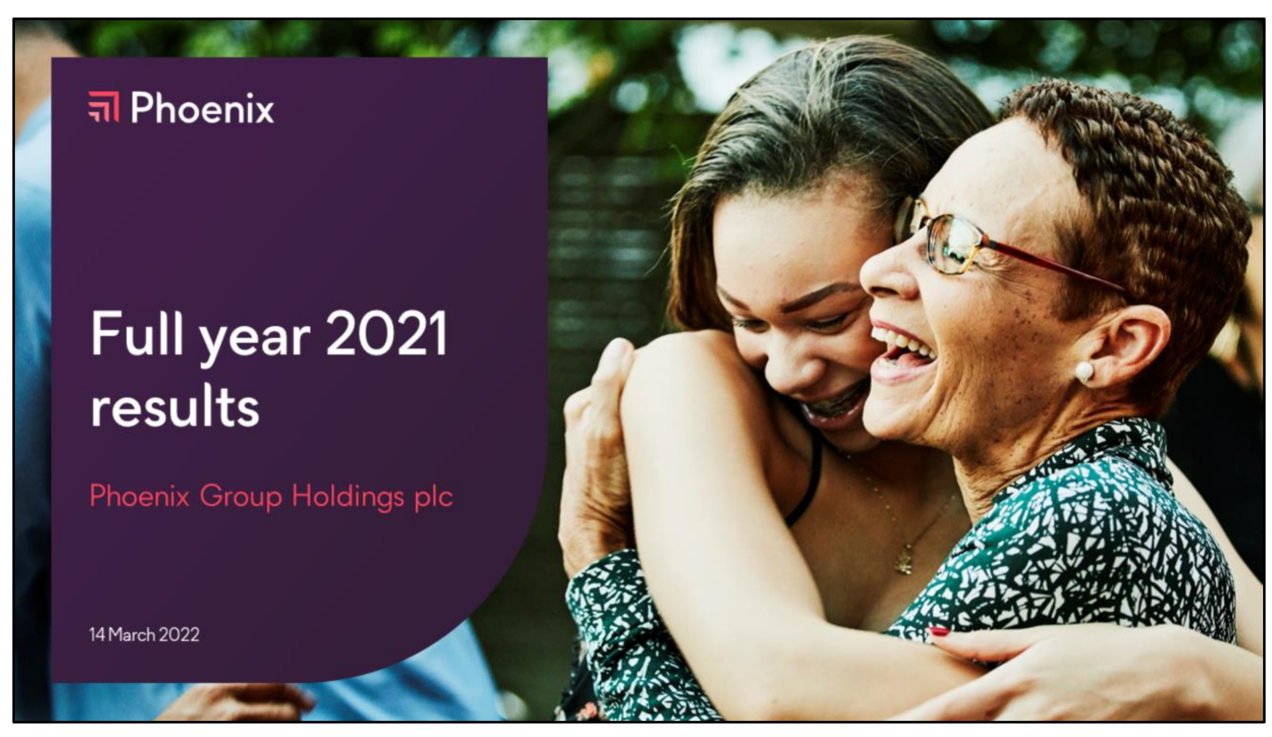
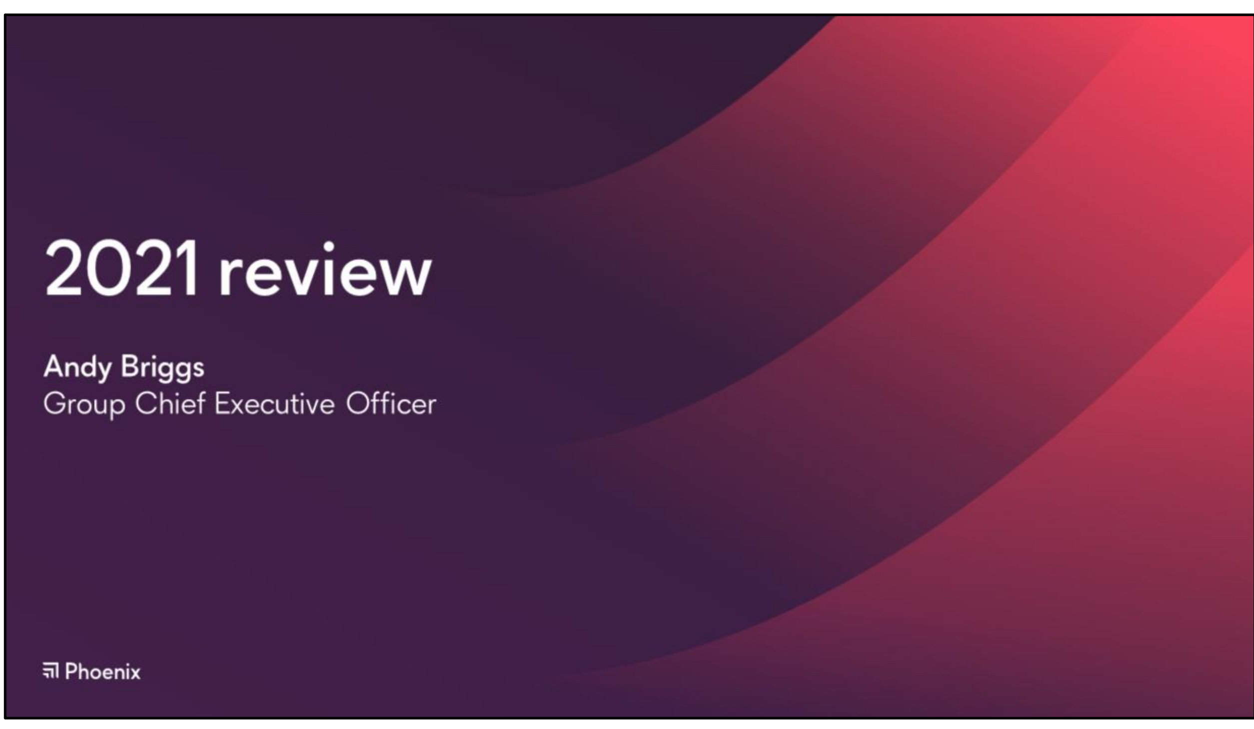

Phoenix
Full year 2021 results
Phoenix Group Holdings plc
14 March 2022



Good morning everybody, and welcome to Phoenix Group's 2021 full year results presentation.

I am delighted to be back presenting in person, and it is great to see you all here. Thank you for coming.

It's clearly been an extraordinary two years since I started, firstly with the pandemic, and now with the tragic war in Ukraine. And our thoughts, of course, go out to all of those affected.

Introducing our new brand

Phoenix

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Before we take you through our results, we wanted to share the new visual identity of Phoenix Group, which has been designed to embody our purpose, and better reflects the growing, sustainable business we now are.

Under our new group brand strategy, Phoenix Group will be our masterbrand, and employer brand. And "endorse" our powerful consumer brands, of Standard Life, SunLife, Phoenix Life and Reassure, who will be "part of Phoenix Group". A powerhouse of brands that together, will support us in delivering our purpose and our strategy.

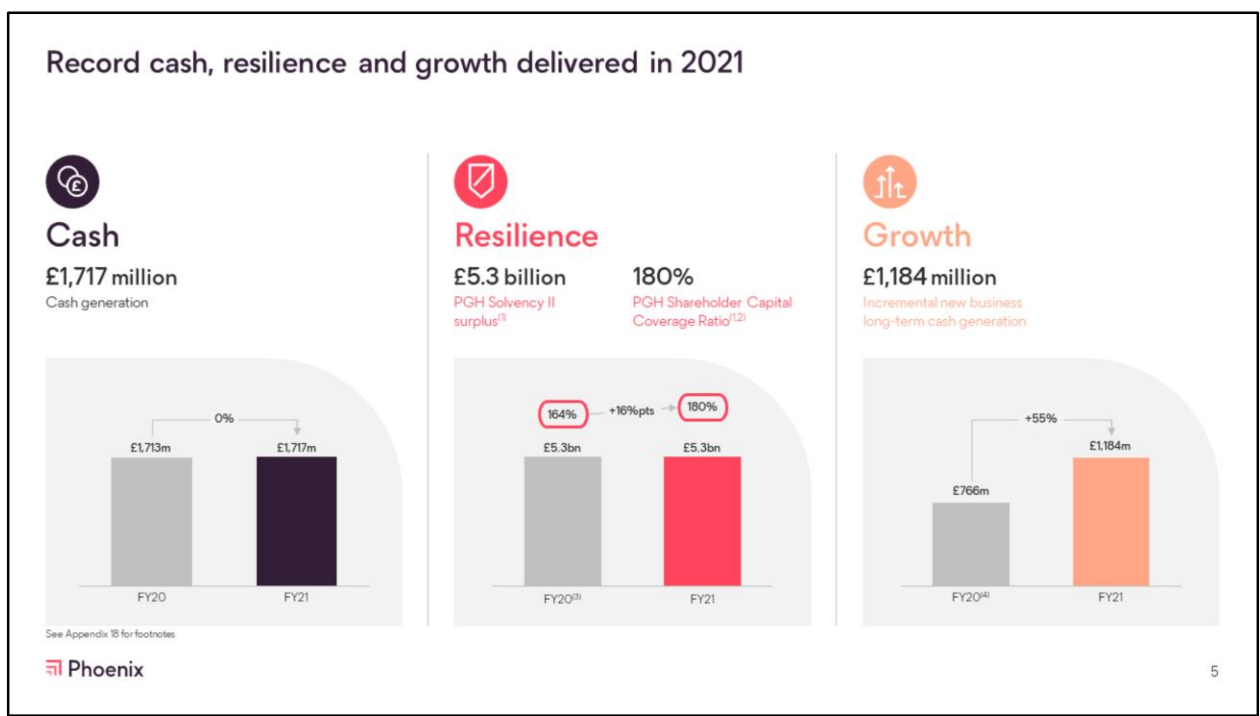
Visual identity is important, but what a brand stands for is really critical.

I passionately believe that the best businesses have a core social purpose, which is why ours is 'helping people secure a life of possibilities'. Helping a broad range of people in the UK, to journey to and through retirement, and enjoy a better later life.

As a purpose-led organisation, we are committed to delivering better outcomes, for all of our stakeholders.

It is only by having the best people, who are focused on our purpose, that we can deliver better outcomes for our customers and wider society, and in turn, produce stronger returns for all of our investors.

The virtuous circle you see on this slide.



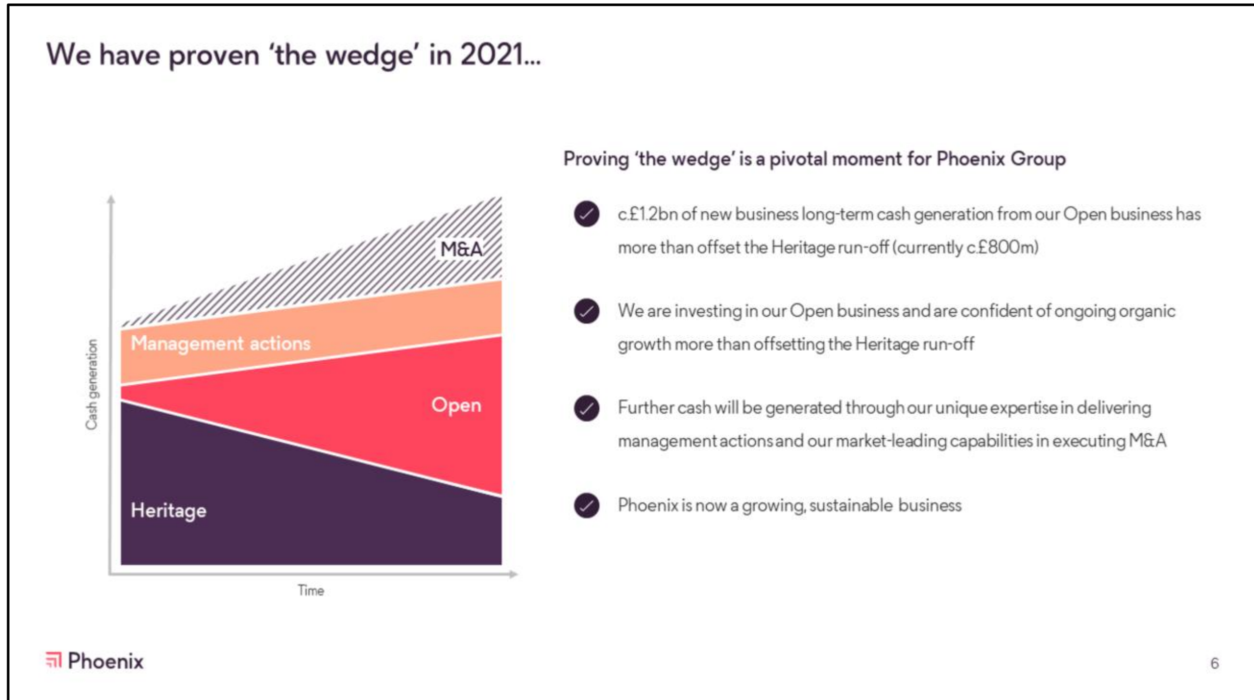
So how have we delivered for investors in 2021, against our financial framework of cash, resilience and growth?

2021 has been an outstanding year for Phoenix, and extends our excellent track record of financial results.

We delivered record cash generation, once again exceeding our target range for the year.

Our balance sheet remains strong, with our shareholder capital coverage ratio at the top-end of our 140%-to-180% target range.

And we have generated record new business long-term cash generation, up 55% for the year.



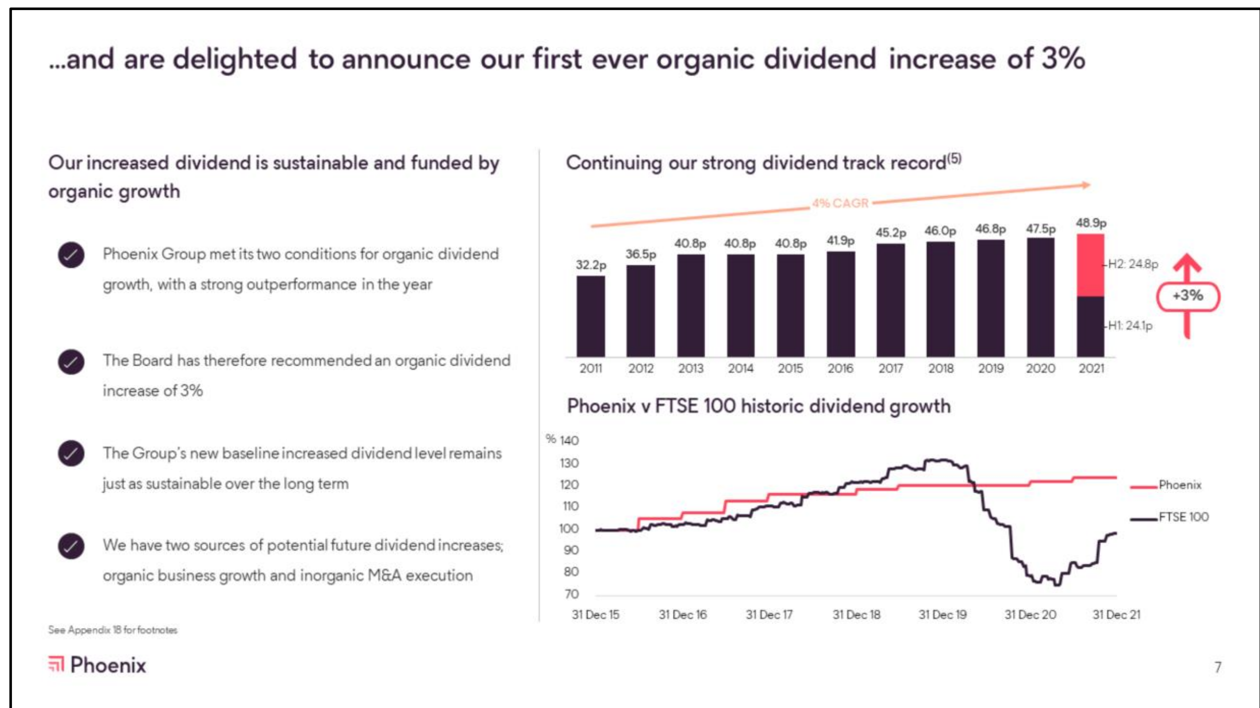
I am delighted that 2021 was the year that we have proven the wedge – the hypothesis first set back in 2018.

In fact, we have more than proven 'the wedge', with £1.2 billion of new business long-term cash generation from our Open business, exceeding the £800 million per annum, needed to offset the Heritage run-off.

And the investment we are making into our Open business means that we are now confident of delivering ongoing organic growth, which will more than offset the Heritage run-off, year after year.

In addition, we have unique, market-leading capabilities, and a proven track record of generating further value, both by delivering management actions, and by executing more M&A.

Phoenix is now a growing, sustainable business.



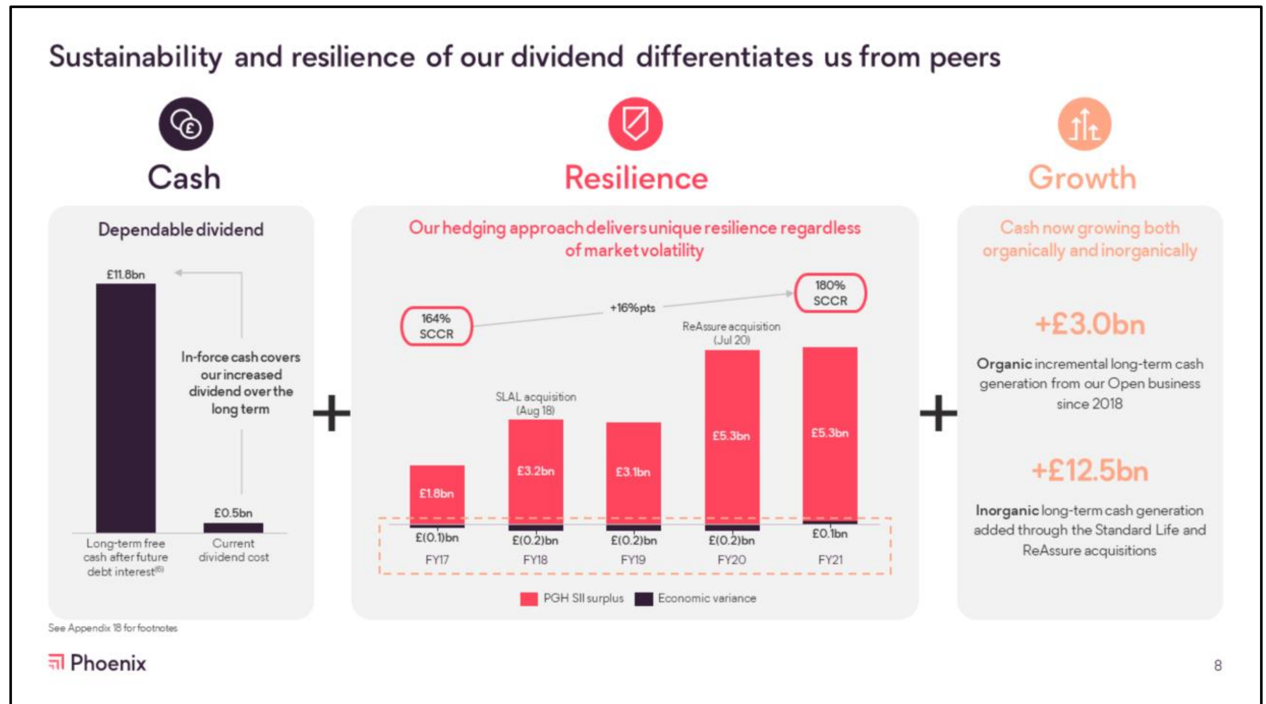
As a result of our strong outperformance in 2021, and having met our two conditions for dividend growth, the Board has recommended Phoenix Group's first ever organic dividend increase of 3%.

This increase reflects both the growth in our business, and our strong delivery of management actions during 2021. Our new, increased level of ongoing dividend, is just as sustainable as it was before.

As you can see on the chart, our dividend track record is strong, and we have significantly outperformed the wider FTSE 100, over the past seven years! However, until now, our historical dividend increases have only come from M&A.

What is really exciting, is that we now have two sources of potential dividend increases, both organic growth, and inorganic growth.

We have therefore evolved our dividend policy to reflect this, and Rakesh will cover this later.



Organic growth is a huge step for Phoenix, and significantly enhances our investment case.

But what remains unique about Phoenix, is both the dependability and resilience of our cash.

We are confident that the cash from today's in-force business, without any new business, or any M&A, can pay our current, increased dividend, over the very long term. There are very few stocks, in any sector, that can say that.

And unlike any other insurer, our cash is also extremely resilient, due to our hedging approach. As you can see here, in any market conditions over the last 5 years, our Solvency II economic variances have been negligible. This is clearly a huge advantage, and differentiator, in times of significant market uncertainty, such as we have today.

And we continue to grow. Both through our Open business, and through further M&A. And as our business grows, so will our dividend, whilst fully maintaining its sustainability, and resilience.

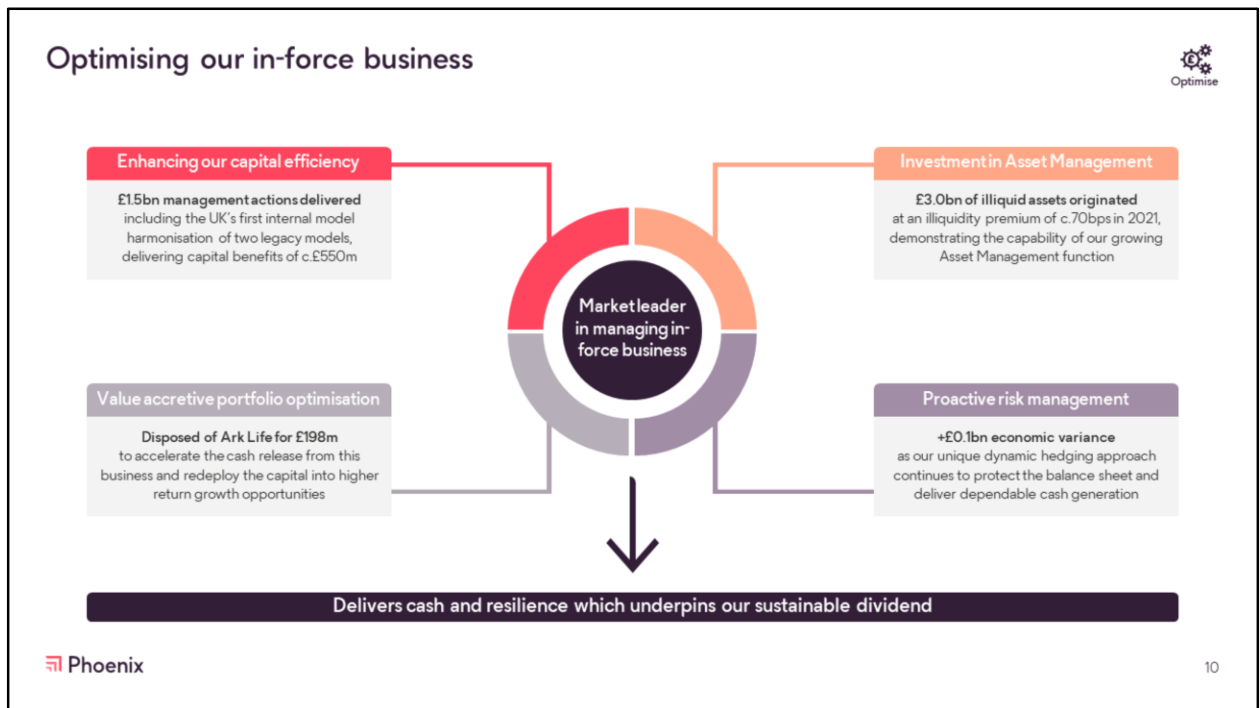
Putting all this together, I am sure you will agree, is a unique, and highly attractive combination.

So that's the numbers. What have we been focused on to deliver them.

We have five strategic priorities, that structure how we deliver our purpose and strategy, across Heritage, Open and M&A.

These are the key programmes and initiatives, that will build distinctive capabilities, to win in our chosen markets.

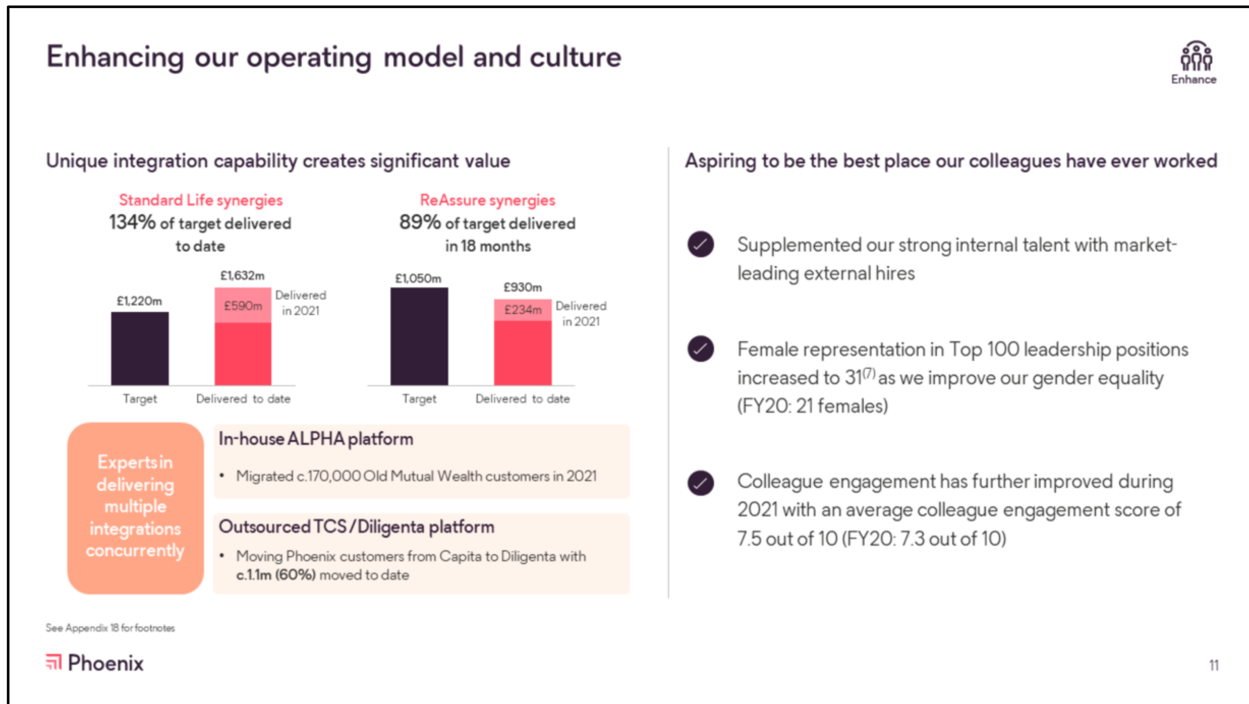
Let me talk through our progress, during the year, against each of these strategic priorities.



Optimising our in-force business is the bedrock of Phoenix. It is a market leading capability that we have built up over many years, and we have undertaken a range of actions during the year.

In particular, I am delighted that we have delivered a record level of management actions in 2021, at £1.5 billion, which included £550 million, from our internal model harmonisation programme.

And the investment in our asset management capability is delivering tangible results, with £3 billion of new illiquid asset origination, at a strong average illiquidity premium of 70 basis points.



Enhancing our operating model and culture is our second strategic priority. Again, this is a distinctive capability, that sets Phoenix apart from others.

During 2021 we have, once again, demonstrated how good we are at realising significant cost and capital synergies from our integrations, with substantial further synergies in the year.

Across our two integrations, we have now delivered over £2.5 billion of synergies, having exceeded our target on Standard Life, and delivered 89% of our target for ReAssure, in just 18 months. These are huge numbers, and demonstrate the significant value we create through M&A.

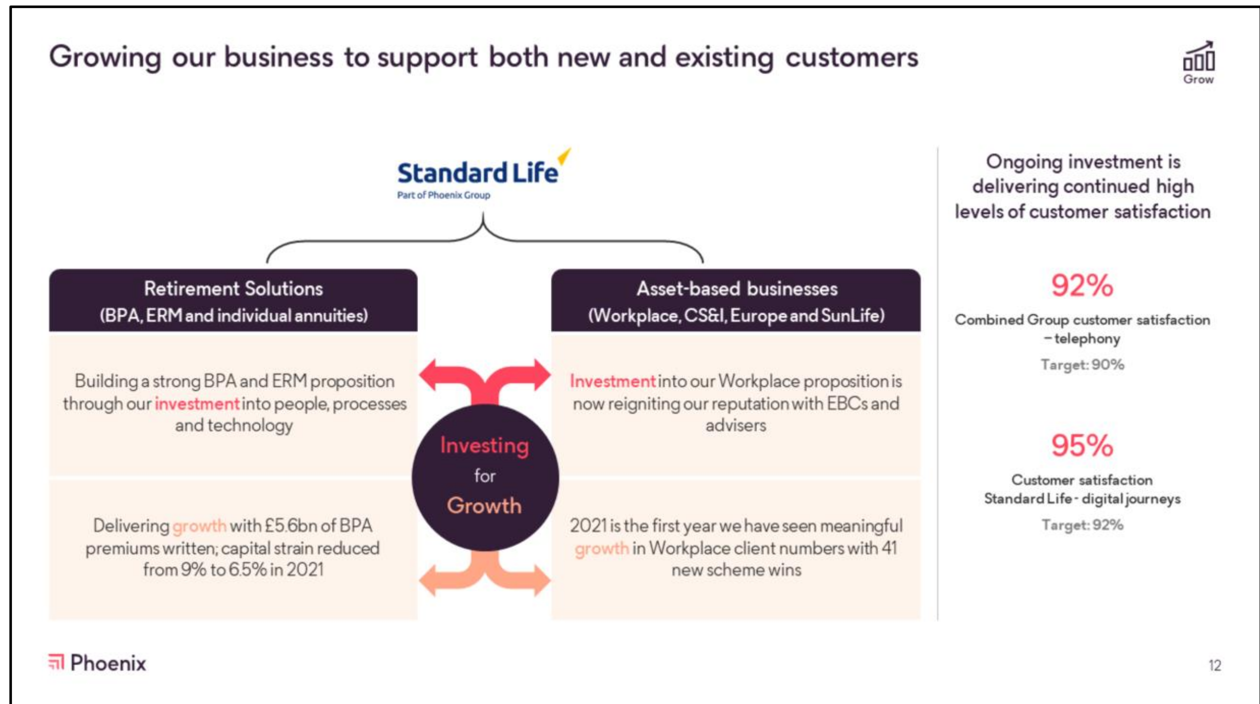
This is underpinned by our unique capability of delivering multiple integrations concurrently, as we delivered both the migration of Old Mutual Wealth customers, onto our ALPHA platform, and the ongoing migration of Phoenix customers from Capita to TCS.

Turning to our people and culture on the right of the slide.

A clear area of focus for me, during 2021, has been investing in the development of our fantastic internal talent, to support our ambitions. As well as strengthening our teams through the hiring of market-leading external talent, to bring new skills to the Group.

I am also pleased that our focus on increasing female representation is beginning to develop momentum, with the number of females in our Top 100 leadership positions increasing from 21 to 31.

Finally, it is always important to see our efforts reflected in an improved colleague engagement score. In particular, our colleagues tell us that our strong sustainability agenda is of real importance to them.



Our third strategic priority is to grow our business, to support both new and existing customers.

We are investing in people, processes and technology, to build a market leading Open business.

I am determined that our Open business growth strategy is balanced, over time, between BPA, and our capital-light, asset based businesses, such as Workplace.

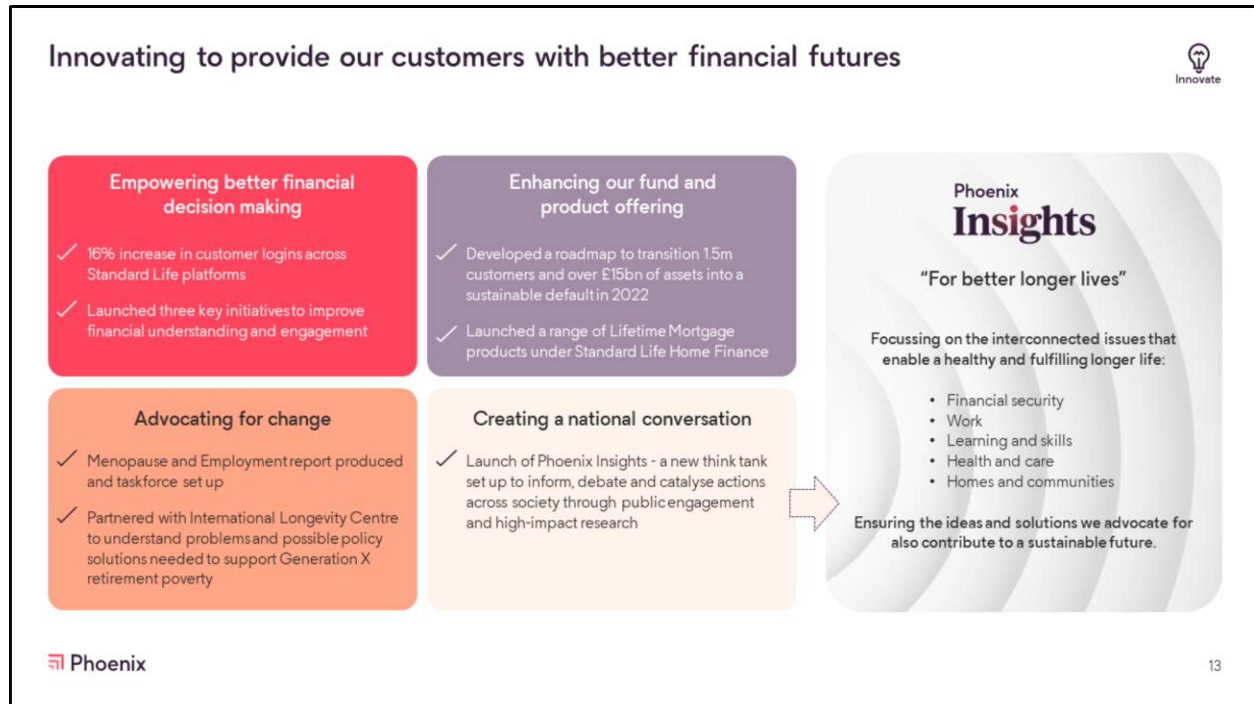
And having acquired the Standard Life brand last year, we are leveraging this trusted brand, to accelerate our growth.

The investment into our Retirement Solutions business delivered a strong year in BPA, with £5.6 billion of premiums written, whilst reducing our capital strain. But we are not growing in BPA at the expense of our resilience, with a balanced portfolio, and low credit risk sensitivity, remaining our long-term ambition here.

I was also delighted that we saw clear momentum building in our Workplace business, with 41 new schemes won during 2021. This demonstrates the strong proposition we now have, and is evidenced by us being awarded "Master Trust Offering of the Year" by Pensions Age, for the second year in a row.

While these new schemes wins are small in terms of assets, it is an important milestone, with advisers giving us the opportunity to prove ourselves on these smaller schemes, before we hopefully begin winning the larger schemes in time.

And finally, we have yet again maintained our high customer satisfaction scores, exceeding our targets for the year.



Our fourth strategic priority is to innovate, to provide our customers with better financial futures.

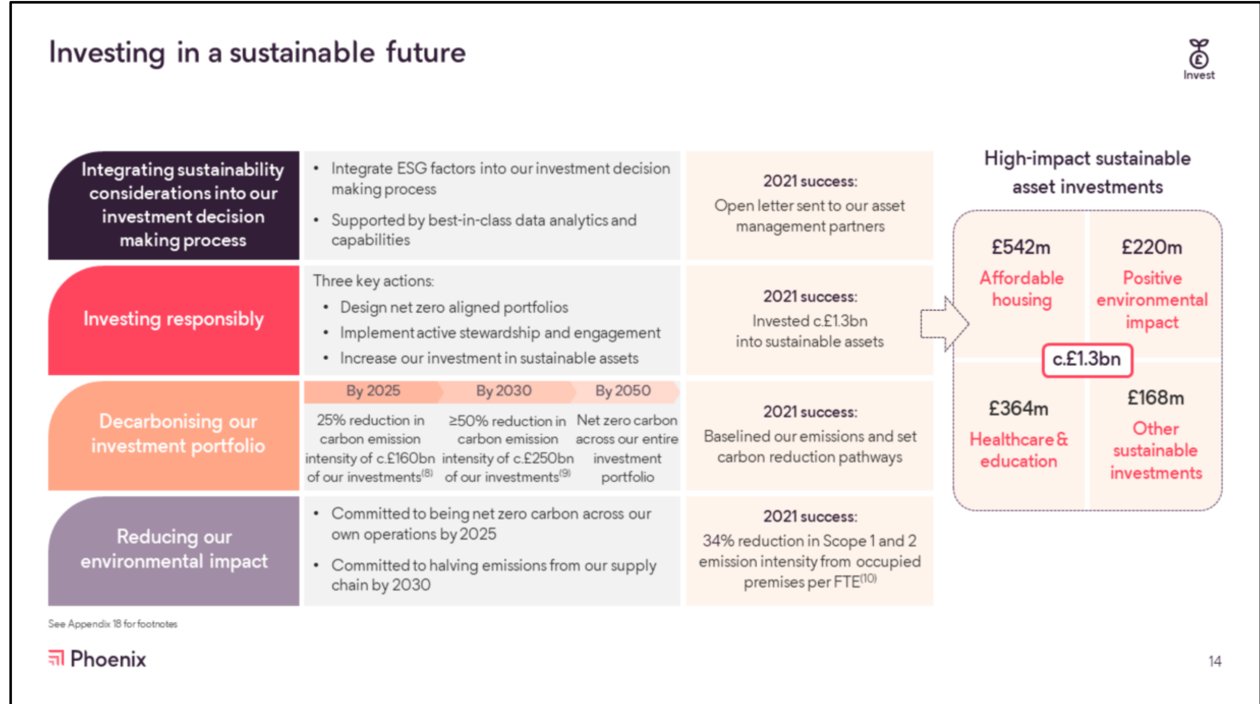
The UK faces a significant retirement savings gap, which we are committed to helping close. To do this, we will provide people with the right guidance and products, at the right time, to support the right decisions.

Key successes in the year include the development in our digital capabilities, which supported a 16% increase in customer logins across our Standard Life digital platforms.

As well as the development of a roadmap to transition 1.5 million customers, and over £15 billion of assets, into a sustainable default fund, which is now in train, enabled by the strengths of our core strategic asset management partner, abrdn.

I am also really excited by the 2022 programme of work from our new think tank, Phoenix Insights. We will use research to lead fresh debate, prompt a national conversation, and inspire the action needed to make better longer lives a reality, for all of us.

Be sure to keep an eye out for the launch of our Longer Lives Index, on 30th March, which explores the UK's preparedness for longer lives.



And our fifth priority, is to invest in a sustainable future.

As the UK's largest long-term savings and retirement business, we are responsible for managing over £310 billion of assets, on behalf of our 13 million customers.

Our customers and shareholders trust us to keep their money safe, and provide them with strong long-term financial returns, while using our scale to play our part in delivering a sustainable future.

That is why we are integrating ESG across our business, investing responsibly, and progressing towards our commitment, of being net zero by 2050.

A clear demonstration of the impact our scale affords us, is the £1.3 billion that we invested into sustainable assets during 2021.

For example, we invested over £500 million into affordable housing, which helped support some of society's most vulnerable people. And invested over £200 million into projects with a positive environmental impact, such as the provision of renewable electricity, to nearly half a million homes.

Phoenix is a growing, sustainable business

Key takeaways

- 2021 was a pivotal year for Phoenix as we have now **proven 'the wedge'** and are confident of proving it going forward
- The Board has recommended our **first ever organic dividend increase** of 3%, which remains just as sustainable over the long term
- Strong progress was made against our **five strategic priorities** as we deliver on our clear **purpose and strategy**
- Dependable **cash** and **resilience** differentiates us, with our in-force business funding our dividend over the very long term
- Future dividend increases can now be supported by **both organic and inorganic growth**

Optimise
Enhance
Phoenix
Helping people secure a life of possibilities
Invest
Grow
Innovate

Phoenix

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So, in summary.

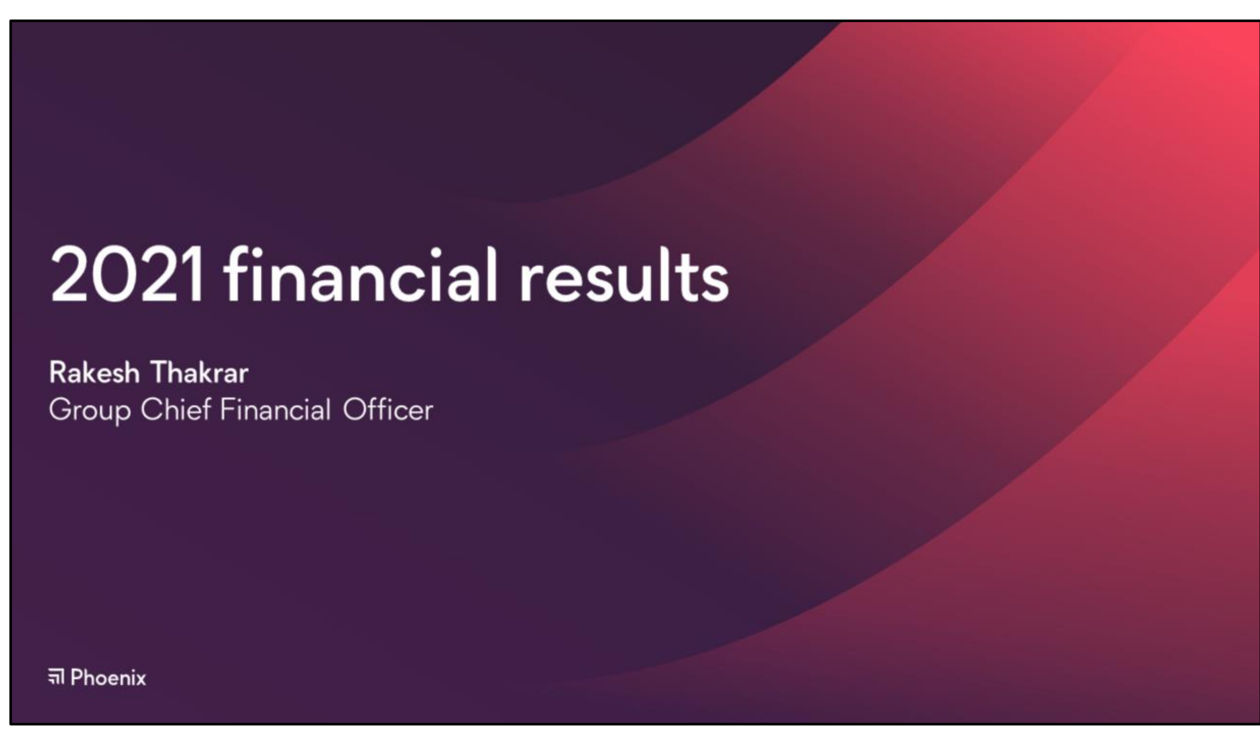
2021 was a pivotal year for Phoenix, as we have now proven 'the wedge', and are confident of proving it going forward.

The Board has recommended our first ever organic dividend increase of 3%, which remains just as sustainable over the long term

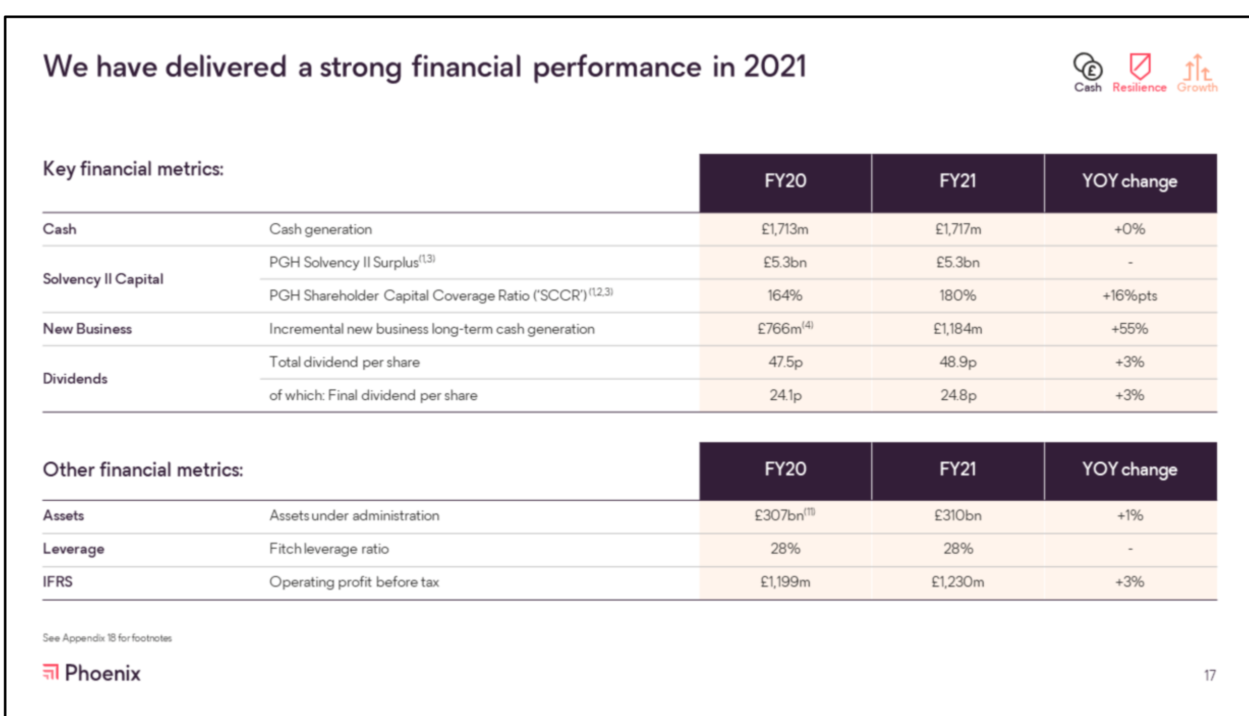
Strong progress has been made against our five strategic priorities, as we deliver on our purpose and strategy.

We offer an attractive dividend, that is funded by our in-force business over the very long term. It is uniquely resilient. And both our organic and inorganic growth can now support future dividend increases.

And with that, I'll hand over to Rakesh…



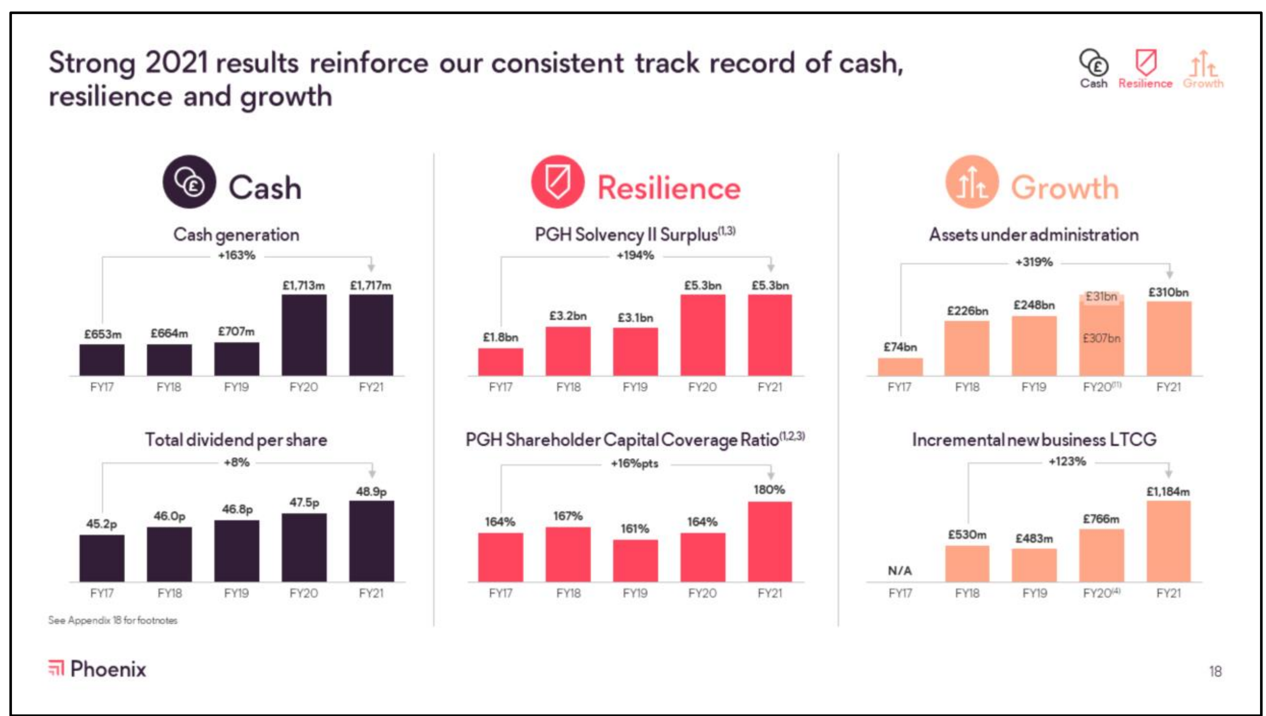
Thank you Andy and good morning everybody, it is great to see you all here.



As Andy said, Phoenix has delivered a strong financial performance in 2021.

We delivered record cash generation of just over £1.7 billion in the period, maintained our strong Solvency balance sheet, and achieved a 55% year-on-year increase in incremental new business long-term cash generation of £1.2 billion.

And having met our two conditions for organic dividend growth, the Board has recommended our first ever organic increase of 3% in our Final dividend, equating to a Total dividend of 48.9 pence per share.

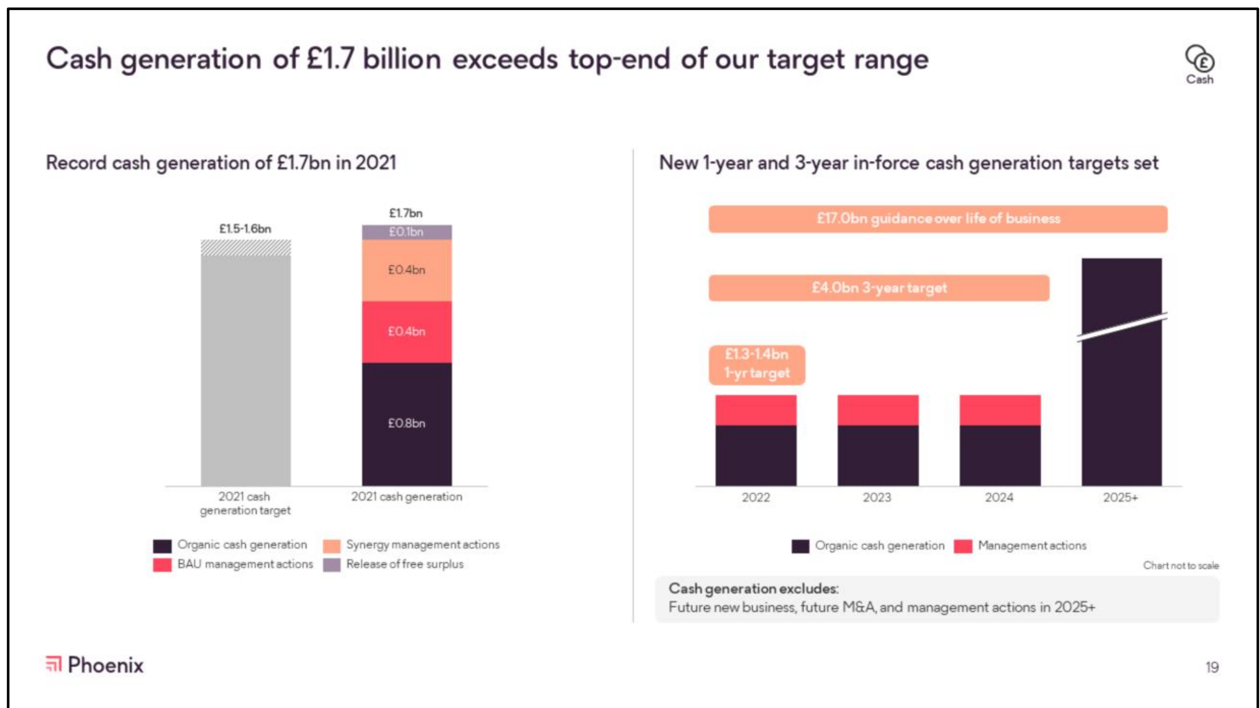


As you can see from this slide, our record financial results reinforce our consistent track record of delivering cash, resilience and growth.

For example, our cash generation has more than doubled over five years, while our dividend has increased by 8%.

Meanwhile our Solvency II surplus has nearly tripled over five years, and our shareholder ratio has increased by 16 percentage points.

And in terms of growth, our assets under administration have more than quadrupled, and our incremental new business long-term cash generation has grown to nearly £1.2 billion, in just four years, from a standing start.



Turning first to cash.

With strong cash generation of £1.7 billion, we have once again, exceeded the top-end of our target range of £1.5-to-£1.6 billion for the year. This exceptional level of cash generation reflects the synergies generated by the integration of the Standard Life and Reassure acquisitions.

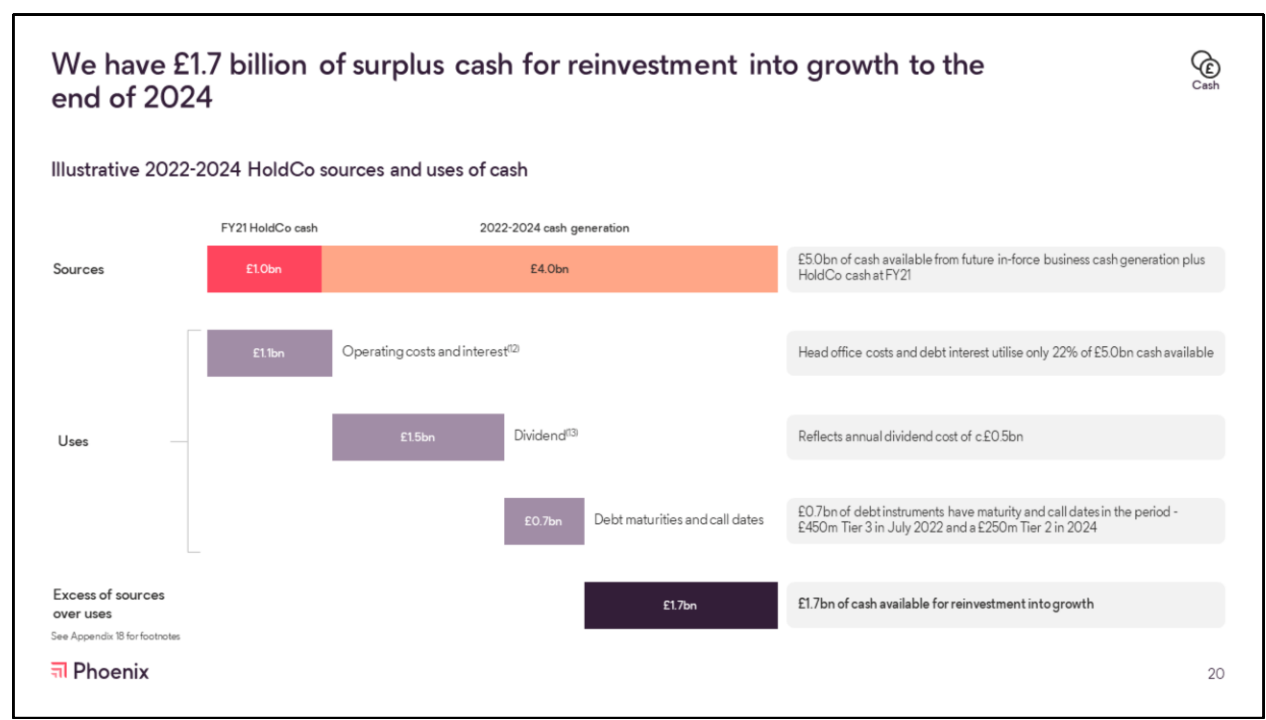
We are also today setting new one-year and three-year targets, with the latter becoming a rolling target that we will update every year going forward.

For 2022, we have set a target range of £1.3-to-£1.4 billion of cash generation. This is lower than 2021 due to a reduced level of integration capital synergies going forward, having over delivered on both integrations already.

Our three-year cash generation target is £4.0 billion, and guidance over the life of the business is now £17.0 billion.

As ever, I do just want to remind you that Phoenix's cash generation guidance is conservatively based on our in-force business only.

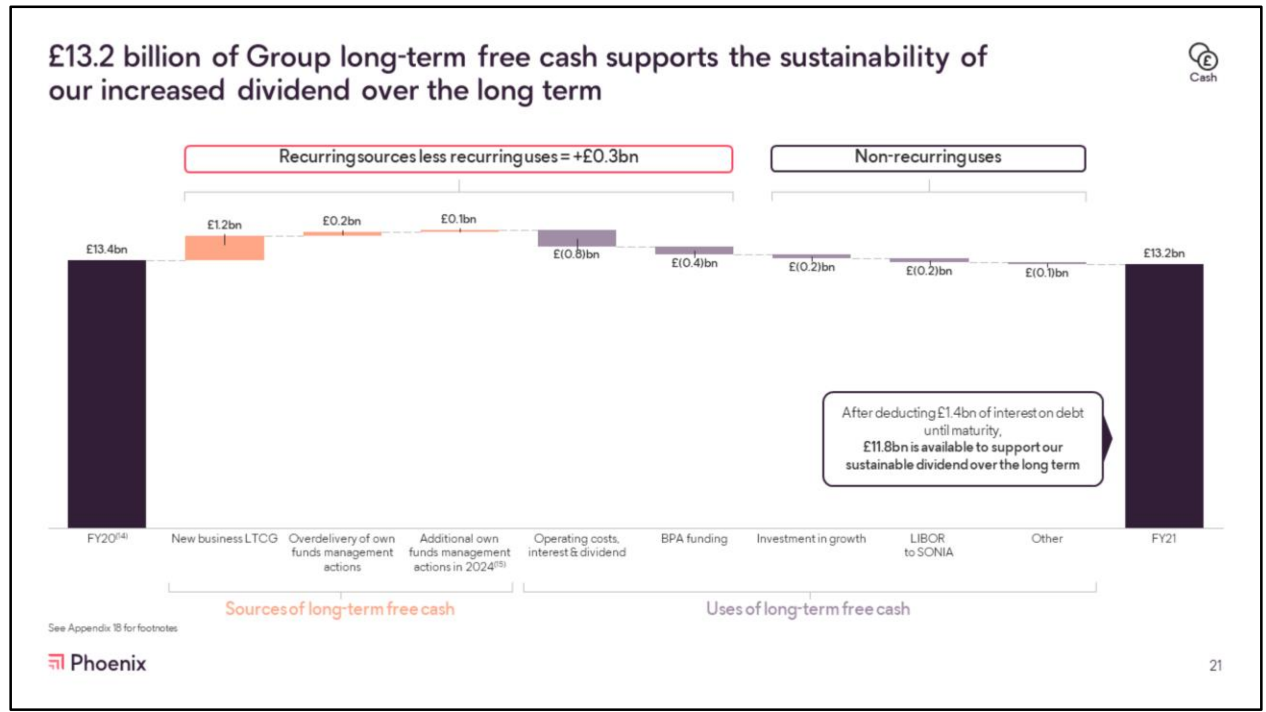
It excludes the benefit of any future new business or M&A, and also excludes management actions from 2025 onwards.



Looking over the period from 2022 to 2024, this slide sets out the Holdco uses of cash generation.

This includes operating costs, debt interest, and our increased dividend. It also reflects debt maturities and call dates, which includes a £450 million repayment due in July this year.

The slide highlights the significant amount of surplus cash that will be generated over this period. We expect £1.7 billion to be available for both organic growth through BPA, and inorganic growth through M&A.



Group long-term free cash was £13.2 billion at the end of 2021, broadly flat on the prior year.

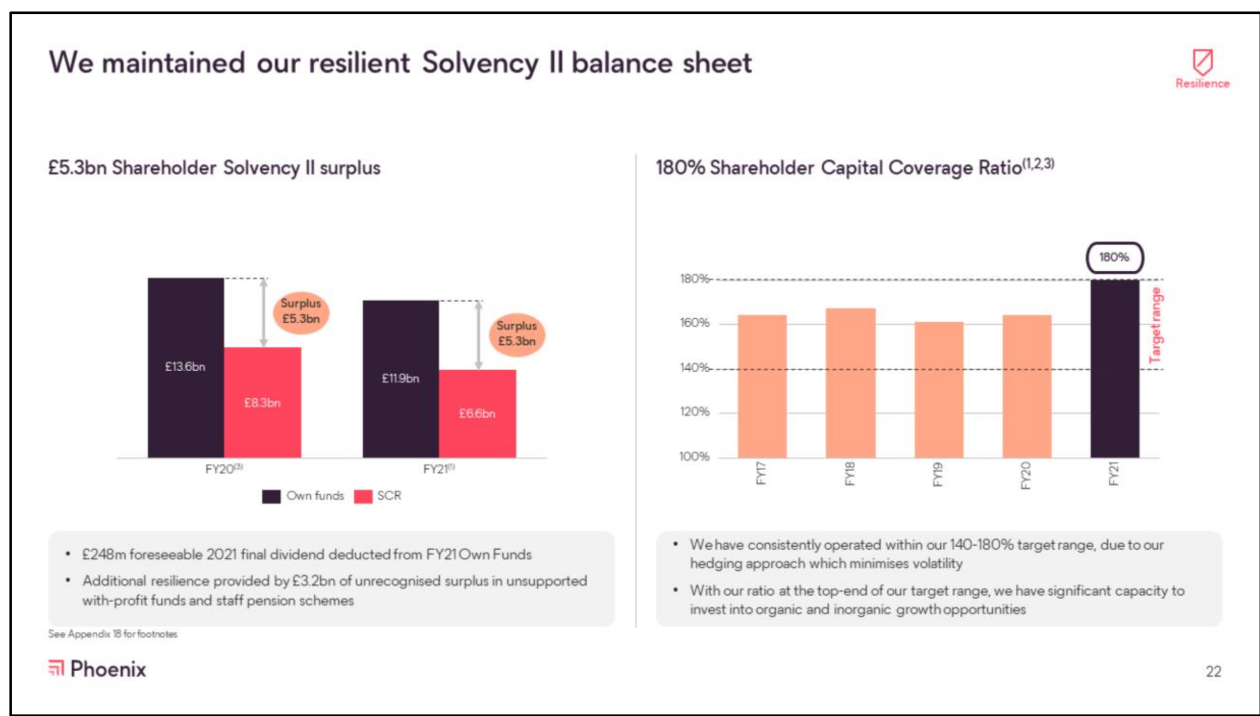
Importantly, our recurring sources of cash exceeded our recurring uses by around £300 million in the year.

We have made a significant investment into our growth ambitions during the year, with the incremental costs we expect to incur to support our growth ambitions capitalised into long-term free cash, with a total £200 million impact.

We have also recognised a £200 million adverse impact from the industry-wide transition from LIBOR-to-SONIA.

After the servicing of debt until maturity, there is £11.8 billion of cash available to shareholders.

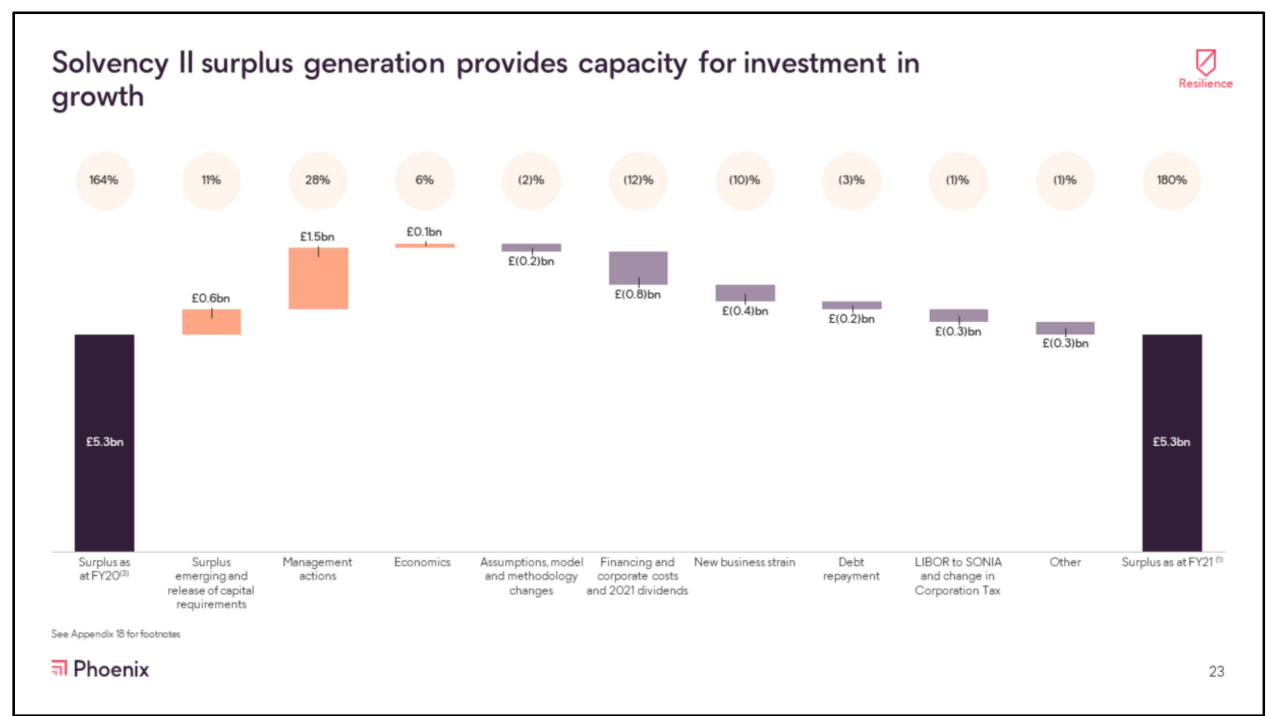
With our future increased dividend cost of around £0.5 billion per annum, this level of Group cash from our in-force business supports our dividend over the very long term.



Our Solvency II capital position remains strong, with a resilient surplus of £5.3 billion, which includes the deduction of our 2021 final dividend, while our shareholder capital coverage ratio has increased to 180%.

We operate a target shareholder ratio range of 140%-to-180%.

Our ratio is at the top-end of that range, which means we can invest in both organic and inorganic growth opportunities, to drive future returns.

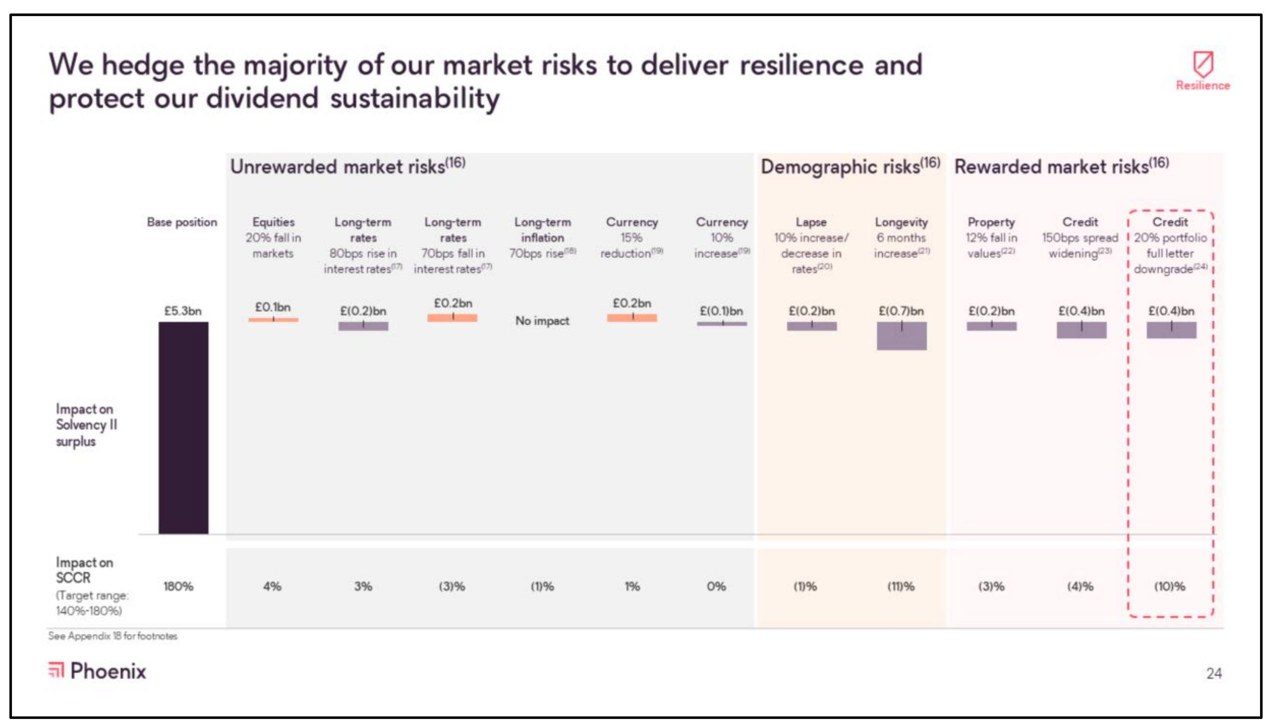


Our Solvency II surplus has remained resilient through the year, and the additional value we generated through management actions provided us with the capacity to invest into growth.

This includes our allocation of £0.4 billion of capital to BPA in 2021.

We also continued to invest into our people, processes and technology, which underpin our future growth ambitions, with these costs now reflected in the Solvency balance sheet within our expense assumptions.

While the surplus remained stable year-on-year, our ratio has increased by 16 percentage points, primarily due to the strong over-delivery of management actions.



We have a particularly low appetite to equity, interest rate, inflation and currency risks, which we see as unrewarded and therefore hedge to protect our Solvency II surplus.

This translates into the low sensitivities presented here, under our new harmonised internal model.

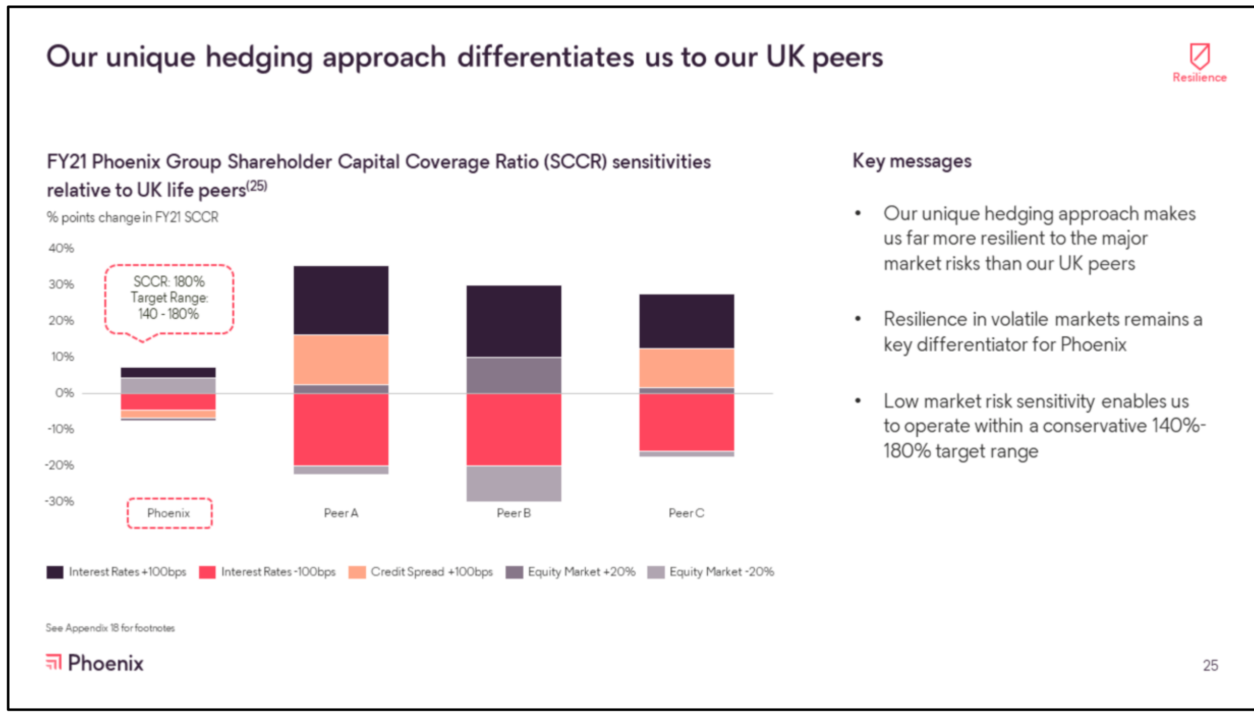
We also manage our longevity risk through reinsurance, retaining around half of the risk across our current in-force book, and reinsuring most of the risk on new business.

We see credit risk as rewarded and so actively manage our portfolios to ensure they remain high quality and diversified.

The key sensitivity we focus on here is a full letter downgrade of 20% of our credit portfolio, which is currently £0.4 billion, and small in the context of our £5.3 billion Solvency II surplus.

It is also worth noting that the credit sensitivities we disclose here are prudent, as they assume no management actions are taken to rebalance our portfolio, which is different to how many of our peers disclose.

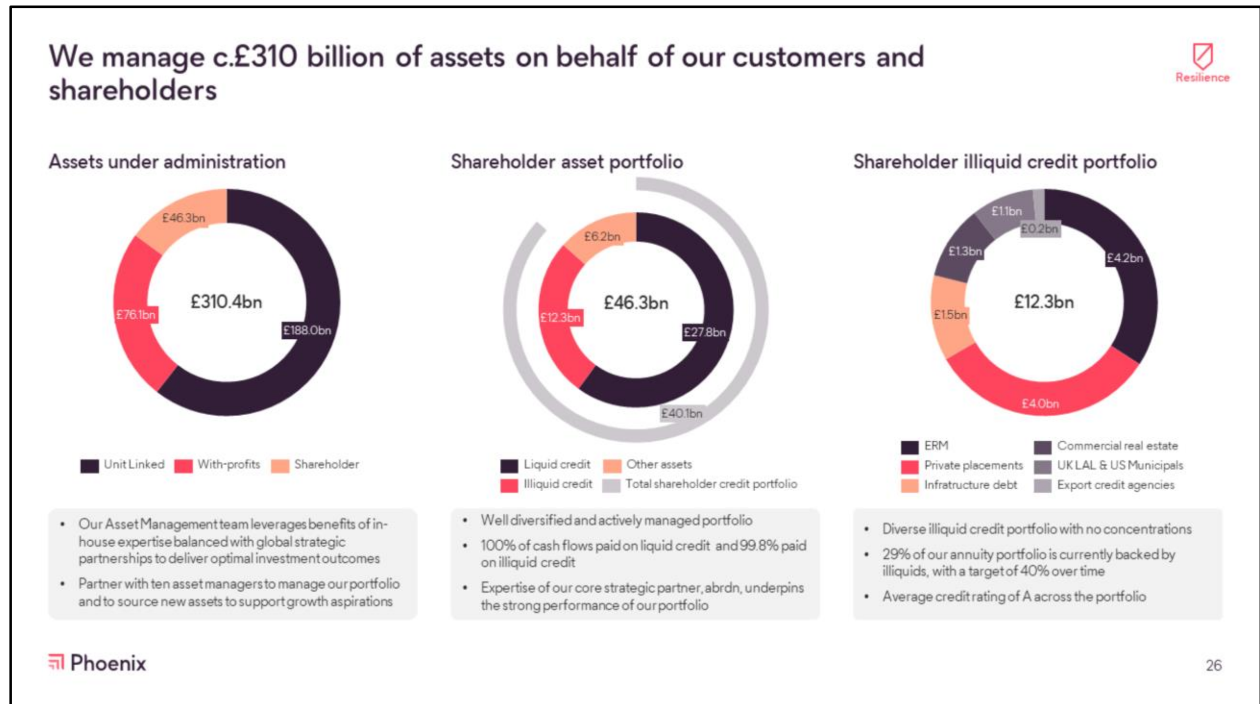
We will continue to manage our credit risk sensitivity as we grow in BPA, through operating a balanced portfolio and with active risk management.



As a consequence of our hedging approach, we are far more resilient to the major market risks than our UK peers, as this slide clearly demonstrates.

This low sensitivity is especially important during times of market volatility, such as we have at present, and remains a key differentiator for us.

This resilience allows us to operate with a 140% to 180% target range for our shareholder capital coverage ratio.



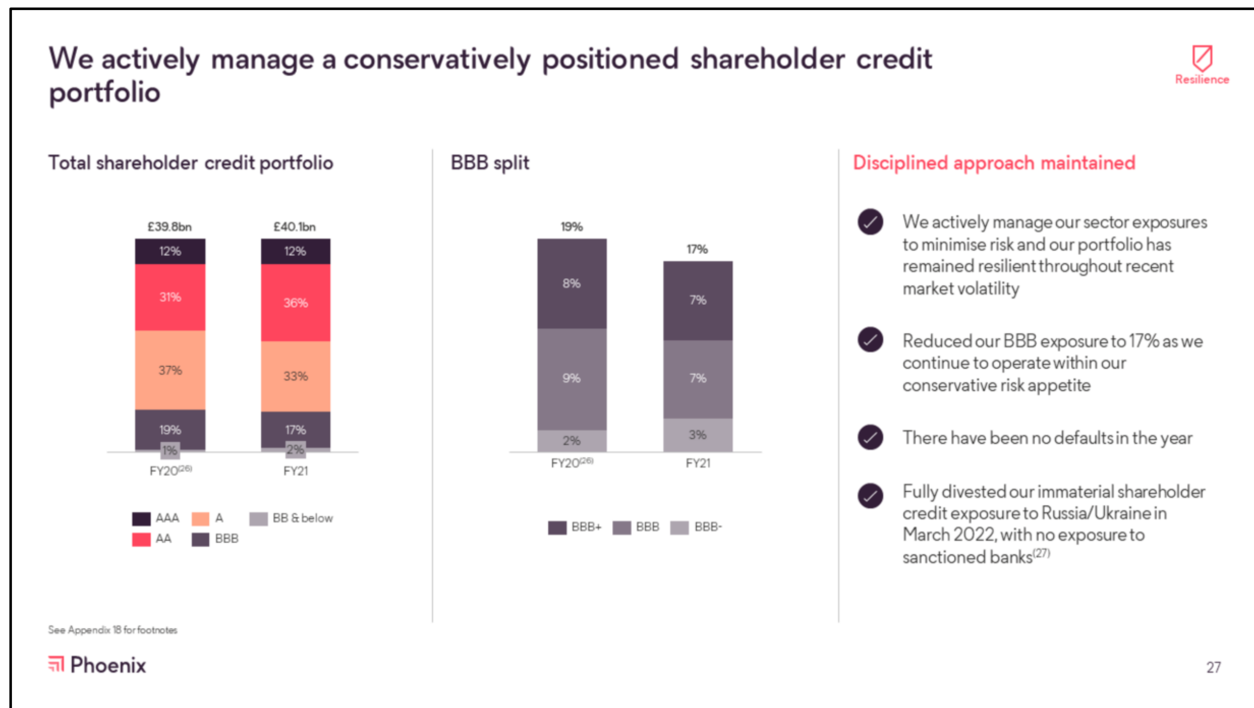
We manage over £310 billion of assets on behalf of our customers and shareholders.

And we have invested significantly into our asset management capability, which oversees this key responsibility.

We currently partner with ten global asset managers to manage our portfolio, which provides us with access to a wide range of new assets to support our growth aspirations, with the expertise of our core strategic partner, abrdn, a major advantage to us here.

In order to manage our credit risk, Phoenix maintains a diversified £40 billion shareholder credit portfolio, split between liquid and illiquid credit.

Our £12 billion illiquid credit portfolio comprises 29% of annuity backing assets, and we continue to target increasing our allocation of illiquid credit assets to around 40% over the medium term.

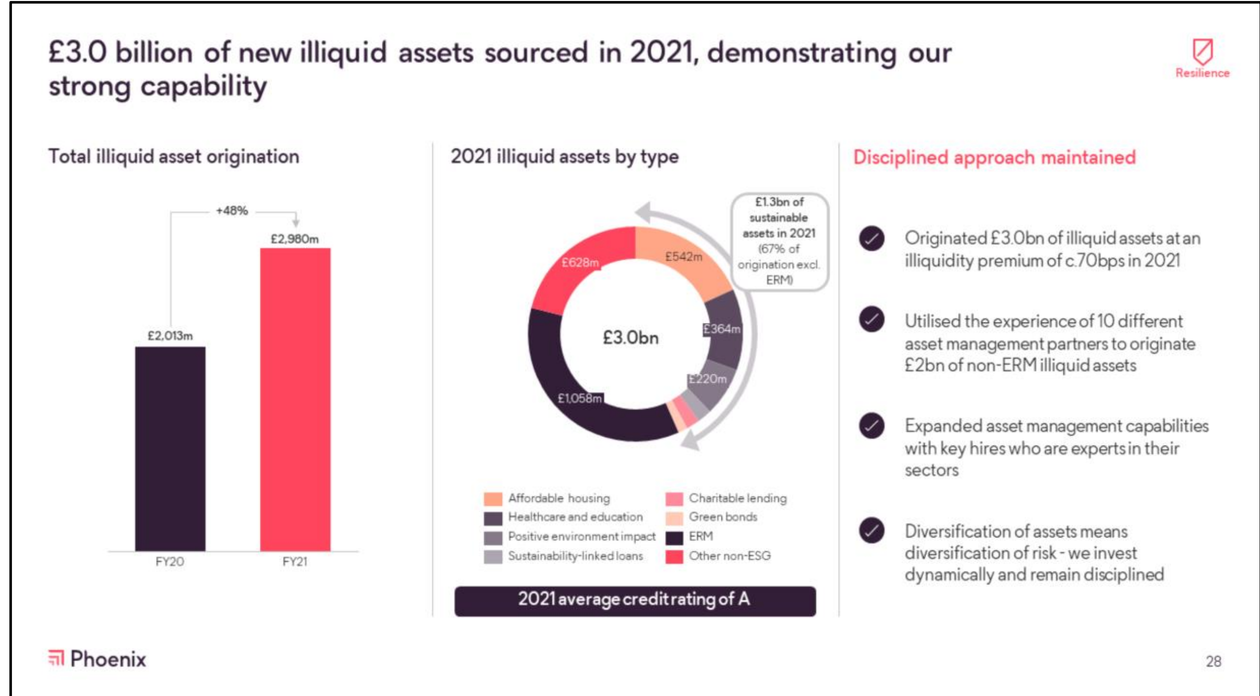


The proactive management of our shareholder credit assets has enabled us to uphold the high credit quality of this portfolio, where we manage our sector exposures to minimise our risk.

Integral to this is ensuring we operate within our conservative risk appetite for our BBB exposure being below 20%.

At the end of 2021 we were at 17%, while our exposure to BBB- remains very low at only 3%, and we have had no defaults during the year.

Also, given the current situation, I just wanted to flag that we no longer have any shareholder credit exposure to Russia or Ukraine, nor any exposure to sanctioned banks.



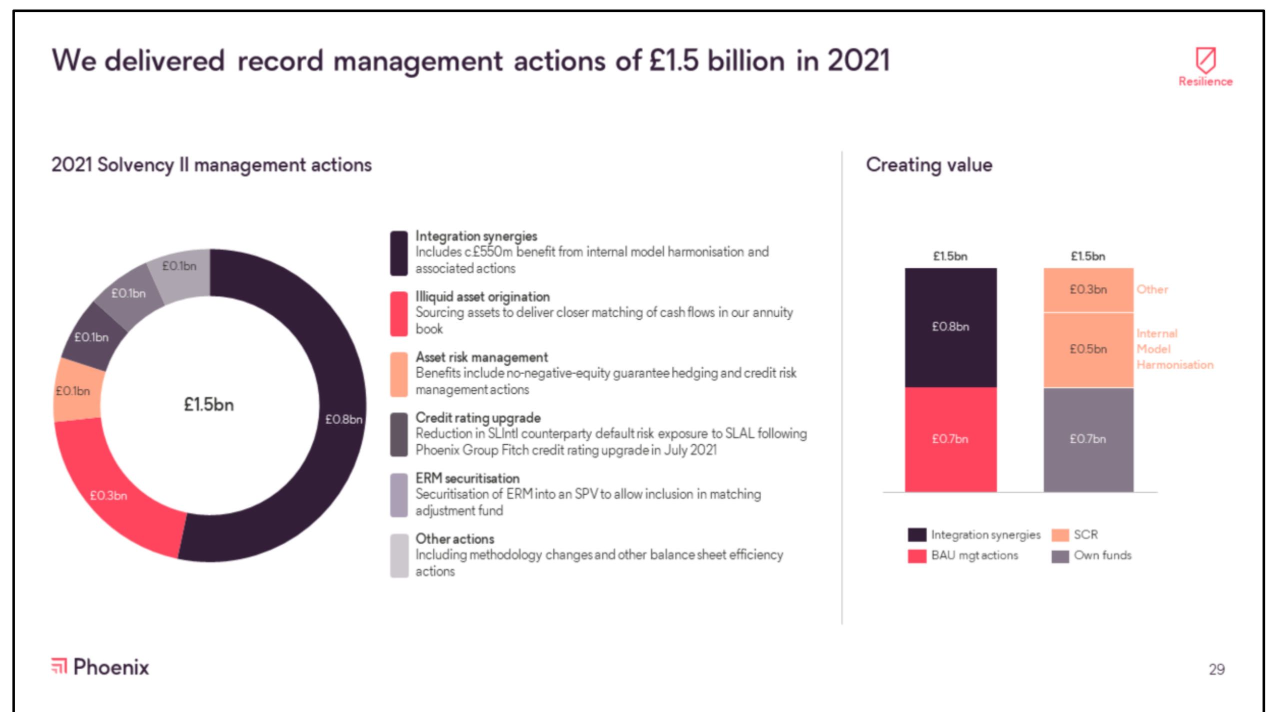
Long dated, or "illiquid" assets provide excellent cashflow matching for our £42 billion annuity book and are a key enabler of reducing the capital strain on our BPA business too.

Reflecting the ongoing investment into our capability and team, during the year we increased our illiquid asset origination by 48% to £3.0 billion, with an average credit rating of single A.

The strength of the team we are building is demonstrated in the strong average illiquidity premium we achieved this year. We were able to rotate out of liquid credit assets, into illiquid credit, at the same credit rating, for a yield pick-up of around 70 basis points.

We have also increased our investment in sustainable assets to £1.3 billion, which is now based on a rigorous definition of "sustainable assets" developed with Sustainalytics.

Importantly, our illiquid origination strategy is designed to diversify our risk.
We do this through using the best asset managers in each asset class and geography, as well as by limiting our credit concentration risk.



Our ability to deliver value-accretive management actions is a key differentiator for Phoenix.

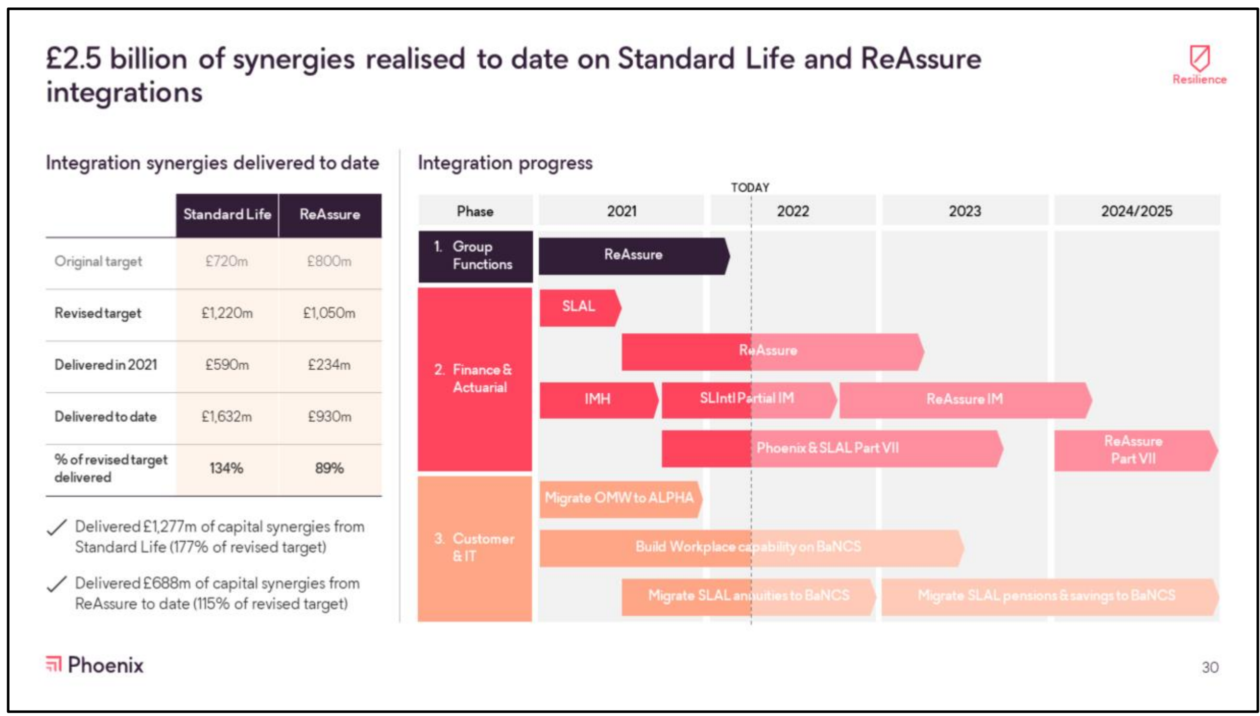
I am therefore delighted that we have delivered record management actions of £1.5 billion during the year.

This included a strong performance of around £700 million from "business as usual" activity, including illiquid asset origination and asset risk management actions.

In addition, our internal model harmonisation success provided a significant contribution, at around £550 million, the majority of which was a reduction in SCR.

With most of our capital synergies now realised, these will be lower in the future, until the next M&A transaction.

Going forward, there continues to be further BAU actions for us to realise.



We continued to make great progress across both integration programmes in 2021, with £824 million of further synergies in the year.

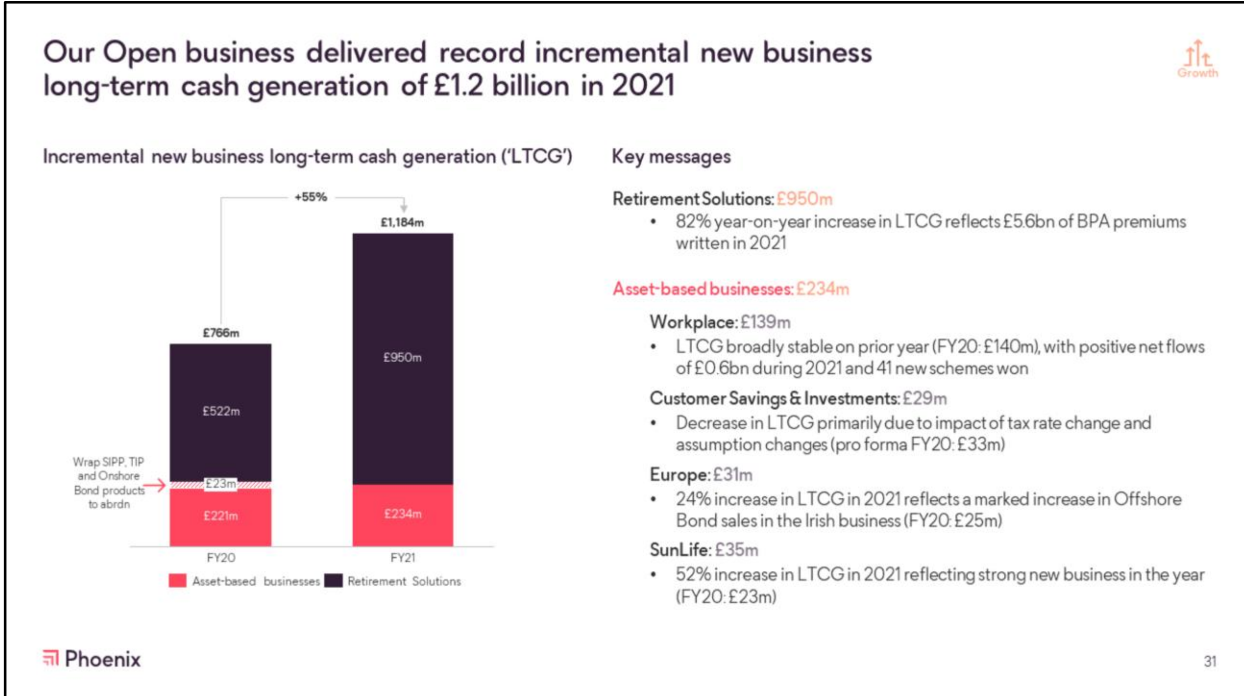
A big contributor was of course the internal model harmonisation, which delivered up-front capital synergies of around £550 million from Standard Life, exceeding our previous expectation of around £400 million.

It also supports future capital optimisation actions and underpins our future M&A ambitions.

We have now delivered over £2.5 billion of synergies from Standard Life and ReAssure, with nearly £2 billion of this realised through capital synergies.

We have also taken the strategic decision to re-phase our Standard Life customer & IT migration programme, with the legacy policy migrations now expected to complete by 2025.

We are looking to accelerate some exciting new capability development on TCS BaNCS, to support our future Workplace growth.



Moving now to Growth.

We have reported a 55% increase in new business long-term cash generation to £1.2 billion.

The biggest contributor was Retirement Solutions, where a strong year in BPA delivered £950 million of long-term cash generation, an 82% increase on 2020.

Elsewhere, it was great to see our Asset-based businesses deliver increased long-term cash generation year-on-year, after adjusting for the disposal of the platform businesses to abrdn in 2021.

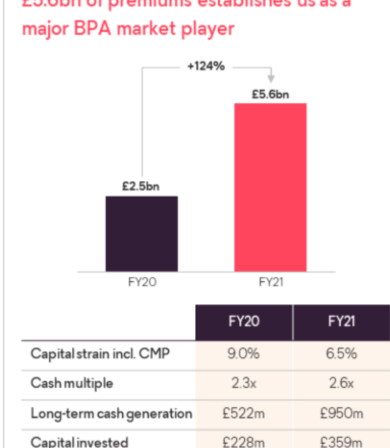
We remain focused on only allocating capital to the highest return growth opportunities for our shareholders.

The investment in our BPA proposition delivered £5.6 billion of premiums in 2021

Significant progress in 2021

- Now quoting on c.90% of deals in the market by volume
- Investment in the Standard Life brand and its use for BPA has resonated well with Trustees
- Transacting two external deals of £1.8bn and £1.7bn demonstrates we are now a major market player
- Maintained our discipline and delivered a double-digit IRR for 2021, in a competitive market with low credit spreads
- We seek to balance a range of performance metrics to deliver value accretive new business

£5.6bn of premiums establishes us as a major BPA market player



	FY20	FY21
Capital strain incl. CMP	9.0%	6.5%
Cash multiple	2.3x	2.6x
Long-term cash generation	£522m	£950m
Capital invested	£228m	£359m

Strong BPA outlook underpins our future confidence in proving 'the wedge'

- We have a clear appetite to invest around £300m of capital per annum into BPA
- A stronger BPA market is expected in 2022 estimated at £30-40bn, weighted to H2
- In 2022 we have already won 2 external transactions covering c.£600m of liabilities, expected to complete in Q2
- Also expect to complete buy-in of the remaining c.£750m of Pearl Pension Scheme liabilities in H2
- We will maintain our pricing discipline by prioritising "value over volume" and expect to see broadly similar deal economics in 2022

Phoenix

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The investment we have made into developing our BPA and asset management capabilities has supported us in writing £5.6 billion of premiums during the year.

Our capital strain has reduced from 9% last year to 6.5%. This is fantastic progress towards our target for 5% over the longer-term.

Having completed two significant transactions of £1.7 billion and £1.8 billion, it is clear we have become an established BPA market player.

We also continued to maintain our discipline in a competitive market, as evidenced by the double-digit IRR we achieved on our transactions in 2021.

As we enter 2022, we are confident in the outlook.

Due to the surplus cash generated by our in-force business, we are now able to invest around £300 million of capital into BPA annually.

We are expecting a larger market in 2022, at £30-£40 billion, but do expect the market volumes to be more weighted to the second half based on our pipeline.

However, I am delighted to report that we have already won 2 external transactions this year, covering £600 million of liabilities, and expect these to complete in the second quarter.

And we also expect to buy-in the remaining Pearl Pension Scheme liabilities of around £750 million in the second half.

So that is a total of nearly £1.4 billion already in-train during the first quarter, which is a great start to the year.

We will of course continue to retain our pricing discipline through our focus on "value over volume", and while individual deals will vary, we expect to see broadly similar transaction economics in 2022 as we did in 2021.

Our IFRS operating profit remained strong at £1,230 million

Cash Resilience Growth

	FY20[28]	FY21
Heritage	£431m	£537m
Open	£817m	£788m
Service company	£6m	£(24)m
Group costs	£(55)m	£(71)m
Operating profit before tax	**£1,199m**	**£1,230m**
Investment return variances and economic assumption changes	£101m	£(1,125)m
Amortisation and impairment of intangibles	£(482)m	£(639)m
Other non-operating items	£281m	£(65)m
Finance costs	£(191)m	£(217)m
Profit before tax attributable to non-controlling interest	£36m	£128m
Profit/(loss) before tax attributable to owners	**£944m**	**£(688)m**
Tax charge attributable to owners	£(110)m	£(21)m
Profit/(loss) after tax attributable to owners	**£834m**	**£(709)m**

See Appendix 18 for footnotes

Key messages

- Heritage operating profit increase due to a full year's inclusion of ReAssure partially offset by a strengthening of expense reserves
- Open business operating profit decreased due to lower longevity and increased expense assumption changes in 2021, partly offset by stronger new business profit from BPAs
- Service company and Group costs reflect enlarged Group with new capabilities to support growth
- Adverse investment return variances primarily driven by accounting losses on interest rate and equity hedging
- Amortisation and impairment of intangibles reflects a full year's inclusion of charges for ReAssure
- Other non-operating items in 2020 reflect gain on ReAssure acquisition

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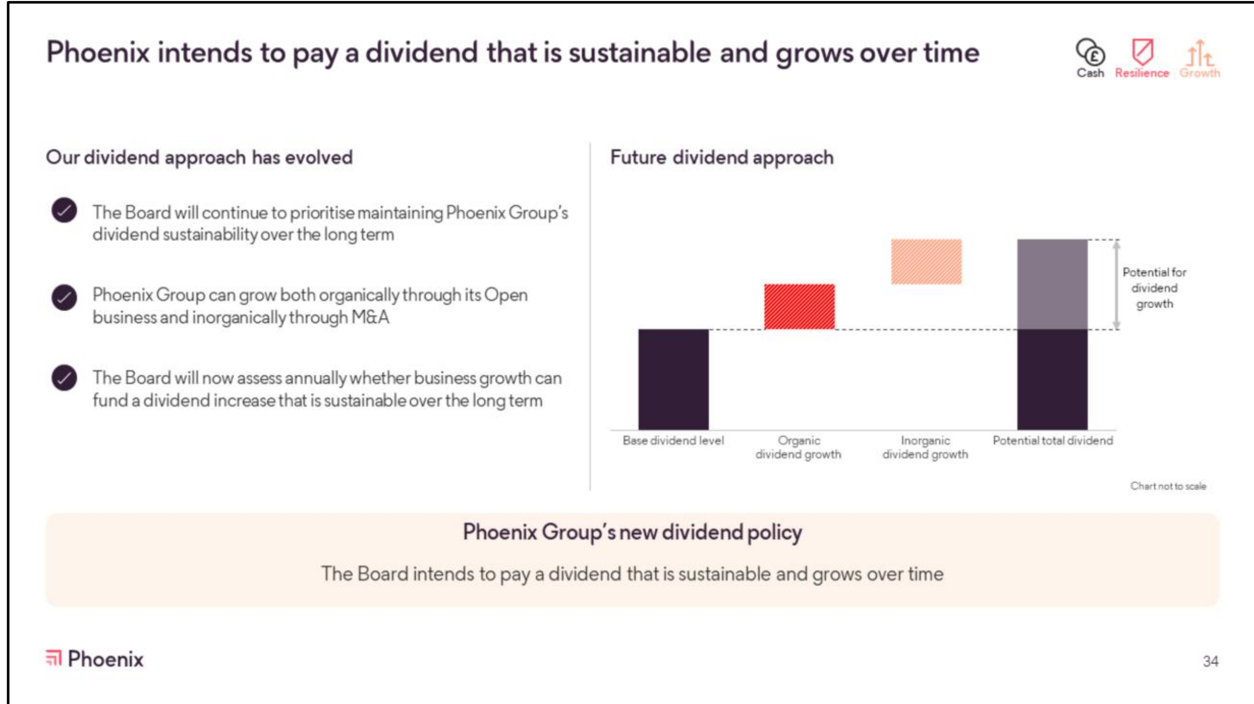
Turning to our IFRS results.

We delivered strong operating profit of £1.2 billion in 2021, 3% higher than the prior year.

Operating profit in our Heritage business increased year-on-year primarily reflecting a full year of profits from ReAssure.

Our Open business operating profit reduced slightly year on year, due to a £100 million lower longevity benefit in 2021 and a strengthening of expense assumptions to reflect our investment into our growth capabilities. This was partly offset by stronger new business profit from BPAs.

The sizeable swing in investment return variances and economic assumption changes reflects the impact of our hedging strategy from rising rates and equities. We hedge the Solvency position to deliver dependable cash and dividend resilience and to protect against market uncertainty, and accept that this will cause volatility in our IFRS balance sheet.



Having proven 'the wedge' and recommended our first ever organic dividend increase for 2021, the Board has chosen to announce a new dividend policy, to better reflect the growing, sustainable business that Phoenix now is.

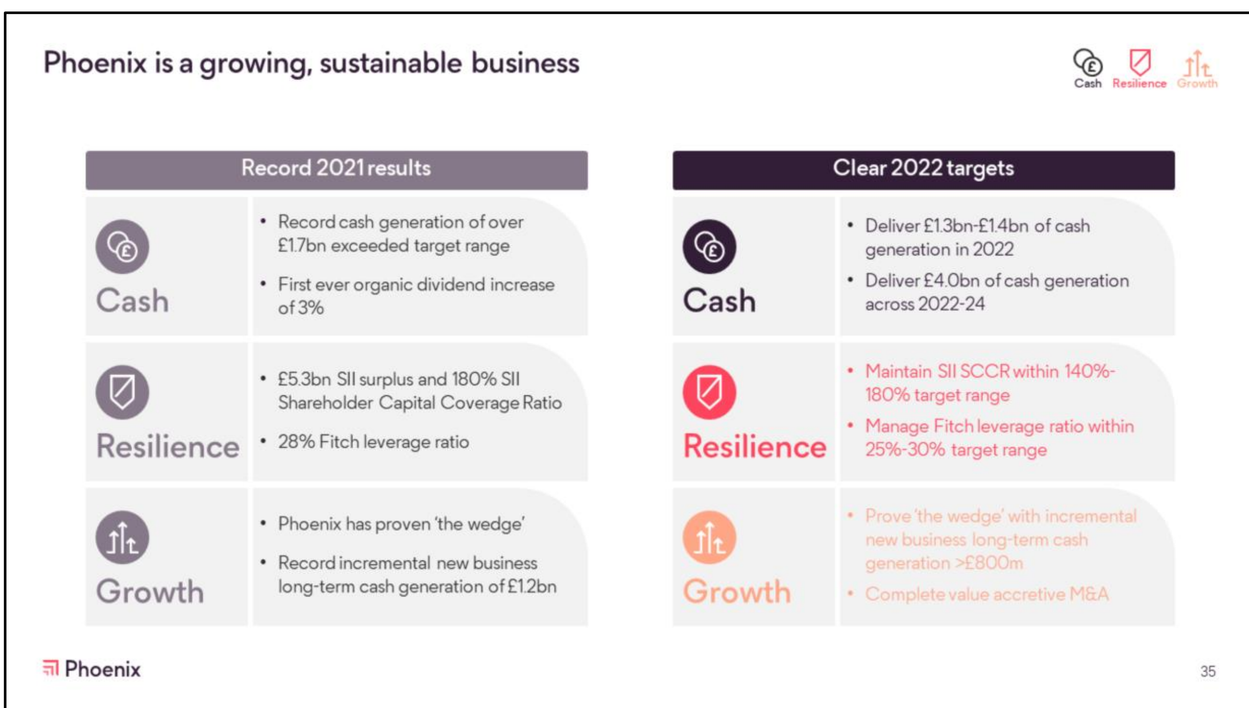
We have therefore replaced our previous "stable and sustainable dividend" policy with a new policy that sets out our clear intention to pay "a dividend that is sustainable and grows over time".

It is important to emphasise that the Board will, above all else, prioritise the sustainability of our dividend over the long term.

But we can now grow both organically through our Open business and inorganically through M&A.

The Board will therefore assess annually whether business growth can sustainably fund a dividend increase.

We see this new dividend policy as a critical evolution in Phoenix's investment case.



So, to conclude.

We delivered record financial results in 2021, across our financial framework of cash, resilience and growth.

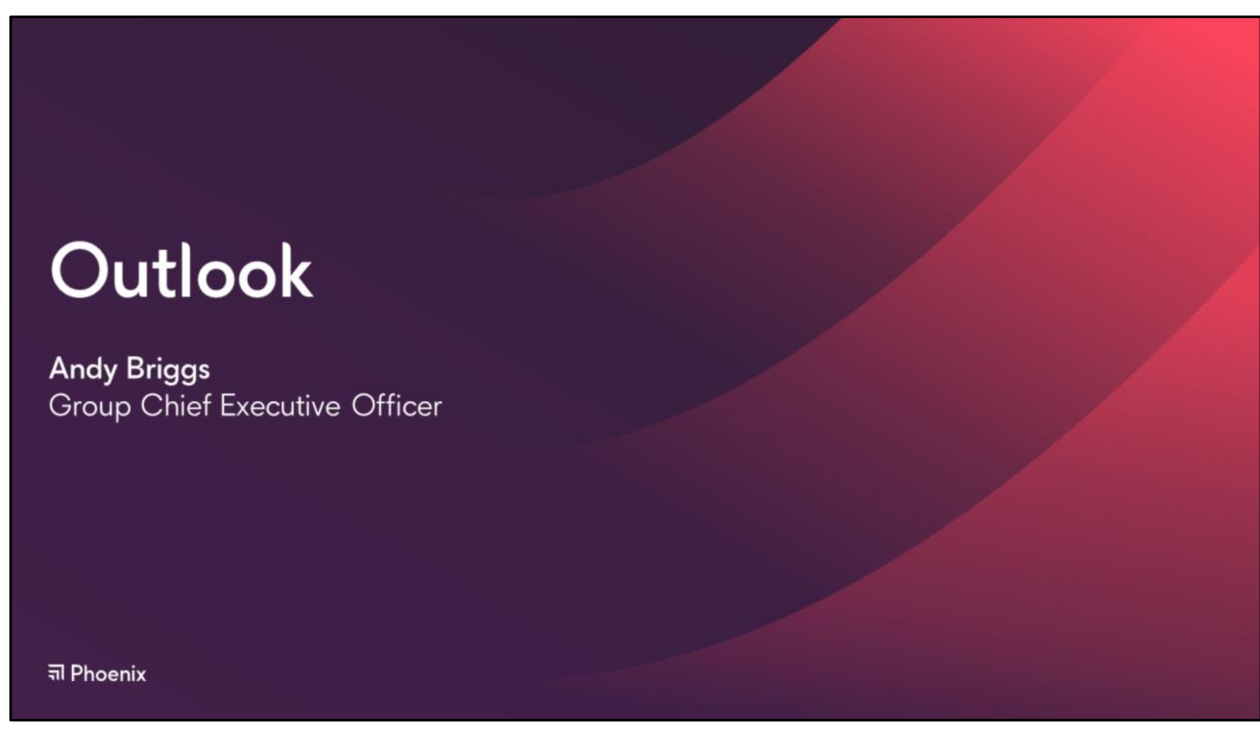
And we have a clear set of targets for 2022.

This includes our one-year target of £1.3 to £1.4 billion of cash generation in 2022 and £4.0 billion over the three years to 2024.

And we will retain our resilient balance sheet, by operating within our target ratio ranges for Solvency and leverage.

In terms of growth, we are now confident of proving 'the wedge' going forward, through generating in excess of £800 million of new business long-term cash generation annually, and we also remain focused on completing value accretive M&A.

And with that, I will now hand you back to Andy for the outlook.


Outlook
Andy Briggs
Group Chief Executive Officer
Phoenix

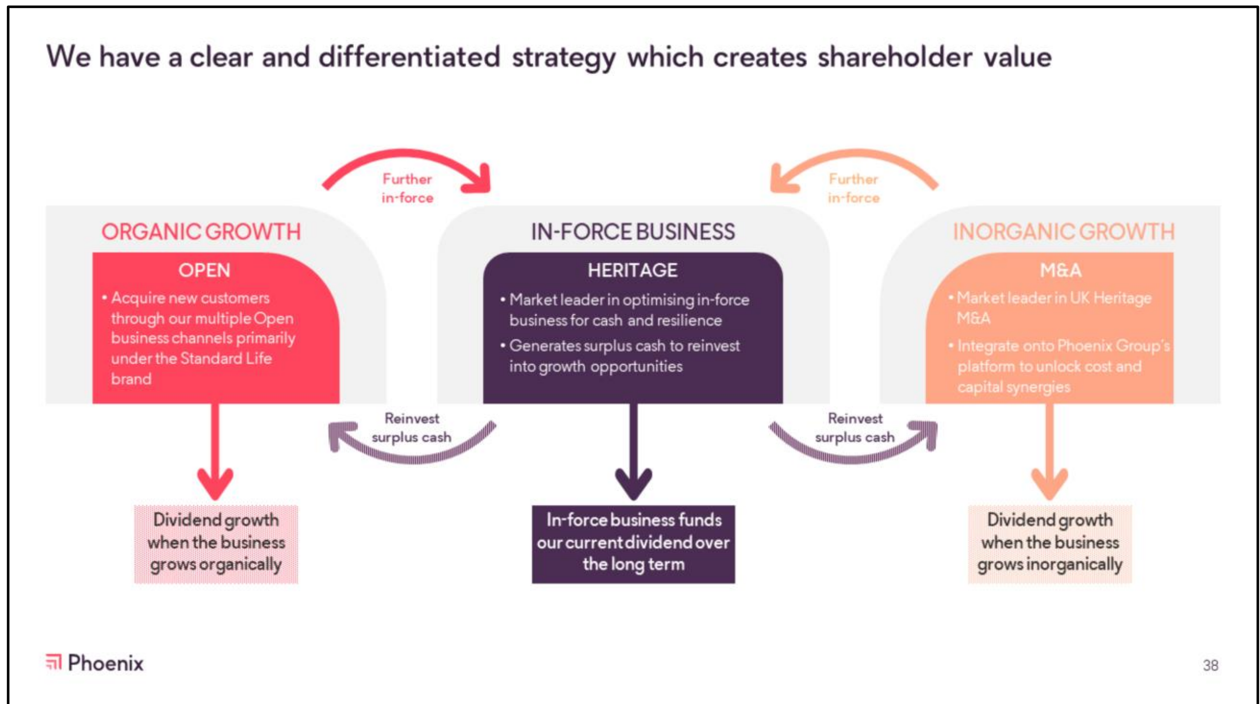
Thanks Rakesh

There are four major trends in the UK long-term savings and retirement market. And these offer Phoenix multiple growth opportunities.

The Heritage M&A market is huge at around £480 billion.

And with the BPA market estimated at over £2 trillion of uninsured defined benefit liabilities, many would say the current £40 billion per annum of flows, will be exceeded in the future.

While the Workplace and individual retirement solutions markets, each with an estimated £40 billion of annual market flows, represent significant capital-light growth opportunities for us, over time.



We have a clear and differentiated strategy, which creates shareholder value, through leveraging all 4 of these major market trends.

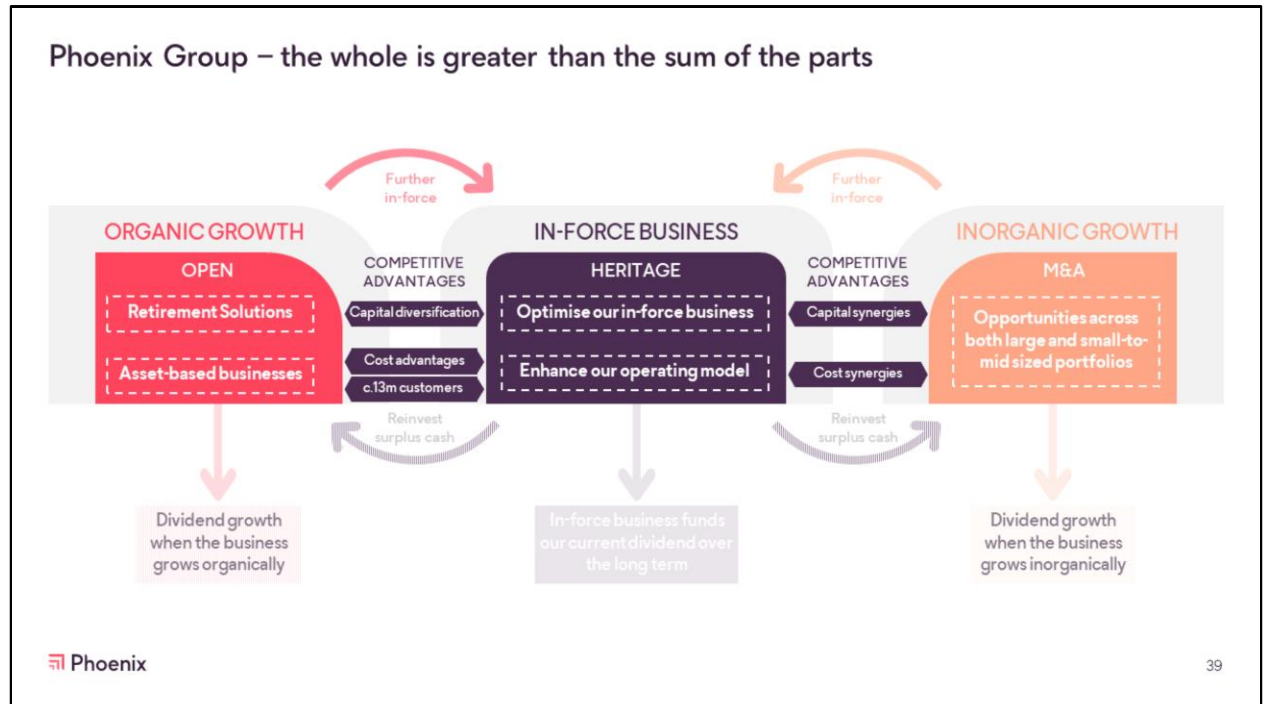
Heritage is the bedrock of our business, which delivers high levels of predictable cash, that covers our dividend into the very long term.

And it also generates surplus cash, that we can re-invest into both our Open business, to support organic growth, and into M&A, to support inorganic growth. Both of which can support future dividend increases.

We are very focused on optimising every pound of shareholder capital, through a rigorous capital allocation framework, that ensures we only invest in those growth opportunities that drive real value.

Heritage and M&A are unique, market-leading capabilities for Phoenix, and create significant value. While the investment we are making into our Open business, will develop market leading capabilities here too.

But what is particularly attractive about Phoenix, is how the whole is greater than the sum of the parts.



By reinvesting surplus cash into Open and M&A, we are effectively generating further in force business. And as we apply our distinctive Heritage capabilities of "Optimising our in force business", and "Enhancing our operating model", to this further in force business, we will have material competitive advantage, and hence will generate significant shareholder value.

Let me give some specific examples. For our Open business, the Heritage book enables significant capital efficiencies, particularly in our Retirement Solutions business, so BPAs. This is because we can diversify the different risks, across the two portfolios, which reduces the capital we have to hold under Solvency II. Others, without a Heritage business, cannot do this.

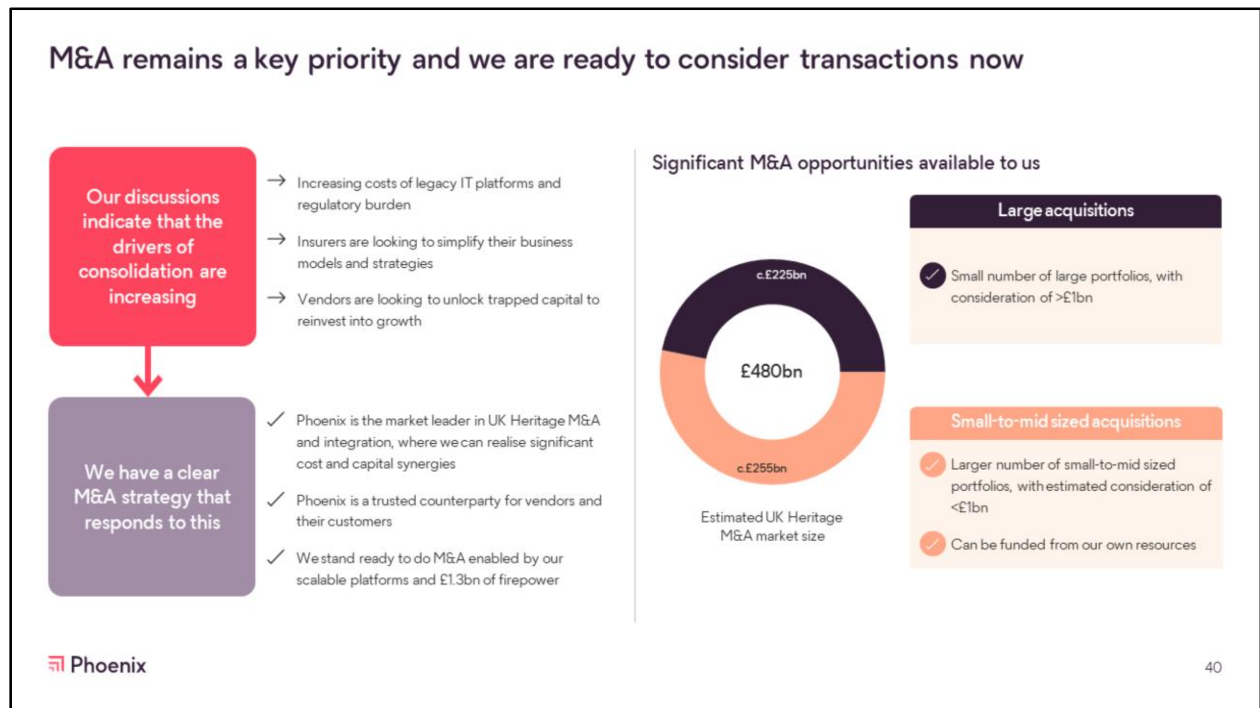
Another example is that our strategic partnership with TCS, driven by the scale of our Heritage business, provides us with a market-leading, cost-per-policy, administration platform, that will give us a meaningful cost advantage for our Asset-based businesses.

And our scale in Heritage means our Open business has access to around 13 million customers, where we can meet a broader range of their needs over time. Including helping them consolidate their pensions, and journey to and through retirement, with us.

Now to be clear, we are not fully leveraging these advantages for our Open business today. We need to invest to fully do that. But if you think about the progress we are making, and the structural competitive advantage we will have in time, I think this is really exciting.

Because this is the same logic as when we do M&A. We have demonstrated how we leverage these core Heritage capabilities, to the further in force business we acquire inorganically. Our Heritage business enables us to generate significant cost and capital synergies, that underpin our track record of shareholder value creation in M&A.

So let me talk further on M&A.



M&A has always been a key part of Phoenix's DNA, and very much remains a core part of our growth strategy.

Like my predecessor, I'm very fond of cups of tea with my fellow insurance CEOs. Rarely a week goes by when I don't partake!

And when I meet with these CEOs, the message from most of them is very much one of "when, not if". This is because, over time, the attraction of the steady cashflows is overtaken, by the cost challenges of legacy IT, and the burden of regulatory change. In addition, insurers across the market are looking to simplify their strategies, and seeking to unlock trapped capital for reinvestment.

We therefore have a clear M&A strategy that responds to these drivers.

We are, unquestionably the market leader in Heritage M&A, and have a proven track record of delivering significant shareholder value, through cost and capital synergies.

Phoenix is also a trusted counterparty for vendors, and is well known as a safe home for customers, so we are one of the first names on the call list, for any potential disposals.

In terms of the market opportunity, we believe that the £480 billion UK Heritage market can be broadly split into two parts.

The first is a small number of large portfolios, that might come to market over time. While the likelihood and potential timings remain uncertain, we will be keen and enthusiastic if they do.

The second category comprises a larger number of small-to-mid sized portfolios, which have an estimated consideration of up to £1 billion. These could be funded from our own resources, and therefore would be strongly accretive for our investors. The feedback from CEOs here is "when not if", so there is likely to be a series of these opportunities, over time.

And we stand ready to do our next deal, enabled by our scalable platforms, and our £1.3 billion of available firepower.

2022 will be an exciting year as we execute on our strategic priorities

Optimise our in-force business

- Continue delivering **management actions**
- Continue **illiquid asset origination** towards 40% target
- Further enhance **asset management** team to diversify into U.S. and directly source illiquids

Enhance our operating model and culture

- Deliver ongoing **migrations**
- Build new enhanced **Workplace capability** in TCS BaNCS
- Improve **colleague diversity** by increasing female and minorities representation

Grow our business to support both new and existing customers

- Execute on our clear appetite for **M&A**
- Continued **BPA** growth with around £300m of capital to invest p.a.
- Deliver stronger net flows in **Workplace** to help balance growth

Innovate to provide our customers with better financial futures

- **Phoenix Insights** to launch first research
- Deliver new range of **retirement solutions to** support our customers
- Proactive **customer engagement** and **digital enhancement**

Invest in a sustainable future

- Develop **climate transition plan**
- Originate >60% (excl. ERM) of illiquids as **sustainable assets**
- Align to **Stewardship Code** ready for certification in 2023

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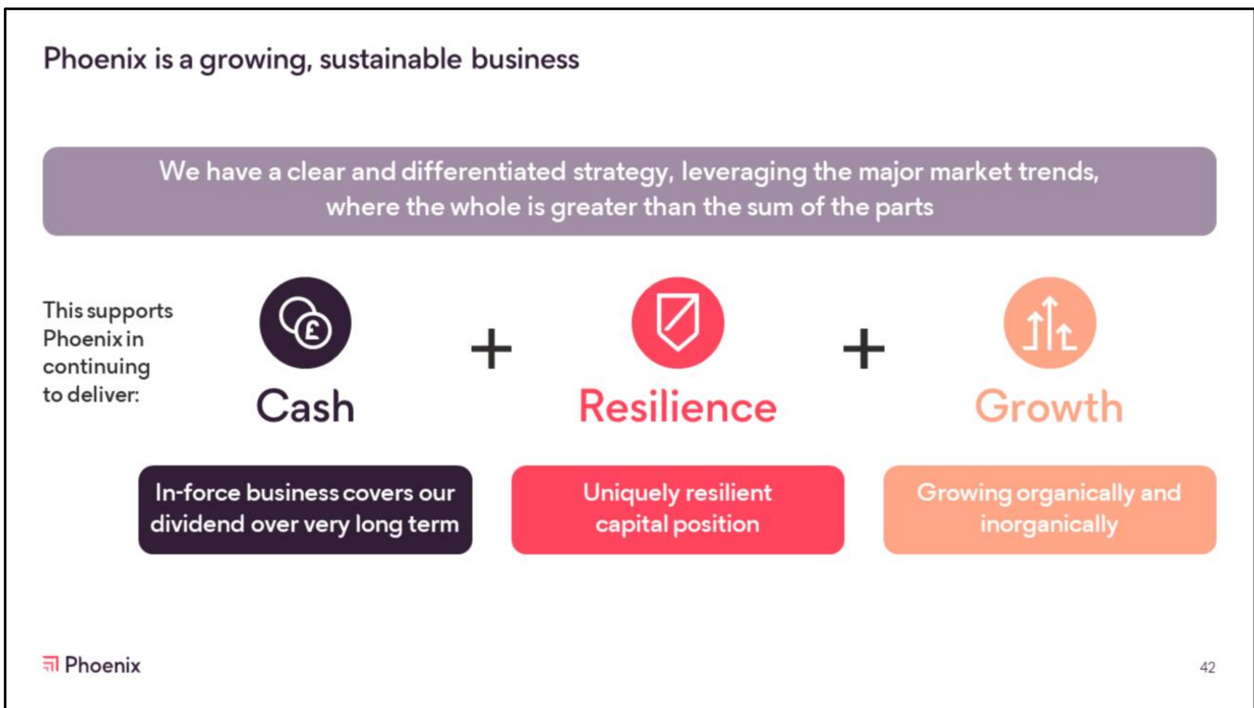
2022 will therefore be another exciting year for Phoenix, as we execute against our five strategic priorities.

Our key focus areas for the year are outlined on this slide. I am not going to go through these individually, but as you can see, we are prioritising, and investing in, the areas that build our competitive advantage, to enable us to differentiate ourselves in the market.



In summary.

We have a clear and differentiated strategy, which leverages the major market trends, where the whole is greater than the sum of the parts.

This supports us in continuing to deliver cash, resilience and growth.

With the cash from our in-force business funding our attractive dividend over the very long term.

While our business is uniquely resilient, owing to our strong capital position, which is hedged against the major market risks. Particularly important in uncertain times.

And we will be growing both organically, and inorganically.

Phoenix is a growing, sustainable business.

And with that, we will move to questions.

Q&A
Phoenix

Investor Relations activity and contacts

March-April	Full Year 2021 results investor roadshow
16 March	Morgan Stanley European Financials Conference
31 March	Ex-dividend date for 2021 final dividend
1 April	Record date for 2021 final dividend
25 - 29 April	US investor roadshow (in person)
9 May	Payment date for 2021 final dividend
25 May	Natixis / ODDO BHF Insurance Forum
7 June	Goldman Sachs European Financials Conference
14 June	J.P. Morgan European Insurance Conference

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Appendices
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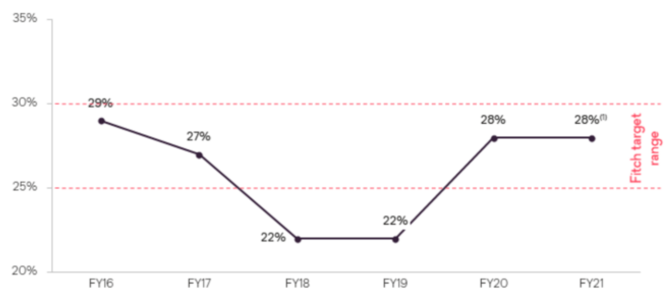
Appendices

1. Leverage ratios
2. Debt maturity profile as at 31 December 2021
3. Movement in assets under administration
4. Open business segments movement in assets under administration
5. Breakdown of Open business segments as at 31 December 2021
6. Change in Life Company Free Surplus
7. Estimated PGH Solvency II surplus and coverage ratios
8. Change in Solvency II Own Funds and SCR
9. Change in proxy to shareholder value
10. Additional Solvency II disclosures
11. PGH Solvency II Regulatory Capital Coverage Ratio sensitivities
12. 2021 operating profit drivers
13. Diversification of illiquid asset portfolio as at 31 December 2021
14. Credit quality by sector for shareholder debt portfolio
15. Integration synergies
16. ESG ratings and collaborations
17. 2022 sustainability targets
18. Footnotes

Appendix 1: Leverage ratios

Fitch leverage ratio



Leverage ratios

	FY20	FY21
Fitch basis[2]	28%	28%
IFRS basis[3]	41%	44%
SII leverage[4]	31%	31%

- IFRS leverage ratio classifies RT1 as debt
- We estimate a funding capacity for inorganic growth as at FY21 of circa £1.3bn

[1] Phoenix calculated
[2] The Fitch leverage calculation = debt (senior debt + RCF + T2 bonds + T3 bonds) / debt + equity (Shareholder equity + Unallocated surplus + RT1)
[3] IFRS leverage calculation = debt (all debt including RT1) / debt + equity (Shareholder equity only)
[4] SII leverage calculation = debt (all debt including RT1) / SII regulatory Own Funds

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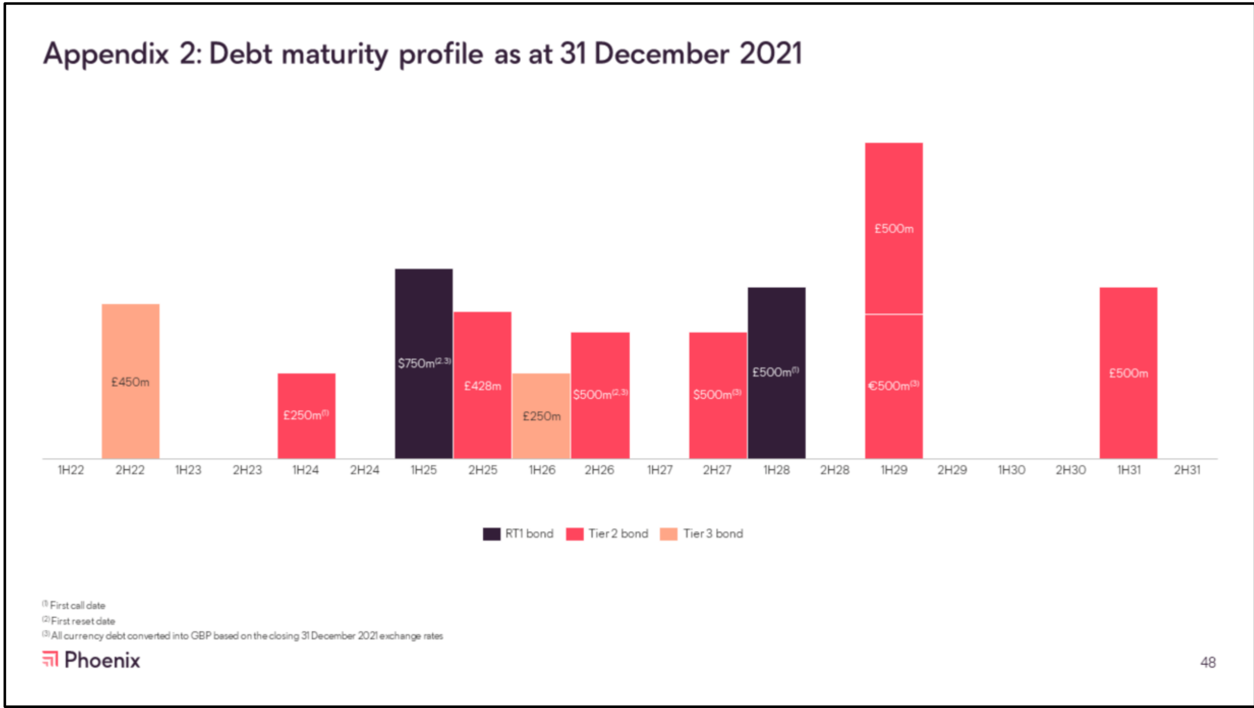
Appendix 2: Debt maturity profile as at 31 December 2021
£450m
£250m(1)
$750m(2,3)
£428m
£250m
$500m(2,3)
$500m(3)
£500m(1)
£500m
€500m(3)
£500m
1H22
2H22
1H23
2H23
1H24
2H24
1H25
2H25
1H26
2H26
1H27
2H27
1H28
2H28
1H29
2H29
1H30
2H30
1H31
2H31
RT1 bond
Tier 2 bond
Tier 3 bond
(1) First call date
(2) First reset date
(3) All currency debt converted into GBP based on the closing 31 December 2021 exchange rates
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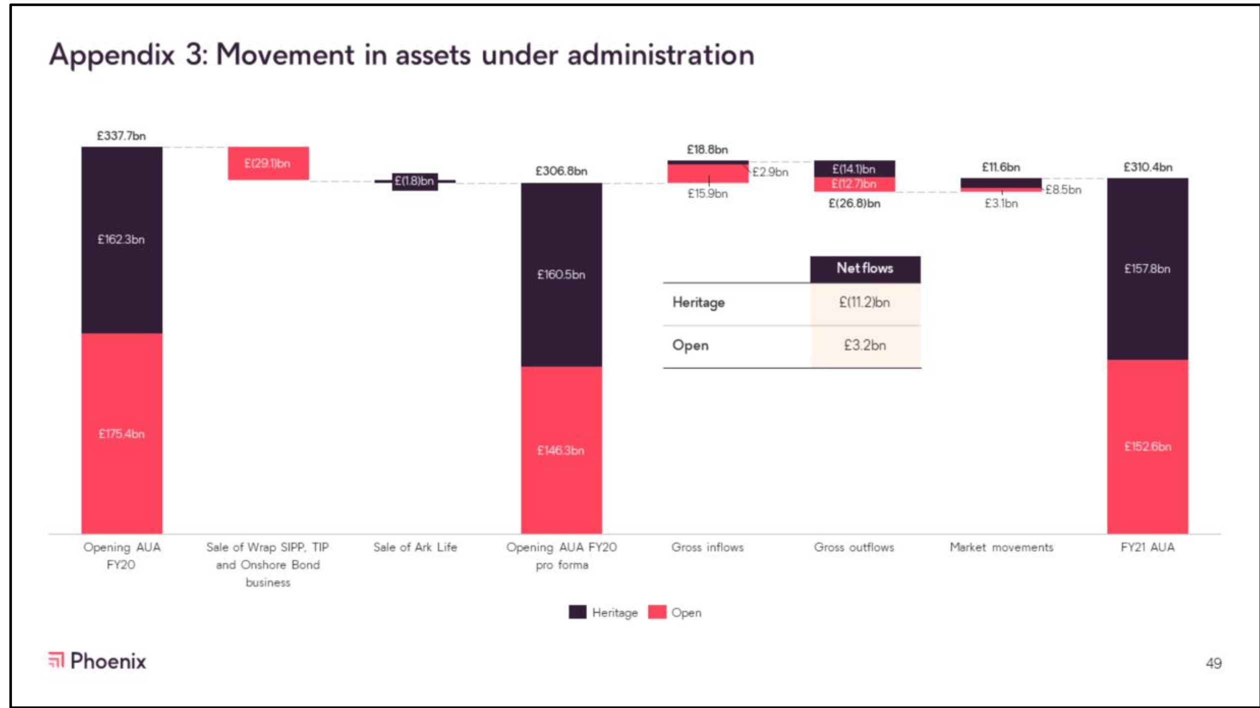

Appendix 3: Movement in assets under administration
£337.7bn
£162.3bn
£175.4bn
£(29.1)bn
£(1.8)bn
£306.8bn
£160.5bn
£146.3bn
£18.8bn
£2.9bn
£15.9bn
£(14.1)bn
£(12.7)bn
£(26.8)bn
£11.6bn
£8.5bn
£3.1bn
£310.4bn
£157.8bn
£152.6bn
Net flows
Heritage £(11.2)bn
Open £3.2bn
Opening AUA FY20
Sale of Wrap SIPP, TIP and Onshore Bond business
Sale of Ark Life
Opening AUA FY20 pro forma
Gross inflows
Gross outflows
Market movements
FY21 AUA
Heritage
Open
Phoenix
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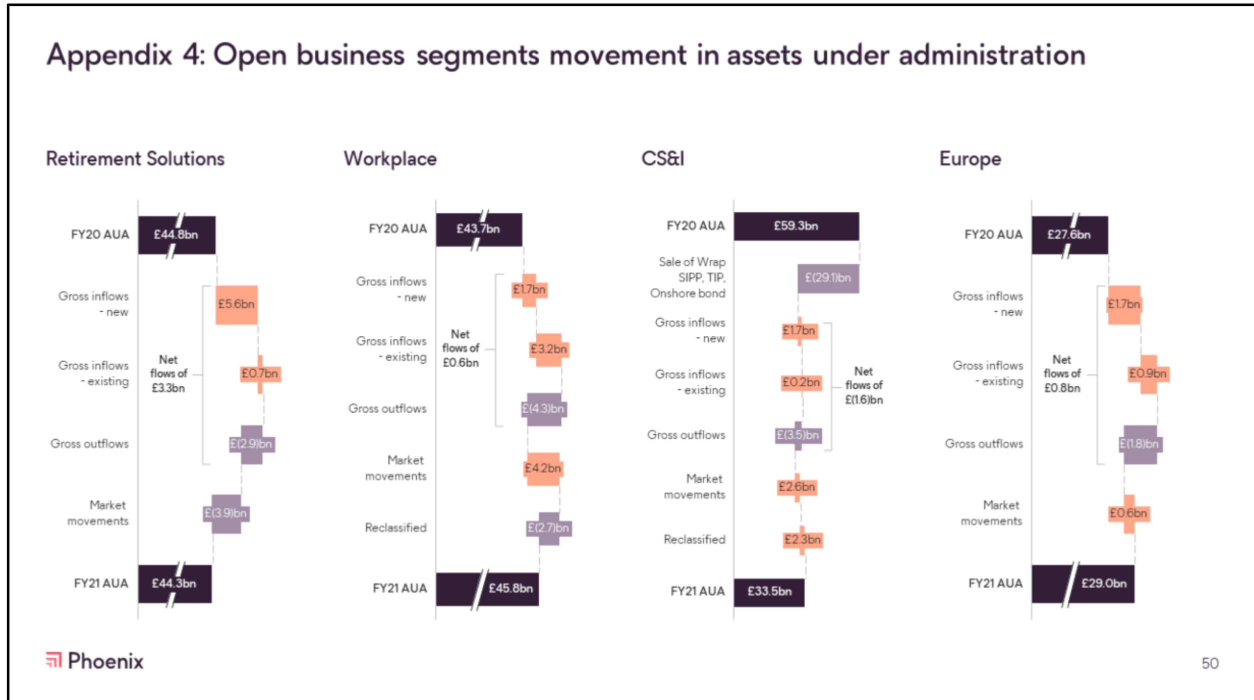

Appendix 4: Open business segments movement in assets under administration
Retirement Solutions
FY20 AUA
£44.8bn
Gross inflows - new
£5.6bn
Gross inflows - existing
£0.7bn
Net flows of £3.3bn
Gross outflows
£(2.9)bn
Market movements
£(3.9)bn
FY21 AUA
£44.3bn
Workplace
FY20 AUA
£43.7bn
Gross inflows - new
£1.7bn
Gross inflows - existing
£3.2bn
Net flows of £0.6bn
Gross outflows
£(4.3)bn
Market movements
£4.2bn
Reclassified
£(2.7)bn
FY21 AUA
£45.8bn
CS&I
FY20 AUA
£59.3bn
Sale of Wrap SIPP, TIP, Onshore bond
£(29.1)bn
Gross inflows - new
£1.7bn
Gross inflows - existing
£0.2bn
Net flows of £(1.6)bn
Gross outflows
£(3.5)bn
Market movements
£2.6bn
Reclassified
£2.3bn
FY21 AUA
£33.5bn
Europe
FY20 AUA
£27.6bn
Gross inflows - new
£1.7bn
Gross inflows - existing
£0.9bn
Net flows of £0.8bn
Gross outflows
£(1.8)bn
Market movements
£0.6bn
FY21 AUA
£29.0bn
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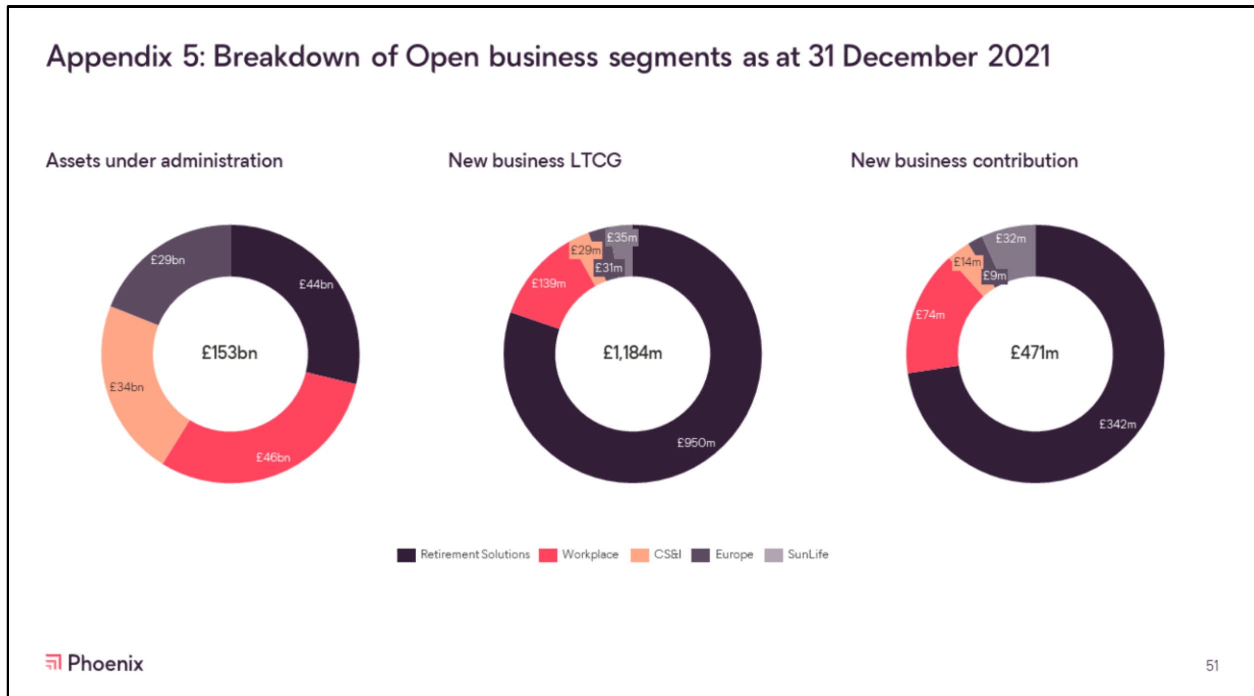
Appendix 5: Breakdown of Open business segments as at 31 December 2021
Assets under administration
£153bn
£44bn
£46bn
£34bn
£29bn
New business LTCG
£1,184m
£950m
£139m
£29m
£31m
£35m
New business contribution
£471m
£342m
£74m
£14m
£9m
£32m
Retirement Solutions
Workplace
CS&I
Europe
SunLife
Phoenix
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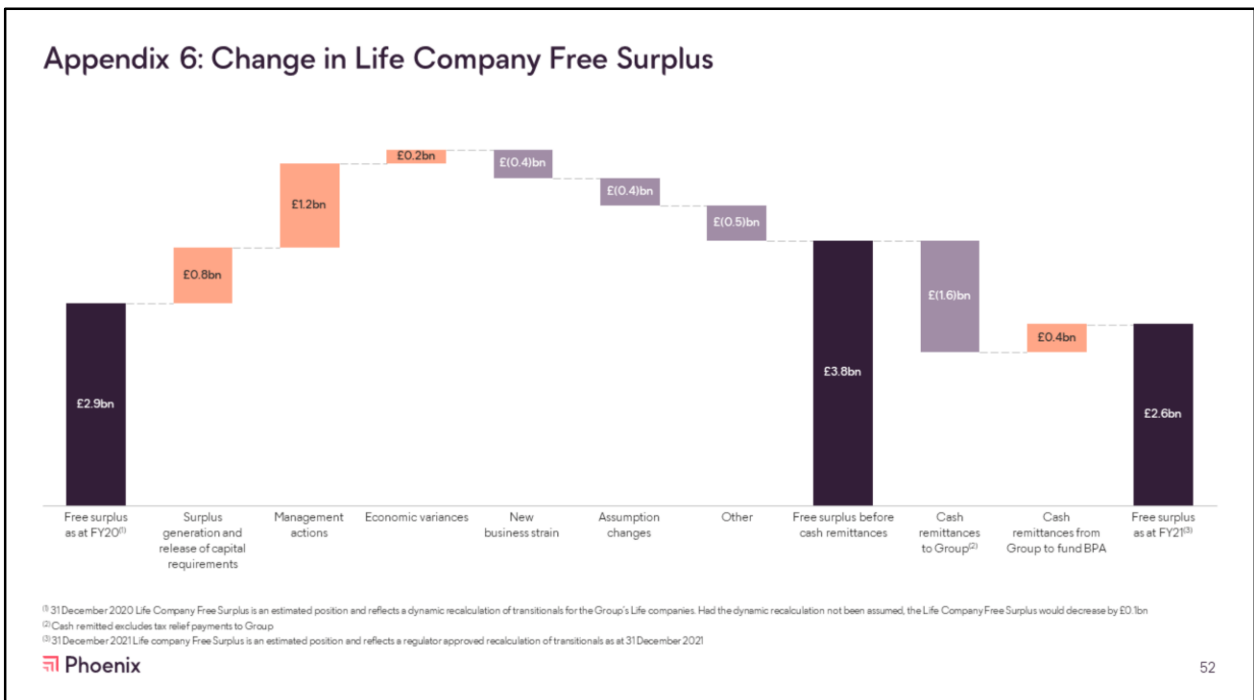
Appendix 6: Change in Life Company Free Surplus
£2.9bn
£0.8bn
£1.2bn
£0.2bn
£(0.4)bn
£(0.4)bn
£(0.5)bn
£3.8bn
£(1.6)bn
£0.4bn
£2.6bn
Free surplus as at FY20(1)
Surplus generation and release of capital requirements
Management actions
Economic variances
New business strain
Assumption changes
Other
Free surplus before cash remittances
Cash remittances to Group(2)
Cash remittances from Group to fund BPA
Free surplus as at FY21(3)
(1) 31 December 2020 Life Company Free Surplus is an estimated position and reflects a dynamic recalculation of transitionals for the Group's Life companies. Had the dynamic recalculation not been assumed, the Life Company Free Surplus would decrease by £0.1bn
(2) Cash remitted excludes tax relief payments to Group
(3) 31 December 2021 Life company Free Surplus is an estimated position and reflects a regulator approved recalculation of transitionals as at 31 December 2021
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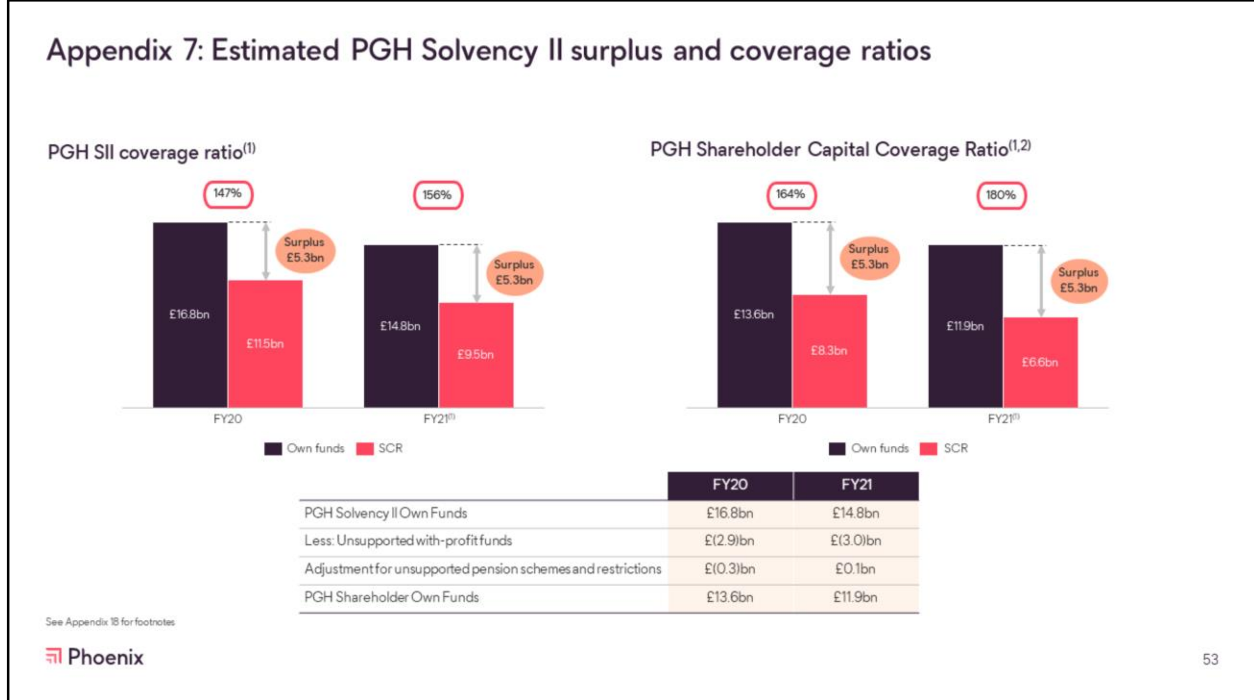
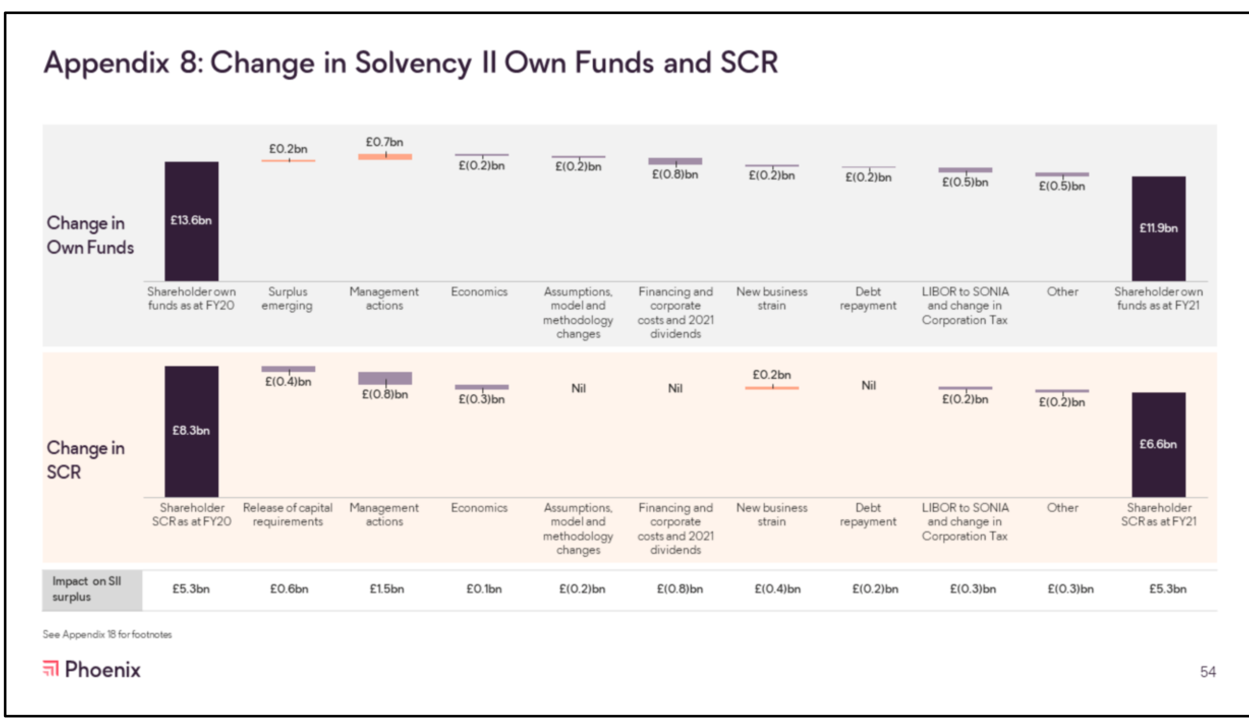


	FY20	FY21
PGH Solvency II Own Funds	£16.8bn	£14.8bn
Less: Unsupported with-profit funds	£(2.9)bn	£(3.0)bn
Adjustment for unsupported pension schemes and restrictions	£(0.3)bn	£0.1bn
PGH Shareholder Own Funds	£13.6bn	£11.9bn



Impact on SII surplus	£5.3bn	£0.6bn	£1.5bn	£0.1bn	£(0.2)bn	£(0.8)bn	£(0.4)bn	£(0.2)bn	£(0.3)bn	£(0.3)bn	£5.3bn

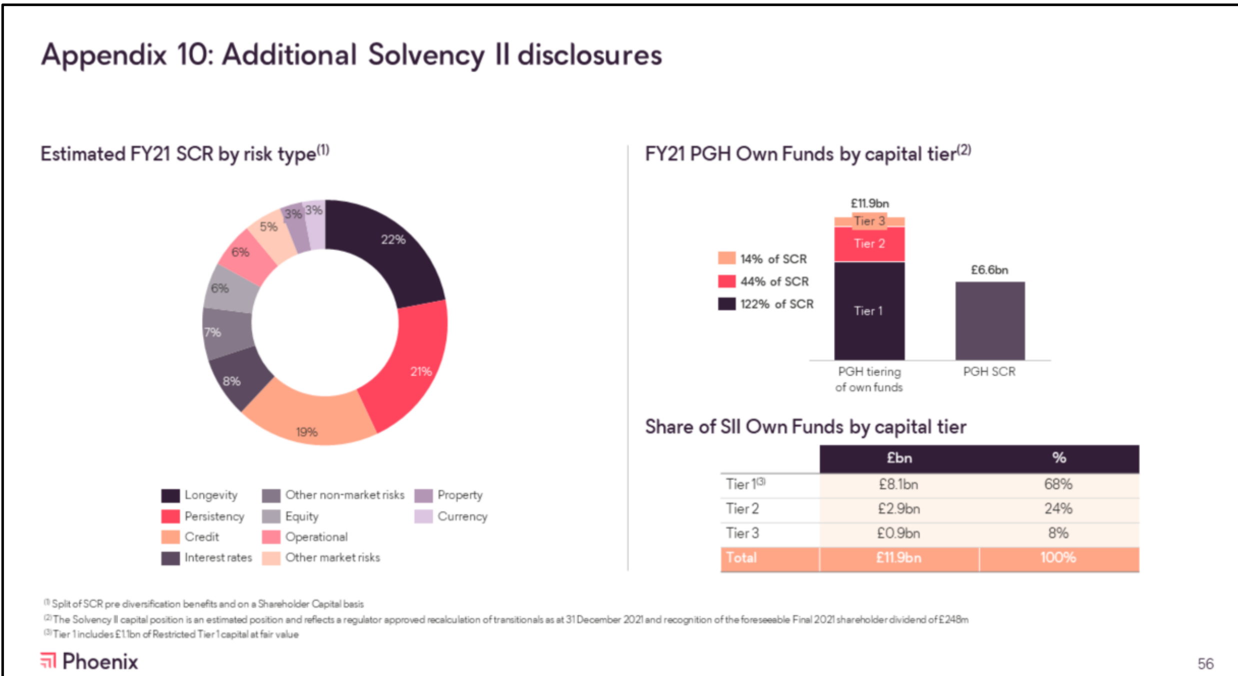
Appendix 9: Change in proxy to shareholder value

	Proxy to shareholder value as at FY20	Surplus emerging	Management actions	Economics	Assumptions, model and methodology changes	Financing and corporate costs and 2021 dividends	New business strain	LIBOR to SONIA and change in Corporation Tax	Removal of assets for unsupported with-profits funds[1]	Other	Proxy to shareholder value as at FY21
	£9.2bn	£0.2bn	£0.7bn	£(0.2)bn	£(0.2)bn	£(0.8)bn	£(0.2)bn	£(0.5)bn	£(0.3)bn	£(0.2)bn	£7.7bn

	FY20	FY21
Own Funds of shareholder and non-profit funds	£13.0bn	£11.7bn
Own Funds of supported with-profit funds	£0.6bn	£0.2bn
Shareholder Own Funds	**£13.6bn**	**£11.9bn**
Less: Tier 2 and Tier 3 debt[2]	£(3.8)bn	£(3.6)bn
Less: Restricted Tier 1 debt[2]	£(1.0)bn	£(1.1)bn
Add: SLIDAC restriction[3]	-	£0.1bn
Unrestricted Tier 1	**£8.8bn**	**£7.3bn**
Add: Contract boundaries	£0.1bn	£0.1bn
Add: Shareholders share of with-profit estate	£0.3bn	£0.3bn
Proxy to shareholder value	**£9.2bn**	**£7.7bn**

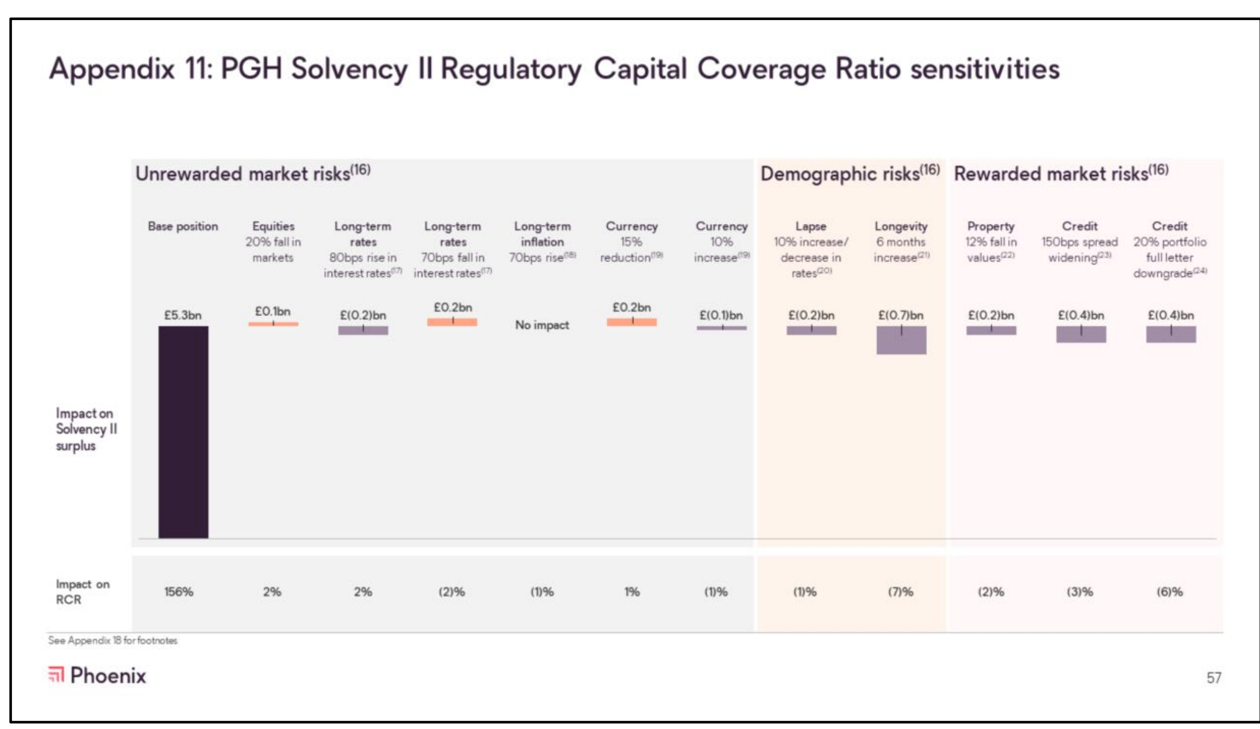
[1] Assets in respect of with-profit funds previously supported by the shareholder have been removed as they are no longer supported as at 31 December 2021
[2] Shareholder debt included at principal value in 'proxy to shareholder value' calculation
[3] Reversal of the Own Funds restriction recognised under Solvency II in respect of counterparty risk capital held in the Irish business that relates to other Group entities

Appendix 10: Additional Solvency II disclosures



	£bn	%
Tier 1[3]	£8.1bn	68%
Tier 2	£2.9bn	24%
Tier 3	£0.9bn	8%
Total	£11.9bn	100%

[1] Split of SCR pre diversification benefits and on a Shareholder Capital basis
[2] The Solvency II capital position is an estimated position and reflects a regulator approved recalculation of transitionals as at 31 December 2021 and recognition of the foreseeable Final 2021 shareholder dividend of £248m
[3] Tier 1 includes £1.1bn of Restricted Tier 1 capital at fair value



Appendix 11: PGH Solvency II Regulatory Capital Coverage Ratio sensitivities
Unrewarded market risks(16)
Demographic risks(16)
Rewarded market risks(16)
Base position
Equities 20% fall in markets
Long-term rates 80bps rise in interest rates(17)
Long-term rates 70bps fall in interest rates(17)
Long-term inflation 70bps rise(18)
Currency 15% reduction(19)
Currency 10% increase(19)
Lapse 10% increase/ decrease in rates(20)
Longevity 6 months increase(21)
Property 12% fall in values(22)
Credit 150bps spread widening(23)
Credit 20% portfolio full letter downgrade(24)
Impact on Solvency II surplus
£5.3bn
£0.1bn
£(0.2)bn
£0.2bn
No impact
£0.2bn
£(0.1)bn
£(0.2)bn
£(0.7)bn
£(0.2)bn
£(0.4)bn
£(0.4)bn
Impact on RCR
156%
2%
2%
(2)%
(1)%
1%
(1)%
(1)%
(7)%
(2)%
(3)%
(6)%
See Appendix 18 for footnotes
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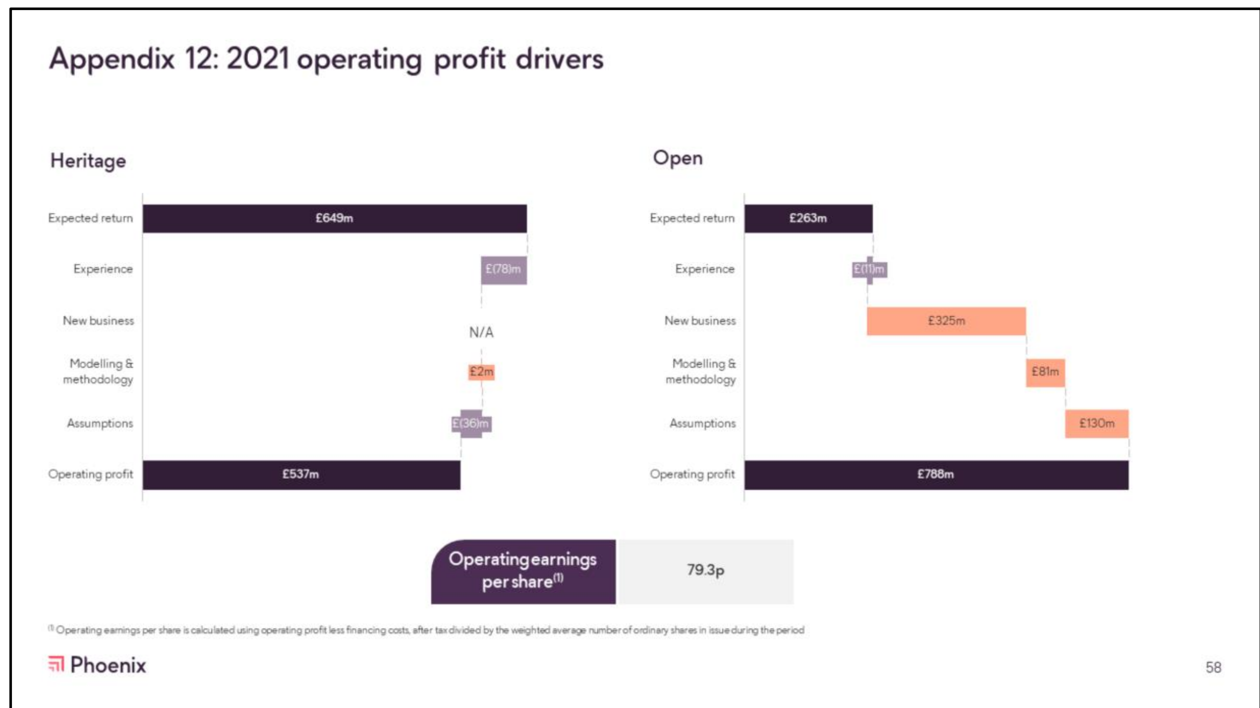
Appendix 12: 2021 operating profit drivers
Heritage
Expected return
£649m
Experience
£(78)m
New business
N/A
Modelling & methodology
£2m
Assumptions
£(36)m
Operating profit
£537m
Open
Expected return
£263m
Experience
£(11)m
New business
£325m
Modelling & methodology
£81m
Assumptions
£130m
Operating profit
£788m
Operating earnings per share[1]
79.3p
[1] Operating earnings per share is calculated using operating profit less financing costs, after tax divided by the weighted average number of ordinary shares in issue during the period
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Appendix 13: Diversification of illiquid asset portfolio as at 31 December 2021

Equity Release Mortgages
£4.2bn with AA rating

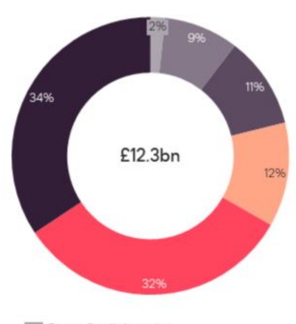
- Broad regional spread with average LTV of 31%
- Secured on property assets with average time to redemption 12 years

Private Placements
£4.0bn with A rating

- Diversified portfolio with c.55% of exposure secured on variety of assets
- Loans across 95 different counterparties

Infrastructure
£1.5bn with BBB rating

- Secured on cash flows from long-term contracts with highly rated counterparties
- c.64% of portfolio backed by UK Government (directly or indirectly)



- Export Credit Agencies
- UK Local Authority Loans & US Municipal
- Commercial Real Estate
- Infrastructure
- Private Placements
- Equity Release Mortgages

Commercial Real Estate
£1.3bn with BBB rating

- Structured with robust covenant protection, a combination of loan-to-value and interest coverage ratio
- c.95% of portfolio LTV ≤60%

UK Local Authority Loans & US Municipal
£1.1bn with A+ rating

- Unsecured but with implicit Government support
- Loans across 42 different counterparties

Export Credit Agencies
£0.2bn with AA- rating

- 100% of portfolio is Government-backed
- Loans across 3 different counterparties

Appendix 14: Credit quality by sector for shareholder debt portfolio

Average credit rating by sector (FY21 vs FY20)

Sector	FY21	FY21	AA	A	BBB	Δ vs FY20
Industrials	£1.5bn	4%			● ●	↔
Consumer, cyclical	£1.4bn	3%		● (FY20)	● (FY21)	↓
Tech and Telecoms	£1.8bn	4%		● ●		↔
Consumer, non-cyclical	£1.9bn	5%		● ●		↔
Banks	£4.8bn	12%		● ●		↔
Financial Services	£0.9bn	2%		● ●		↔
Utilities	£3.1bn	8%		● (FY20)	● (FY21)	↓
Gilts /Sovereign/Supra/Sub-sovereign	£12.4bn	31%	● ●			↔
Real Estate	£4.6bn	11%		● ●		↔
Insurance	£0.9bn	2%		● ●		↔
Oil and gas	£0.6bn	2%		● ●		↔
Infrastructure	£1.5bn	4%			● ●	↔
ERM	£4.2bn	10%	● ●			↔
Other	£0.5bn	2%		● ●		↔
Total	**£40.1bn**	**100%**				

● FY20 ● FY21

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Appendix 15: Integration synergies

	Standard Life				ReAssure			
	In year	Cumulative	Target	% of target	In year	Cumulative	Revised target	% of revised target
Capital synergies (net of costs)	£557m	£1,277m	£720m	177%	£209m	£688m	£600m	115%
Cost synergies[29] (per annum)	£8m	£48m	£75m	64%	£5m	£27m	£50m	54%
One off cost synergies	-	£38m	£30m	127%	N/A	N/A	N/A	N/A
Integration costs[30] (net of tax)	£33m	£80m	£150m	53%	£25m	£28m	£50m	56%
Total value[31]	**£590m**	**£1,632m**	**£1,220m**	**134%**	**£234m**	**£930m**	**£1,050m**	**89%**

See Appendix 18 for footnotes

Appendix 16: ESG ratings and collaborations

ESG ratings

Ratings agency	FY20	FY21	Change
MSCI	A	A	↔
Sustainalytics	23.3 / medium risk	20.0 / low risk	↑
CDP	N/A	B	↑
Dow Jones Sustainability Index	66th percentile	69th percentile	↑
FTSE4Good	66th percentile	76th percentile	↑

Collaborations and Commitments

Climate Action 100+

Living Wage Foundation

IIGCC The Institutional Investors Group on Climate Change

PRI Principles for Responsible Investment

PCAF Partnership for Carbon Accounting Financials

Make My Money Matter

The Net-Zero Asset Owner Alliance

Business in the Community The Prince's Responsible Business Network

TCFD Task Force on Climate-Related Financial Disclosures

Science Based Targets Driving Ambitious Corporate Climate Action

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Appendix 17: 2022 sustainability targets

Investing in a sustainable future

Theme	2022 targets
Integrating sustainability considerations into our investment decision making process	Data gathering framework and tracking established for listed equity and credit where we exercise influence and control
Investing responsibly	• Alignment to the UK Stewardship Code in readiness for certification in 2023 • 60%[1] origination of Sustainable Investments (illiquid assets within our shareholder portfolio excl ERM) • £250m invested into Climate Solutions for the policyholder assets
Tracking our decarbonisation goals	Develop and submit for validation emission reduction targets in line with the SBTi financial sector guidance
Engaging to drive system change	Working with partners to increase ambition, transparency and tackle barriers to net zero investment

Engaging people in better financial futures

Theme	2022 targets
Empowering better financial decision making	• Launch financial inclusion strategy, focused on a specific underserved customer group, providing targeted support to empower better financial decisions • 1 million Phoenix Group customers are directly offered the chance to review our Digital Literacy materials and/or initiatives in 2022
Enhancing our fund and product offering	Move £15bn AUM and 1.5m customers invested in the Active Plus and Passive Plus workplace default solutions to our new sustainability strategy
Creating a national conversation	• Launch a programme of public engagement on longer lives • Launch Longer Lives Index
Advocating for change	Launch guidance gap campaign

Building a leading responsible business

Theme	2022 targets
Investing in our people and culture	7.8 out of 10 average colleague engagement score
Reducing the environmental impact of our operations	20% reduction (2022 versus 2021 target) in Scope 1 and 2 emission intensity from occupied premises per full time employee
Building a sustainable supply chain	75% of key suppliers commit to SBTi or Race to Zero
Supporting our communities	40% of colleagues actively involved in supporting community engagement activities (Group-wide)

[1] Subject to regulatory and market conditions

Appendix 18: Footnotes

1. 31 December 2021 Solvency II capital position is an estimated position and reflects a regulator approved recalculation of transitionals as at 31 December 2021 and recognition of the foreseeable Final 2021 shareholder dividend of £248m
2. The Shareholder Capital Coverage Ratio excludes Solvency II Own Funds and Solvency Capital Requirements of unsupported with-profit funds and unsupported pension schemes
3. 31 December 2020 Solvency II capital position is an estimated position and reflects a dynamic recalculation of transitionals for the Group's Life companies and recognition of the foreseeable Final 2020. Had the dynamic recalculation not been assumed, the Solvency II surplus and the Shareholder Capital Coverage Ratio would decrease by £0.1bn and 1% respectively
4. £766m incremental new business long-term cash generation in 2020 includes £23m for Wrap SIPP, Onshore Bond and TIP products. These products are not included in 2021 due to the economic interest having been transferred to abrdn plc effective 01 January 2021
5. Dividends rebased to take into account the bonus element of rights issues. 2021 reflects the recommended 3% increase to the 2021 final dividend
6. Includes all interest costs on Group shareholder debt to maturity
7. Includes known hires where offers accepted
8. Covers all listed equity and credit assets where Phoenix Group can exercise control & influence of c£160bn
9. Covers all assets at a Group level where Phoenix Group can exercise control & influence of c£250bn
10. Emission intensity from occupied premises per full-time employee.
11. AUA at 31 December 2020 pro forma to exclude £29bn in respect of assets for Wrap SIPP, Onshore Bond and TIP products and £2bn in respect of Ark Life assets. These products are not included in 2021 due to the economic interest having been transferred effective 01 January 2021 to abrdn plc and Irish Life respectively
12. £1.1bn of operating costs and interest includes: Group operating expenses of £247m, £47m in relation to the Group's pension schemes; integration costs of £87m net of tax, split £69m on Standard Life integration and £18m on Reassure integration; and £692m interest costs on Group's listed debt and senior debt to be incurred.

Appendix 18: Footnotes cont.

13. £1.5bn dividend cost based on annual dividend cost of £0.5bn per annum
14. 31 December 2020 position on a pro forma basis to reflect the impact of the sale of Wrap SIPP, Onshore Bond and TIP products to SLA (£0.2bn) and the impact of the expected increase in the rate of corporation tax from April 2023 to 25% announced in the March 2021 budget (£0.3bn)
15. £0.1bn additional management actions reflects the roll forward of our three-year target to 2024, and the inclusion of Own Funds management expected to be delivered in 2024 not previously recognised
16. Scenario assumes stress occurs on 1 January 2022 and that there is no market recovery
17. Assumes the impact of a dynamic recalculation of transitionals (subject to PRA approval) and an element of dynamic hedging which is performed on a continuous basis to minimise exposure to the interaction of rates with other correlated risks including longevity
18. Stress reflects a structural change in long-term inflation with an increase of 70bps across the curve
19. A 15% weakening/10% strengthening of GBP exchange rates against other currencies
20. Assumes most onerous impact of a 10% increase/decrease in lapse rates across different product groups
21. Applied to the annuity portfolio
22. Property stress represents an overall average fall in property values of 12%
23. Credit stress varies by rating and term and is equivalent to an average 150bps spread widening. It assumes the impact of a dynamic recalculation of transitionals (subject to PRA approval) and makes no allowance for the cost of defaults/downgrades
24. Impact of an immediate full letter downgrade across 20% of the shareholder exposure to the bond portfolio (e.g. from AAA to AA, AA to A, etc). This sensitivity assumes no management actions are taken to rebalance the annuity portfolio back to the original average credit rating and makes no allowance for the spread widening which would be associated with a downgrade

Appendix 18: Footnotes cont.

25. All sensitivities as at 31 December 2021, sourced from company disclosure
26. 2020 credit portfolio restated to include equity release mortgages and commercial real estate within the debt portfolio
27. As at 11 March 2022
28. 2020 IFRS Operating profit split has been restated to split ReAssure across Open, Heritage and Group costs divisions as appropriate
29. Cost synergies delivered to date reflect actual reduction in underlying cost base. SLAL cost synergy targets and delivered are shown gross of costs. ReAssure cost synergy targets and delivered are shown net of costs
30. Integration costs incurred to date excludes amounts provided for and reflects actual costs incurred to date
31. Synergy value includes capital synergies plus capitalised cost synergies (over 10 years), plus one-off costs, less integration costs, all of which are net of tax

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This presentation in relation to Phoenix Group Holdings plc and its subsidiaries (the 'Group') contains, and the Group may make other statements (verbal or otherwise) containing, forward-looking statements and other financial and/or statistical data about the Group's current plans, goals, ambitions and expectations relating to future financial condition, performance, results, strategy and/or objectives.

Statements containing the words: 'believes', 'intends', 'will', 'may', 'should', 'expects', 'plans', 'aims', 'seeks', 'targets', 'continues' and 'anticipates' or other words of similar meaning are forward looking. Such forward-looking statements and other financial and/or statistical data involve risk and uncertainty because they relate to future events and circumstances that are beyond the Group's control. For example, certain insurance risk disclosures are dependent on the Group's choices about assumptions and models, which by their nature are estimates. As such, actual future gains and losses could differ materially from those that the Group has estimated.

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