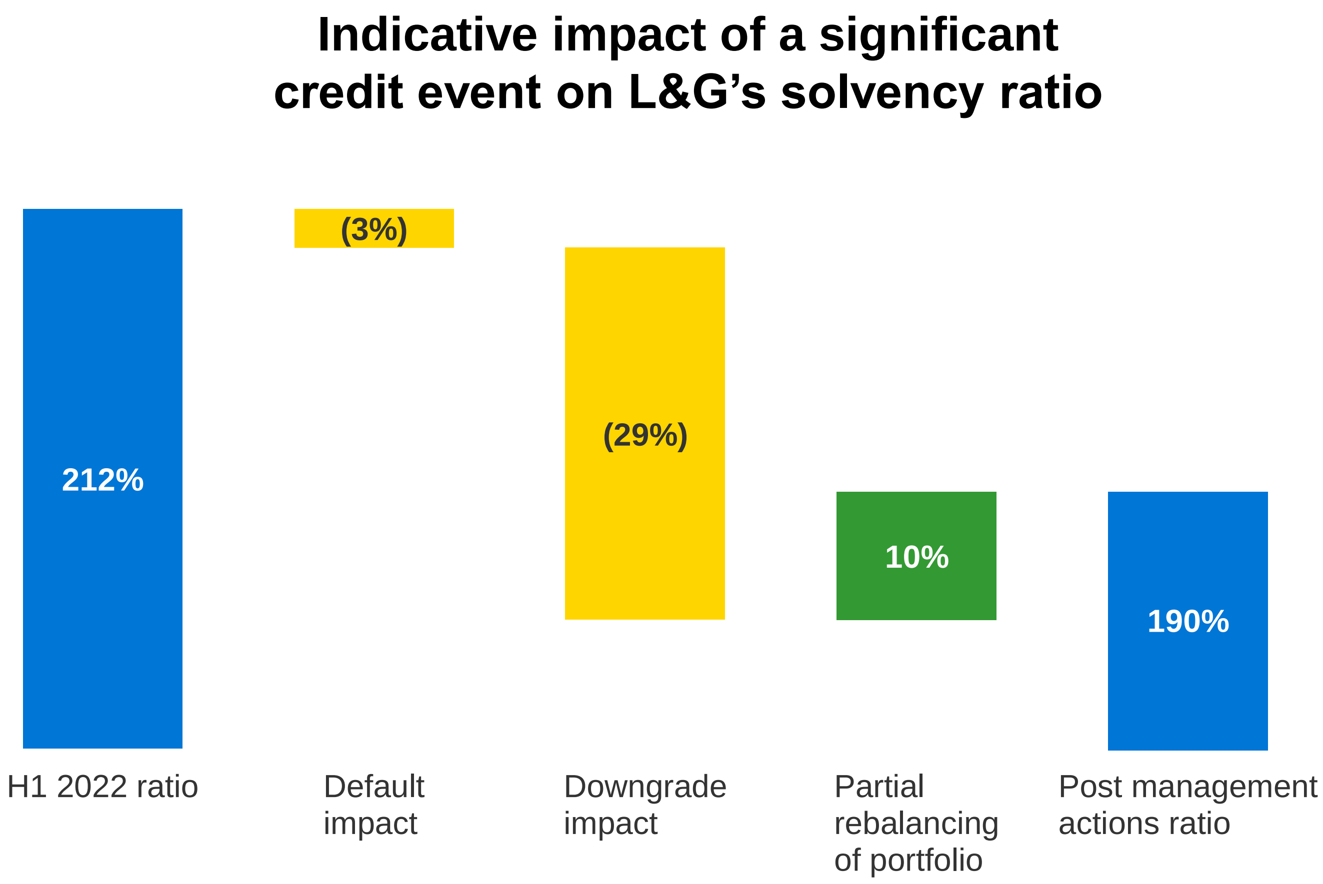
2007 to H1-2022	Cumulative
Actual default losses (£m)	25
Investment variances (£m)	720

Since 2007:

- Our annuity book has more than quadrupled in size
- The quality of the assets backing the portfolio has increased
- The credit default provision has grown in line with the portfolio
- We have experienced:
  - Actual default losses of just £25m, and none since 2008
  - Net positive investment variances: £720m

Note: For the complete data set since 2007 see the appendix. Investment variances for 2007 are for the Risk division which incorporated Annuities, UK Protection and General Insurance business.
We had c£130m of Russian exposures in the bond portfolio at FY21. These were subsequently downgraded from BBB to un-rated and have now been marked at c£35m. They have not yet defaulted.

Our balance sheet is well positioned to absorb a significant credit event, should it occur



- We apply a potential credit stress scenario to our current balance sheet. We assume a credit scenario broadly in line with 2001/2002:
  - Default rates: 1.0% of credit assets default pre-recoveries (0.03% AA defaults, 0.7% A defaults, 1.4% BBB defaults and 7% sub-investment grade defaults). 40% assumed recoveries
  - Downgrades: an immediate big letter downgrade on 20% of all assets[1]
  - Note: we do not recognise any benefit from widening credit spreads. Indicatively, 100bps widening of credit spreads would increase the solvency ratio by 12pp
- In this scenario we would see a decline in our solvency ratio. We could improve the impact by c10pp from a partial rebalancing of sub-investment grade assets[2]
- We could therefore reasonably expect the solvency ratio to be at c190% shortly after this scenario

1. The main impact on the ratio from downgrades is from assets downgraded to sub-IG. Our assumption is consistent with the aggregate level of IG assets being downgraded to sub-IG experienced in 2001/2002.
2. We assume portfolio rebalancing to replace downgraded BBB assets, including the rebalancing of all Traded assets, and 50% of Direct Investments, downgraded to sub-IG.

LGC: On track to achieve ambitious targets

Financial Highlights	H1 2021	H1 2022
Operating profit (£m)	**250**	**263**
- Alternative asset portfolio	**195**	**202**
- Traded portfolio and Treasury	**55**	**61**
Investment and other variances (£m)	**48**	**(308)**
Profit before tax (£m)	**298**	**(45)**
Assets (£m)	**8,656**	**8,250**
- Alternative asset portfolio	**3,426**	**3,739**
- Traded portfolio	**2,380**	**1,979**
- Cash and Treasury assets	**2,850**	**2,532**

- Strong commitment to **ESG-aligned investing**, with proven asset expertise in **clean energy, residential property, digital infrastructure and SME finance**
- Recent successful origination for LGRI and Retail Retirement in Urban regeneration, Build to Rent, Affordable Homes and Alternative Finance. Remain on track to deliver close to £1bn of new assets for the annuity portfolio over 2022
- Announced first US investment: a 50:50 partnership with US retail estate developer, Ancora, to create a real estate platform driving life science, research and technology growth across the US

- **Operating profit of £263m, up 5%,** principally reflecting profits from our **alternative asset portfolio**
- Alternative asset profits of £202m were driven by continued valuation increases over H1 2022, notably in the Venture Capital portfolio and Pemberton, complemented by another period of strong trading performance from Cala and Affordable Homes. Note: the prior year included a conservative valuation uplift of Pod Point ahead of its IPO
  - The alternative asset portfolio is up 9% to £3,739m (H1 2021: £3,426m). Net portfolio return of 9.3% (H1 2021: 10.7%)
- **Profit before tax £(45)m,** reflecting volatile global equity market performance in H1 2022
- Our ambition is to build our diversified alternative AUM to c.£5bn (H1 2022: £3.7bn) with a target blended portfolio return of 10-12% and to increase third party capital to over £25bn (H1 2022: £15.6bn). **We therefore expect to manage over £30bn of alternative AUM by 2025 and deliver £600-700m of operating profit**

LGIM: Resilient performance despite market volatility

Financial Highlights	H1 2021	H1 2022
Asset management revenue[1] (£m)	480	**494**
Asset management expenses[1] (£m)	(276)	**(294)**
Total LGIM operating profit (£m)	204	**200**
Closing AUM (£bn)	1,327	**1,290**
International AUM (£bn)	434	**468**
UK DC AUM (£bn)	125	**129**
Wholesale AUM (£bn)	45	**46**
External net flows (£bn)	27.4	**65.6**
Asset management cost:income ratio (%)	58	**59**

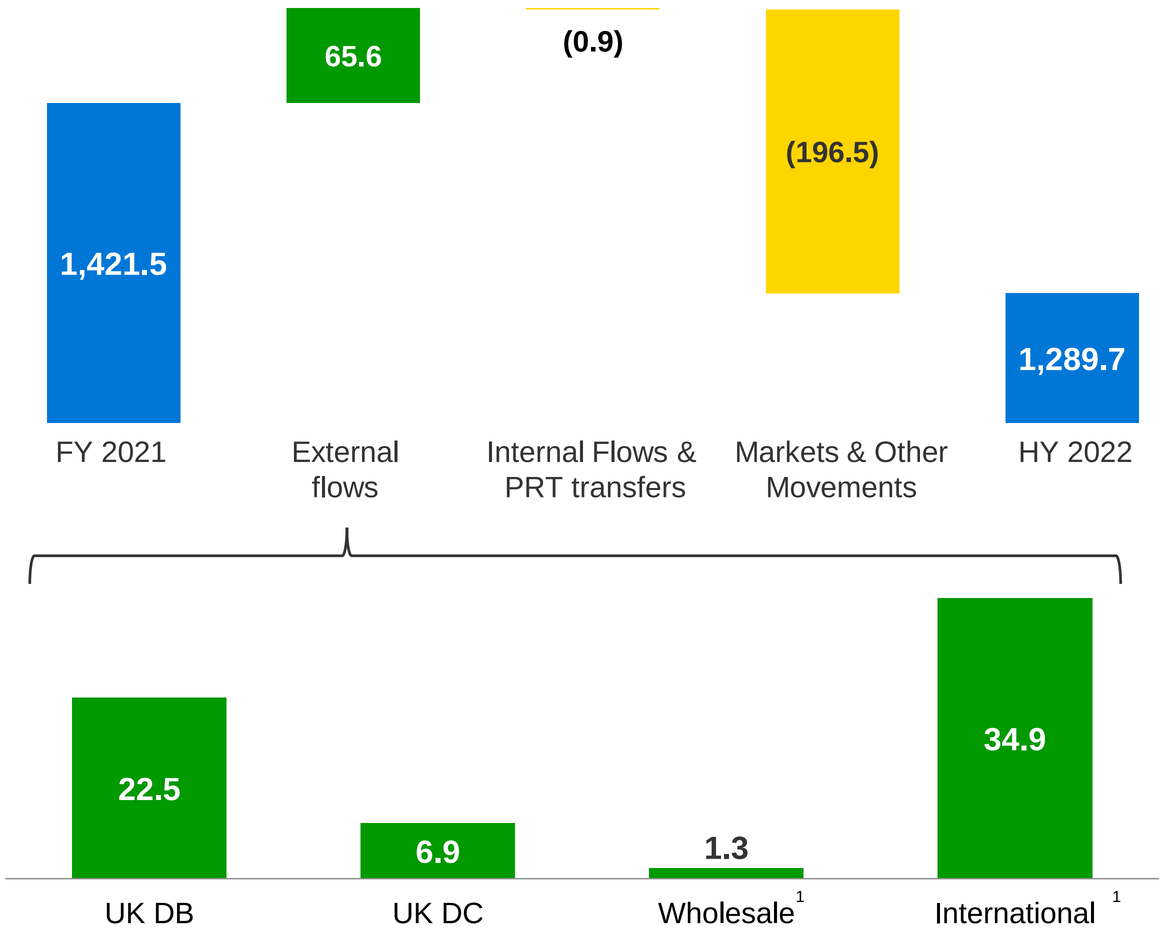
- Continue to build on credentials as a **responsible investor** and **remain committed to addressing environmental and social challenges**
  - **As at H1 2022, £271.2bn managed** in responsible investment strategies explicitly linked to **ESG criteria**[3]

- Operating profit down 2**% to £200m** following significant moves in interest rates, inflation and global equity markets impacting asset values in our Index, Fixed Income and LDI Portfolios
- Record **net flows of £66bn** combined with disciplined approach to cost management leading to cost:income ratio of 59%
- **AUM down 3% to £1.3tn,** due to falling markets
  - **International AUM of £468bn**, 36% of total AUM
  - A market leader in **UK DC with £129bn of AUM, and 4.7m Workplace members**
  - **Wholesale AUM at £46bn** with gross inflows of £4.1bn. Top 3 in both gross and net UK retail sales[2] over Q2 2022
- **Continuing to make progress across our three strategic pillars**:
  - **Modernise:** Continued execution of the transformation of our strategic operating model through partnership with State Street and use of their Charles River technology
  - **Diversify:** Expansion of ESG product range; preparing for launch of new renewable infrastructure equity offering in partnership with NTR (first close expected in Q4 2022)
  - **Internationalise:** >50% of net flows from International channels and continued investment in expanding European footprint and building out US product proposition

1. Revenue and expenses exclude income and costs of £15m in relation to the provision of 3rd party market data (H1 2021: £18m)
2. Pridham Report Q2 2022
3. AUM in responsible investment strategies represents only the AUM from funds or client mandates that feature a deliberate and positive expression of ESG criteria, in the fund documentation for pooled fund structures or in a client's Investment Management Agreement.

LGIM: Record net flows in volatile markets

AUM progression from FY21 to HY22 (£bn)



- **Record external net flows of £65.6bn driven by:**
  - **International flows of £34.5bn**, representing 53% of the total, reflecting deepening strategic relationships with clients across Asia, Japan and US
  - **Strong UK DB flows into LDI/Active Fixed Income of £27.0bn** as clients seek to de-risk in volatile markets and benefit from LGIM's growing Responsible Investing product range
  - **UK DC external net flows of £6.9bn** with 22 scheme wins in H1 2022. The default strategy for the majority of schemes is multi-asset or target date funds
- **Annualised Net New Revenue of £13m** from these net flows reflecting continued growth in higher margin areas including multi-asset, ETFs and index solutions

1. Includes ETF net flows

Retail: Robust Trading Performance

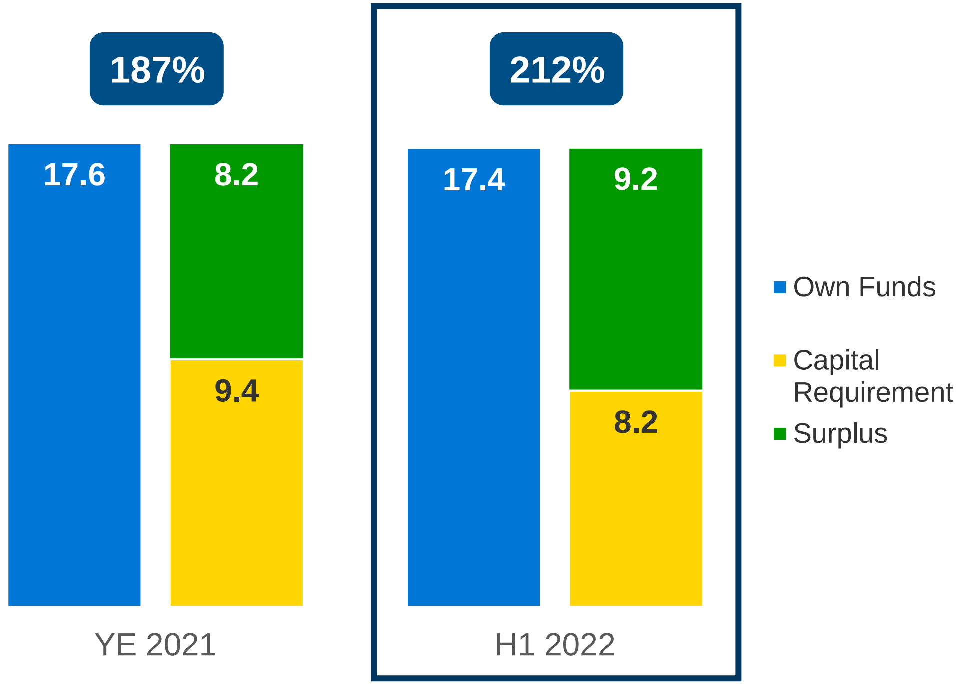
Financial Highlights	H1 2021	H1 2022
Operating profit (£m)	292	**332**
- UK & US Insurance	134	**185**
- Retail Retirement	158	**147**
Investment and other variances (£m)	260	**670**
Profit before tax (£m)	552	**1,002**
Protection Annual premium (£m)	203	**196**
Protection Gross written premium (£m)	1,500	**1,605**
Retirement new business (£m)	897	**791**
Workplace Savings net flows (£bn)	6.0	**4.3**
Solvency II New business value (£m)	164	**124**
- UK & US Protection	131	**92**
- Individual annuities	33	**32**

- **Operating Profit of £332m, up 14%,** driven by the on-going release from the growing UK protection and individual annuity portfolios, in addition to valuation uplifts in two of our retail Fintech businesses over H1 2022
- US Insurance continued to experience significant adverse mortality experience, in line with the wider market, with total Covid claims in line with the £57m provision set up at year end
- Profit before tax up to £1bn, with investment variance driven by the formulaic impact on reserves of rising government yields in both the UK and US
- **Insurance gross written premium up 7% to £1.6bn**, reflecting robust new business volumes across all businesses
- Individual annuity volumes of £453m. Lifetime mortgage and RIO[1] mortgage advances of £338m, achieved in highly competitive retail markets
- **Solvency II NBV down 24% to £124m**, reflecting lower volumes in Retail Protection, after a strong first half in 2021 aided by the buoyant housing market
- $114m dividend paid by LGIA on 3rd March 2022 (2021: $111m)

1. Retirement Interest Only

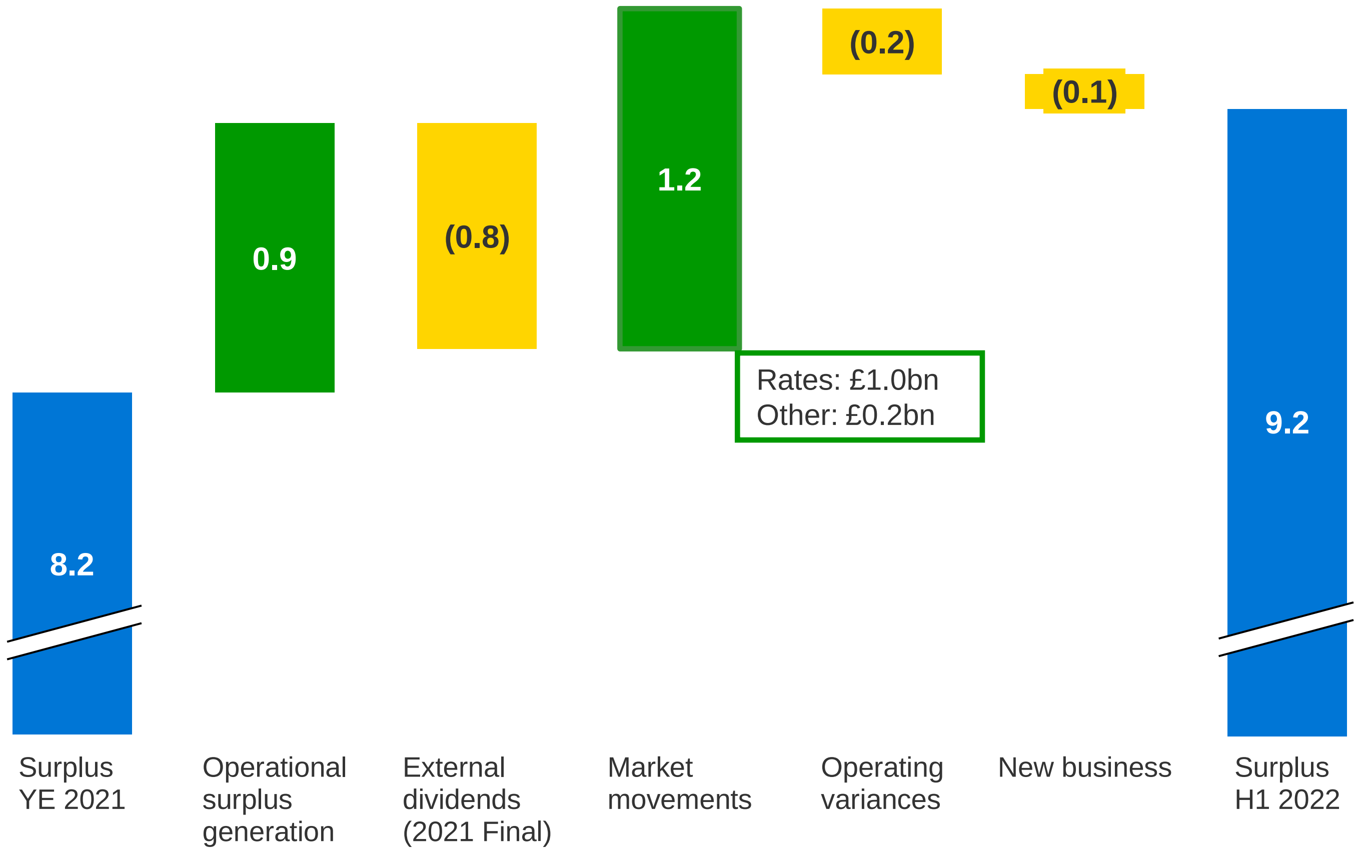
Robust Solvency II Balance sheet

Solvency II Balance Sheet (£bn)



- Coverage ratio of 212%
- Solvency II surplus of **£9.2bn**
- Tier 1 Own funds of **£13.8bn (79%)**

Solvency II surplus analysis of change (£bn)



Operating variances include the impact of experience variances, changes to model calibrations, and management actions

In summary

£1,160m

Operating profit
H1 2021: £1,079m, **+8%**

21.3%

Return on equity
H1 2021: 22.0%

212%

Solvency II coverage ratio
H1 2021: 182%

£0.9bn

SII operational surplus generation
H1 2021: £0.8bn, **+14%**

- We have delivered a **strong set of results**, and are confident in achieving our five year ambitions
- Our **balance sheet is strong and resilient to market events**
- For FY 2022 we expect to deliver:
  - **Full year operating profit growth in line with H1**
  - **£1.8bn of capital generation (OSG)**

Strong and growing

Sir Nigel Wilson
Chief Executive Officer

A compelling investment case

1. **An established track record of consistent and profitable growth**: between HY11-HY22 we delivered 11% CAGR in EPS, 11% CAGR in DPS and 8% 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 and 100% of scheduled cash flows from Direct Investments
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 <u>and</u> ongoing investment in high quality new business – against which we are making good progress

Strength and growth

2022 Half year results

£1,355m

Operating profit from divisions

H1 2021: £1,271m, **+7%**

21.3%

Return on equity

H1 2021: 22.0%

212%

Solvency ratio

H1 2021: 182%

19.28p

Earnings per share

H1 2021 17.78p, **+8%**

5.44p

Interim dividend

H1 2021: 5.18p, **+5%**

Investment grade credit rarely defaults

S&P Market Default Rates (%)

Year	Investment Grade				Sub-IG
	AAA	AA	A	BBB	BB
2000	-	-	0.3	0.4	1.2
2001	-	-	0.3	0.3	3.0
2002	-	-	-	1.0	2.9
2003	-	-	-	0.2	0.6
2004	-	-	0.1	-	0.4
2005	-	-	-	0.1	0.3
2006	-	-	-	-	0.3
2007	-	-	-	-	0.2
2008	-	0.4	0.4	0.5	0.8
2009	-	-	0.2	0.6	0.8
2010	-	-	-	-	0.6
2011	-	-	-	0.1	-
2012	-	-	-	-	0.3
2013	-	-	-	-	0.1
2014	-	-	-	-	-
2015	-	-	-	-	0.2
2016	-	-	-	0.1	0.5
2017	-	-	-	-	0.1
2018	-	-	-	-	-
2019	-	-	-	0.1	-
2020	-	-	-	-	0.9
2021	-	-	-	-	-
Average	**-**	**0.0**	**0.1**	**0.2**	**0.6**

We have improved the quality of our portfolio as it has grown. Our default experience is low and investment variances net positive

Annuity bond portfolio ratings, credit default reserve and investment variance

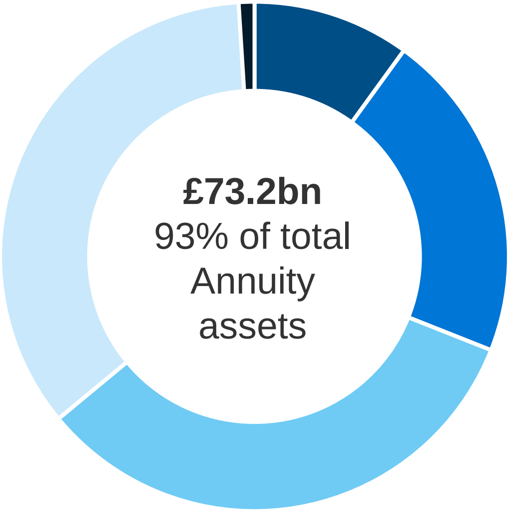
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	H1-22
Annuity bond portfolio (£bn)	16.2	17.1	21.4	23.4	26.3	29.3	30.0	40.7	39.4	49.9	52.5	57.4	70.1	80.4	81.8	73.2
% that is investment grade	90	90	89	91	92	91	89	88	97	98	99	99	99	98	99	99
Credit default reserve (£bn)	0.5	1.2	1.5	1.5	1.6	1.7	1.8	2.3	2.2	2.7	2.7	2.9	3.2	3.5	3.4	2.7
Actual default losses (£m)	1	24	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Investment Variance (£m)	(9)	(204)	(168)	102	172	(3)	63	67	78	37	4	95	43	15	242	186

Investment variances have netted positive £720m over this time period

Note: Investment variances for 2007-2012 are for the Risk division which incorporated Annuities, UK Protection and General Insurance business
We had c£130m of Russian exposures in the bond portfolio at FY21. These were subsequently downgraded from BBB to un-rated and have now been marked at c£35m. They have not yet defaulted.

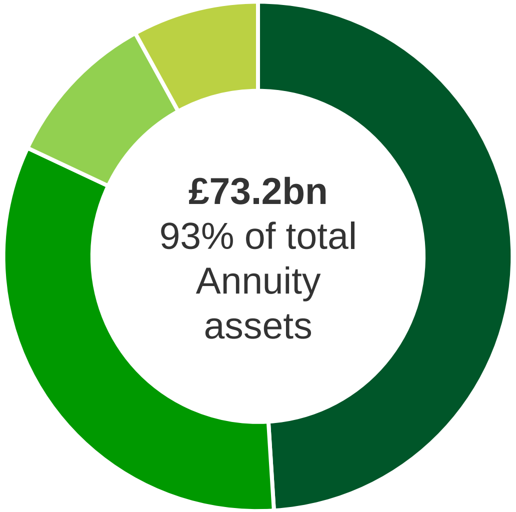
We have a high quality, diversified investment grade book

Bond portfolio by rating



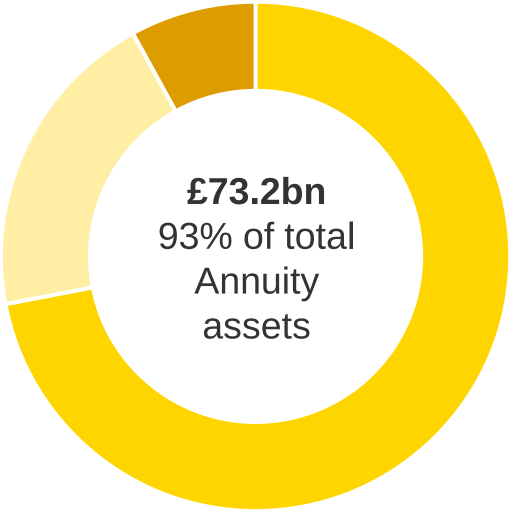
■	AAA	10%
■	AA	21%
■	A	33%
■	BBB	35%
■	BB or below	1%

Bond portfolio by geography



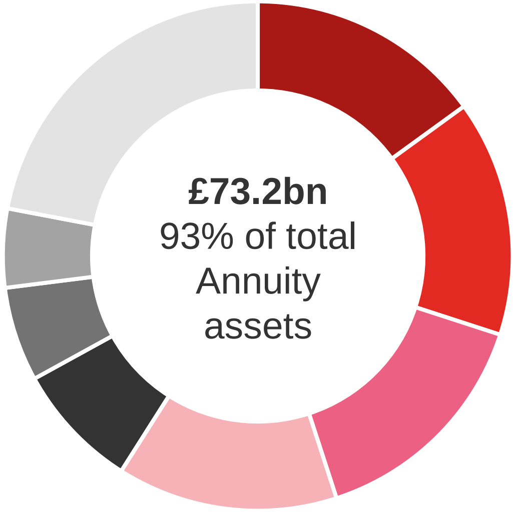
■	UK	49%
■	USA	33%
■	Europe	10%
■	RoW	8%

Bond portfolio by asset type



■	Traded credit	72%
■	Direct investments	20%
■	Lifetime mortgages	8%

Bond portfolio by sector



■	Infrastructure	15%
■	Utilities	15%
■	Consumer services & goods	15%
■	Sovereign-like assets	14%
■	Lifetime mortgages	8%
■	Technology & telecoms	6%
■	Real Estate	5%
■	Other	22%

Our BBB exposure is to high quality names

Annuity Portfolio: Top 10 BBB exposure

	Counterparty	Sector	Country of Risk	Investment value (£m)
1	National Grid PLC	Utilities	UK	558
2	E.ON SE	Utilities	Germany	481
3	FGP TopCo Ltd	Economic Infrastructure	UK	343
4	CK Hutchison Holdings Ltd	Economic Infrastructure	UK	300
5	Severn Trent PLC	Utilities	UK	297
6	Bayer AG	Consumer, Non-cyclical	Germany	225
7	Quadgas Holdings Topco Ltd	Utilities	UK	220
8	Kemble Water Holdings Ltd	Utilities	UK	210
9	Verizon Communications Inc	Communications & Technology	USA	206
10	Centrica PLC	Utilities	UK	203
				3,043
				12% of BBB portfolio

Our Direct Investments are with high quality counterparties

Annuity Portfolio: Top 15 Direct Investments by exposure*

	Counterparty	Sector	Year of Investment	Investment value (£m)
1	HMRC	Government	2016-2019	1,347
2	Amazon	Communications & Technology	2016-2020	922
3	Other UK Government	Government	2017-2020	871
4	Corporate Media	Media	2015-2017	326
5	Comcast Corp	Communications & Technology	2020	321
6	Places for People Group Ltd	Social Infrastructure	2014	319
7	UK Water Utility	Utilities	2018-2021	314
8	Railway Transportation	Economic Infrastructure	2021	306
9	Tesco PLC	Consumer, Non-cyclical	2012-2021	291
10	UK Water Utility	Utilities	2018-2019	279
11	Hornsea Offshore Wind Farm	Economic Infrastructure	2018	272
12	F&C Commercial Trust	Real Estate (Debt)	2014	263
13	Thames Tideway	Economic Infrastructure	2016-2019	254
14	London Gateway	Economic Infrastructure	2016	247
15	Walney Offshore Wind Farm	Economic Infrastructure	2017	237
			Total	**6,570**

32% of DI portfolio

Assets are predominantly in city locations, with long duration cash flows secured against high quality tenants, with limited downside valuation risk e.g. HMRC, Amazon, BBC

* Based on direct investments sourced in the UK
** Based on a weighted average

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. Please refer to the Group's Climate Report (published in March) and Sustainability Report (published in May) for further details.

ESG ratings

	Year ended 31 December		
	2019	2020	2021
Sustainalytics[1]	17.5 (Low Risk)	16.0 (Low Risk)	16.5 (Low Risk)
CDP	B	A-	B
DJSI / RobecoSAM	32nd percentile	74th percentile	79th percentile
MSCI[2]	AA	AA	AAA
Bloomberg Gender Equality Score	79%	79%	79%
FTSE4Good	78th percentile	89th percentile	91st percentile

Third party collaborations

- Aldersgate Group
- ClimateAction 100+ *(LGIM)*
- Get Nature Positive
- Glasgow Financial Alliance for Net Zero
- 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. Sustainalytics risk rating from 0 (negligible risk) to >40 (severe risk)
2. 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

	Commitments[1]	Date	Achievements to date
Invest	By the start of 2025, we will reduce portfolio greenhouse gas emission intensity by 18.5%[2] and increase financing of low carbon technology and infrastructure.	2025	We reduced the greenhouse gas emission intensity of our proprietary assets by 17.0%[3] compared to last year.
	We are targeting a net zero carbon footprint asset portfolio by 2050 and continue to evolve our interim targets against this objective.	2050	Coal exclusions extended, including avoiding investment in new coal mining, plant or business operations.
Influence	LGIM are committed to working in partnership with our clients to reach net zero greenhouse gas emissions by 2050 or sooner across all assets under management.	2050	We continue to develop investment solutions which support the low-carbon transition and a number of funds have set accelerated net zero targets. We continue to use our Climate Impact Pledge to drive change through engagement.
Operate	All homes delivered by CALA will be designed to meet the LETI and RIBA 2030 target for embodied carbon standards from 2025[4].	2025	CALA are already delivering new homes in Scotland which meet LETI and RIBA 2030 targets for embodied carbon[4].
	We will set science-based targets in accordance with the Science Based Target initiative (SBTi) by the end of 2022 and publish them in 2023 (once SBTi verification has been achieved).	2022	We are building out our target metric suite, covering both our core operational and our proprietary investment-financed emissions.

	Year ended 31 December		
Environmental metrics	2019	2020	2021
Scope 1 and Scope 2 emissions (tCO_2e)[5]	38,942	31,640	30,706
Balance sheet investments (tCO_2e/£m)[6]	120	89	74
Business travel (tCO_2e)	7,223	3,045	2,070

1. See Climate Report and Sustainability Report for full list of achievements to date and commitments in detail.
2. From a 2019 baseline.
3. This was driven in part by COVID-19 and market volatility impacts. In particular, the impact of COVID-19 on 2020 emissions is seen in the 2021 numbers due to the carbon data lag. We may see a partial reversal in future years.
4. LETI 2030 target: <300kgCO_2/m^2 Upfront carbon A1-5, excl sequestration. RIBA 2030 target: <625kgCO_2/m^2 Embodied carbon A1-5, B1-5, C1-4, incl sequestration.
5. 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).
6. 2019 calculated using Enterprise Value (EV); 2020 and 2021 calculating using Enterprise Value including Cash (EVIC) on updated methodology and emissions dataset.

ESG at L&G: Building a better society

What have we achieved so far
Our affordable homes business now has a pipeline of 5,500 homes across the UK
We established a multi-million pound charitable fund with the University College of London (UCL) to address UK health inequalities
We support community causes, including educational programmes and charity partnerships, and continued to match employee charity funding

	Year ended 31 December		
Products	**2019**	**2020**	**2021**
Number of pension customers ('000)	758	765	764
Life insurance payments (£m)	392	460	479
Percentage of life insurance claims paid (%)	97	97	98
Critical illness payments (£m)	224	203	209
Percentage of critical illness claims paid (%)	92	92	93
Number of employees of businesses whose lives we insure (m)	2.0	2.1	1.8
Amount paid to group protection customers who have died (£m)	232	243	252

Commitments[1]	Date
We will measure social value across 20% of our property assets by value	2023
We will deliver 3,000 new affordable homes each year	2023
LGIM will engage with investee companies on themes that create more resilient societies, including diversity, income inequality and financial inclusion	Ongoing

1. See Sustainability Report for full list of commitments.

ESG at L&G: Growing our business responsibly

What have we achieved so far
Our employee satisfaction score is 76, remaining above pre-pandemic levels
We improved ethnic minority representation on our Board in response to the Parker Review
We continue to make progress in narrowing the Gender Pay Gap to 24.1% (2020: 26.6%)
We have improved the D&I data we hold on our employees, increasing the number of employees for whom we hold ethnicity data to 67.9% (2020: 52.6%)

	Year ended 31 December		
Our people	**2019**	**2020**	**2021**
Number of employees	8,507[1]	10,099	10,743
UK employees on permanent contracts (%)	87.4	95.3	95.3
Female Board directors (%)	36	30	30
Female middle/senior management (%)	38	35[2]	36
Difference in median hourly rate of pay between male and female employees (%)	28.5	26.6	24.1
Investment in UK employee learning and development (£m)	4.5	5.3	4.4
Employee satisfaction index (%)	72	77	76
Number of RIDDOR accidents	17[1]	27	25

Commitments[3]	Date
Continue to report progress on narrowing our gender pay gap	Ongoing
Continue to improve the data we hold on our people, including on ethnicity and other protected characteristics	Ongoing
As a signatory of the Women in Finance Charter, we have committed to achieving overall workforce gender balance by 2025; 40% female representation among managers and senior managers; and 33% female representation on our Board.	2025

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.

ESG at L&G: Growing our business responsibly

LGIM Active Ownership

	Year ended 31 December		
	2019	2020	2021
Number of companies covered by our Climate Impact Pledge	c.80	c.1,000	c.1,000
Number of company engagements from our Investment Stewardship team	739	891	773
Number of worldwide resolutions on which we voted[1]	50,900	66,037	67,551
Number of directors whose election we opposed due to governance concerns	4,055	4,700	5,379
Number of new responsible investment strategies launched	14	20	37
AUM in responsible investment strategies (£bn)	150	207	290

Exclusions

- Coal and oil sands[2]
- Controversial weapons
- UN Global Compact violation *(LGIM)*

Additional resources

We release further details on ESG at L&G in our annual reporting, including our Climate Report (prepared in line with TCFD recommendations) and Gender Pay Gap Report (published later in March) and Sustainability Report (published later in the year). These can be found using the below links:

- Results, reports and presentations
- Sustainability reporting centre

1. Voting instructions for main FTSE pooled funds.
2. See our Climate Report for our coal and oil sands policy.