Phoenix

Full year 2022 results

Phoenix Group Holdings plc

13 March 2023

2022 review

Andy Briggs
Group Chief Executive Officer

Phoenix

Phoenix is a growing, sustainable business

Strong financial results
across cash, resilience and growth

Strategic progress
with strong execution across our strategic priorities and ESG themes

Growing organically
and set our first ever organic growth target

Growing through M&A
with the cash funded acquisition of Sun Life of Canada UK

Dividend growth
with a 5% increase recommended

We have delivered another strong financial performance

Cash

£1,504 million

Cash generation
(2021: £1,717m)

Outperformed
£1.3-£1.4 billion
target range

Resilience

£4.4 billion

PGH SII Surplus[1]
(2021: £5.3bn[3])

189%

Shareholder Capital Coverage Ratio (SCCR)[1,2]
(2021: 180%)

Resilient
SCCR above target
range of 140-180%

Growth

£1,233 million

Incremental new business long-term cash generation
(2021: £1,184m)

Record
organic growth
in 2022

See Appendix 19 for footnotes

Cash funded M&A supports growth in our dividend

We are acquiring Sun Life of Canada UK for £248 million…

- Brings c.£10bn of assets under administration and c.480,000 policies
- Transaction completion expected in April 2023, with regulatory approvals now received
- Simplified integration with no customer migrations required
- Strategic asset management partnership with Sun Life supports diversification of liquid and illiquid credit portfolio in North America

…as we demonstrate the value of smaller, cash funded M&A

c.£470m(†)
of incremental long-term cash generation

+2.5%
inorganic dividend increase

c.£125m(†)
of cost and capital synergies, net of costs

c.50%(†)
targeted synergies as % of consideration paid

(†) As at announcement in August 2022

Organic growth and M&A supports a dividend increase of 5%

2.5% **Organic dividend increase** reflects strong strategic and financial performance in 2022

+

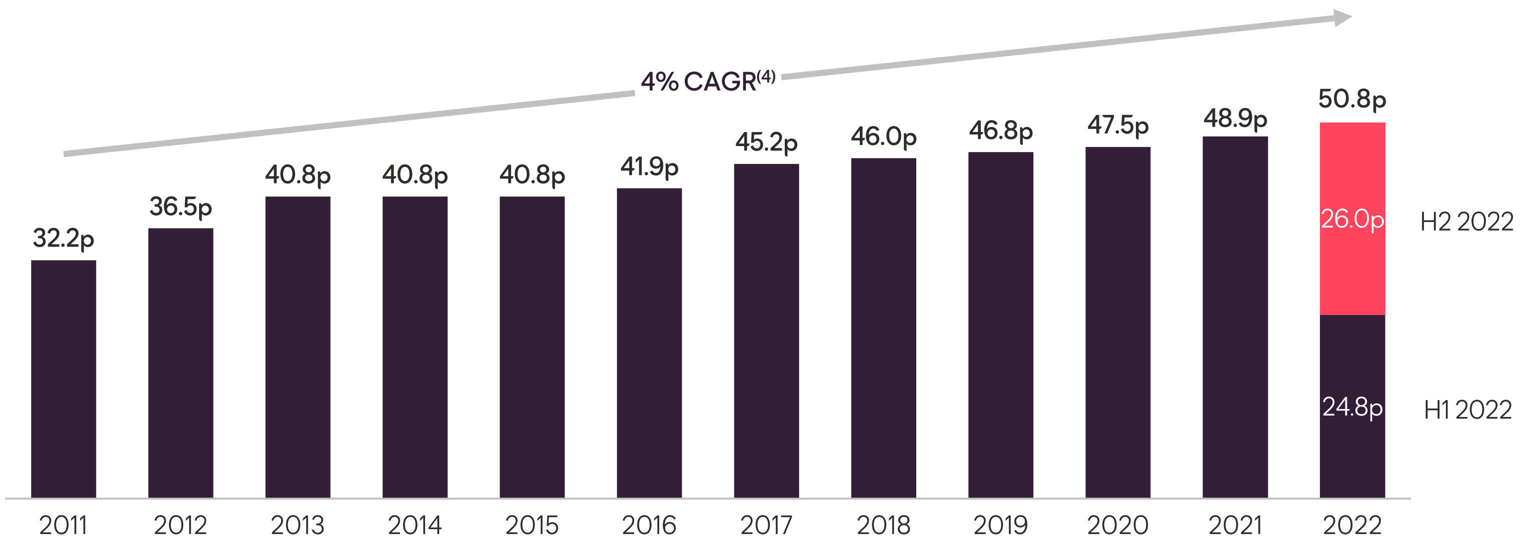
2.5% **Inorganic dividend increase** for the Sun Life of Canada UK acquisition

=

5% **Total dividend increase** effective from, and including, the 2022 Final dividend

Phoenix Group's dividend policy

The Board intends to pay a dividend that is sustainable and grows over time



See Appendix 19 for footnotes

We have a clear set of strategic priorities, underpinned by our key ESG themes

Optimise our in-force business

Leveraging our scale in-force business to deliver capital efficiency and returns

Grow organically and through M&A

Meeting more of our existing customers' needs and acquiring new customers

Enhance our operating model and culture

Delivering leading cost efficiency and a modern organisation

Planet
Addressing climate change and supporting nature and bio-diversity

⟷ **Informed by, and in support of, our key ESG themes** ⟷

People
Promoting financial wellness and the role of good work and skills

Phoenix is focused on playing its part in addressing climate change

ESG Theme: Planet

By transitioning our business to net zero, we aim to deliver better outcomes for our customers and play our part in tackling the climate emergency

Areas of focus and targets	Key priorities	2022 progress
Our investment portfolio (c.24m tonnes CO_2e) **Target: 25% reduction** in carbon emissions intensity of our investments by 2025[5] and **50% reduction** by 2030[6]	• Decarbonising our portfolio	✓ c.£15bn of assets transitioned to Standard Life's Sustainable Multi-Asset default solution
	• Stewardship engagement	✓ 25 high-emitting companies targeted for stewardship engagement
	• Climate solutions investment	✓ c.£340m of policyholder assets to be invested into an innovative multi-asset 'climate solutions' mandate
Our supply chain (c.0.2m tonnes CO_2e) **Target: 50% reduction** in emissions by 2030	• Stretching supply chain standards	✓ 82% of key suppliers committed to setting either science-based targets or Race to Zero based
Our own operations (c.10,000 tonnes CO_2e) **Target: Net zero** by 2025[7]	• Further operational decarbonisation	✓ c.80% reduction in the carbon emissions intensity of our own operations since 2019

See Appendix 19 for footnotes

As the UK's largest long-term savings and retirement business, we have a critical role to play in tackling the pension savings gap

ESG Theme: People

We want to help people live better, longer lives. This means tackling the pension savings gap and supporting people to have better financial futures through promoting financial wellness and the role of good work and skills

Driving change through 4 key levers:	Key priorities	2022 progress
1. **Raising awareness of under saving**	We are researching and promoting the issues, and advocating for positive change	Our longevity think tank, Phoenix Insights, contributed to research and public debate in 2022 on this key issue
2. **Helping customers journey to and through retirement**	Delivering innovative solutions and tailored support to meet our customers' evolving needs	Offered 1.2 million customers the chance to review our digital literacy materials
3. **Promoting good work and skills**	To help people save more, we need to support them to stay in good work for longer	Launched a Mid-Life MOT pilot to support colleagues over 40 in thinking about their transition to retirement
4. **Advocating and supporting societal change**	When people cannot save or cannot save enough we can still help support financial inclusion	Phoenix Insights has advocated for reform of the state pension and contributed to debate on economic inactivity

We are optimising our in-force business

Our priority	Areas of focus	2022 delivery
Leveraging our scale in-force business to deliver capital efficiency and returns	Delivering ongoing management actions	• £570m of BAU management actions, including ongoing balance sheet efficiency actions that remain a differentiating capability of Phoenix • £169m of integration synergies from the ReAssure acquisition
	Maintaining our comprehensive risk management approach	• Hedging approach limits SII economic variance to £(0.4)bn • Comfortably met all collateral calls during the economic turmoil of 2022
	Enhancing our differentiated asset management model	• Continued to build our asset management capabilities supporting access to a wide range of liquid and illiquid assets globally • Expanded our breadth of asset management partners to 21
	Investing in a sustainable future	• £1.0bn of sustainable investments in shareholder funds • Alignment to the UK Stewardship Code in readiness for full certification in 2023

We are growing organically and through M&A

Our priority	Areas of focus	2022 delivery
Meeting more of our existing customers' needs and acquiring new customers	Developing innovative retirement income solutions	• Launched Standard Life Home Finance lifetime mortgages proposition • Ongoing development of open market annuity product for launch in 2023
	Enhancing our Workplace proposition and developing our Retail channels	• Significant increase in Workplace net fund flows to £2.4bn (2021: £0.2bn[(15)]) • Won 76 new Workplace schemes with an aggregate asset value of c.£2bn
	Executing M&A	• Announced the cash funded acquisition of Sun Life of Canada UK • Continued to assess M&A opportunities of all sizes
	Engaging people in better financial futures	• Financial inclusion strategy launched, with an initial focus on mid-career women • Phoenix Insights launched its Longer Life Index research programme

We are enhancing our operating model and culture

Our priority	Areas of focus	2022 delivery
Delivering leading cost efficiency and a modern organisation	Completing our migrations	• Completed transfer of >400k Standard Life annuities to TCS BaNCS • Announced transfer of all c.3m ReAssure policies, delivering a further £180m of net cost synergies
	Driving simplification to a "single best way of doing things"	• Delivering a single unified employee experience for our colleagues • Transferred custody and fund accounting for £90bn of assets to HSBC, as we consolidate to a single custody provider
	Attracting, developing and retaining the best talent, and building our culture	• Improved diversity across the organisation, including gender balance on both our Group Board and Executive Committee • Increased colleague engagement eNPS score of +30 (FY21: +23)
	Leading as a responsible business	• £1,000 net payment to all colleagues[8] to support with cost of living • 42% of colleagues actively involved in supporting community engagement activities

See Appendix 19 for footnotes

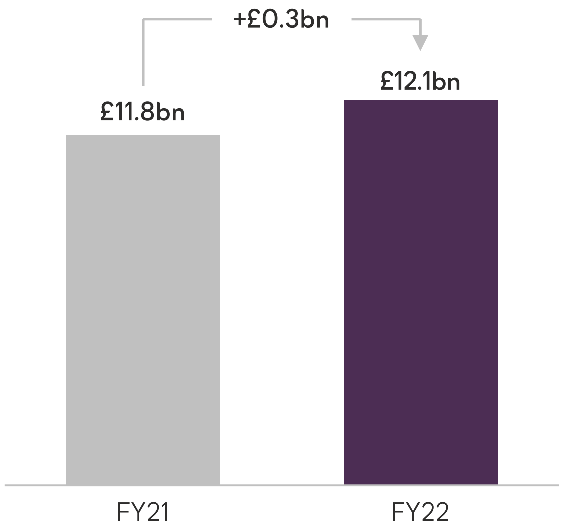
2022 financial results

Rakesh Thakrar
Group Chief Financial Officer

Our financial framework delivers predictable cash generation and a resilient capital position, which underpins our sustainable dividend

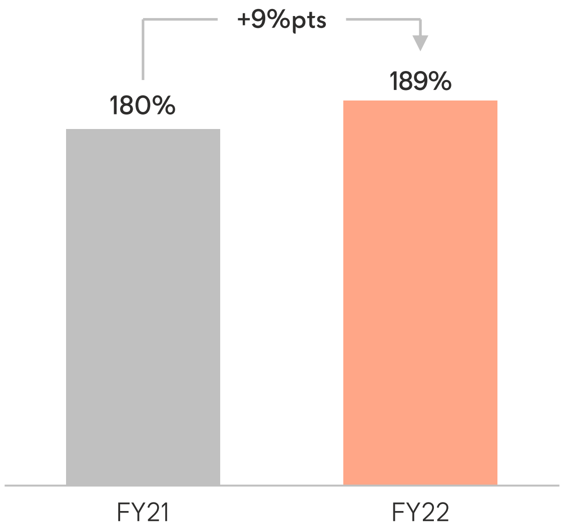
Cash Resilience Growth

Group in-force long-term free cash is growing...



Supports a dividend that is sustainable and grows over time

...and our Shareholder Capital Coverage Ratio[1,2] has increased



Provides significant capacity for investment into growth

See Appendix 19 for footnotes

We delivered a strong financial performance in 2022

Cash Resilience Growth

Financial performance:		FY21	FY22
Cash	Cash generation	£1,717m	£1,504m
New business	Incremental new business long-term cash generation	£1,184m	£1,233m
Dividend	Total dividend per share	48.9p	50.8p
	of which: Final dividend per share	24.8p	26.0p
IFRS	Adjusted operating profit before tax	£1,230m	£1,245m
	Loss after tax attributable to owners	£(709)m	£(1,762)m

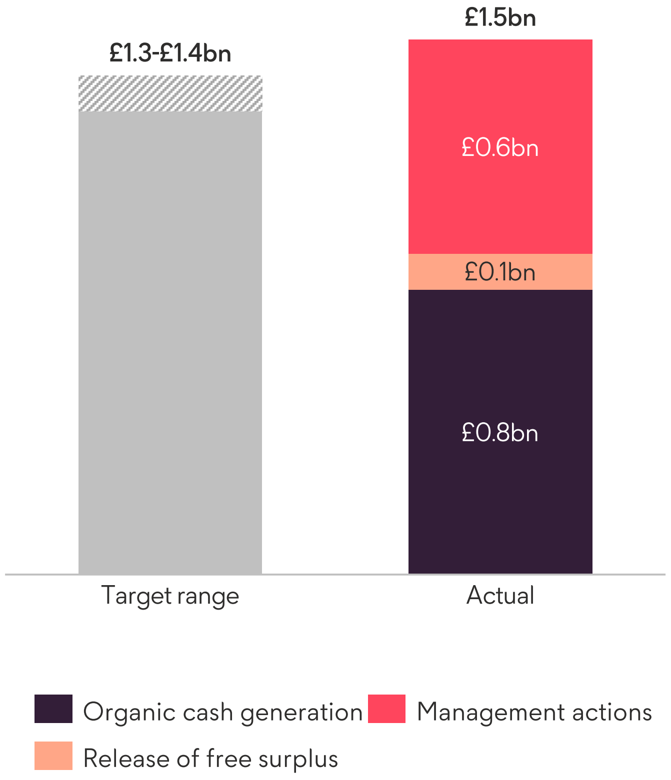
Balance sheet:		FY21	FY22
Solvency II capital	PGH Solvency II Surplus[1,3]	£5.3bn	£4.4bn
	PGH Shareholder Capital Coverage Ratio ('SCCR') [1,2,3]	180%	189%
In-force cash	Group in-force long-term free cash	£11.8bn	£12.1bn
Assets	Assets under administration	£310bn	£259bn
Leverage	Fitch leverage ratio	28%	30%[9]

See Appendix 19 for footnotes

Cash generation of £1.5 billion exceeds top-end of our target range

Cash

Strong cash generation in 2022



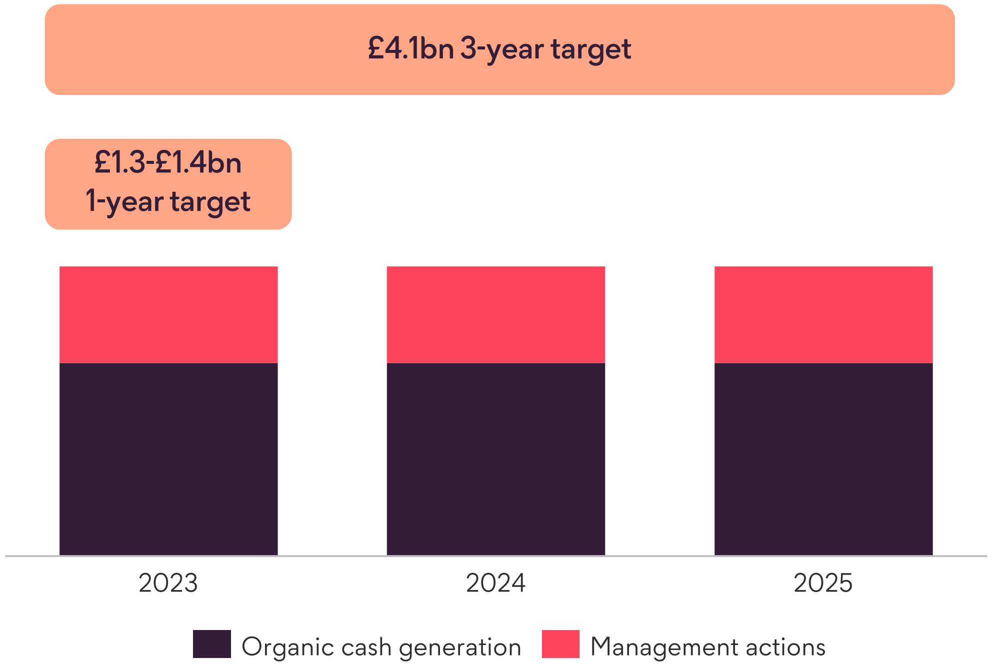
Phoenix delivers resilient cash generation over the very long term

- Over-delivery of management actions supports outperformance against our 2022 target range
- Free surplus in our life companies remained strong at £2.3 billion (2021: £2.6 billion)
- We have a 13 year track record of meeting or exceeding our cash generation targets since listing

Phoenix sets new cash generation target that includes future organic growth

Cash

Our 3-year target now includes future new business



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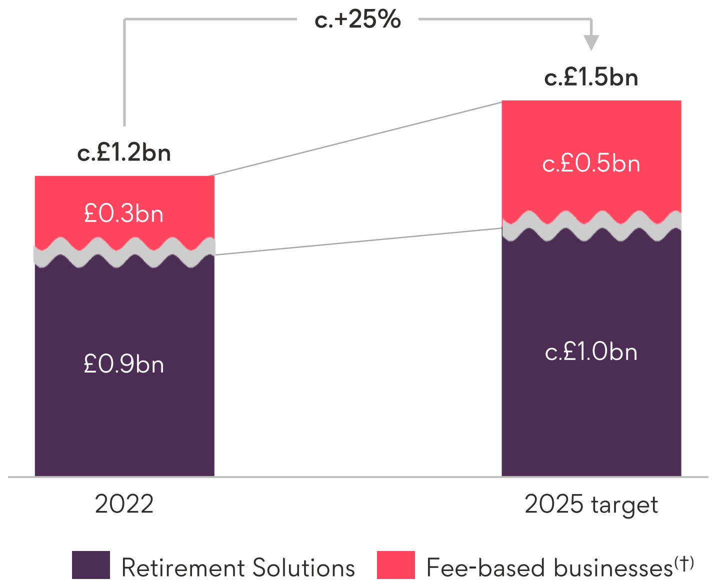
Cash generation targets include c.£0.1bn from the acquisition of Sun Life of Canada UK and c.£0.2bn of cash emergence from new business written in 2023 and 2024

We have set our first ever target for organic growth

Incremental new business long-term cash generation



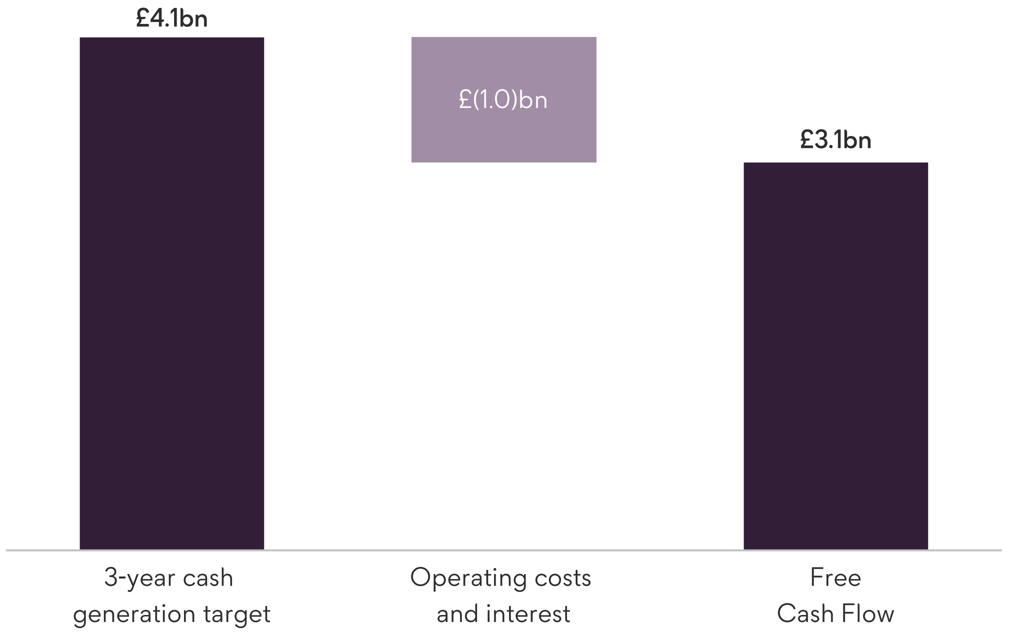
We are now confident of growing incremental new business long-term cash generation going forward and have set our first ever organic growth target

(†) Includes Pensions and Savings, Europe and SunLife

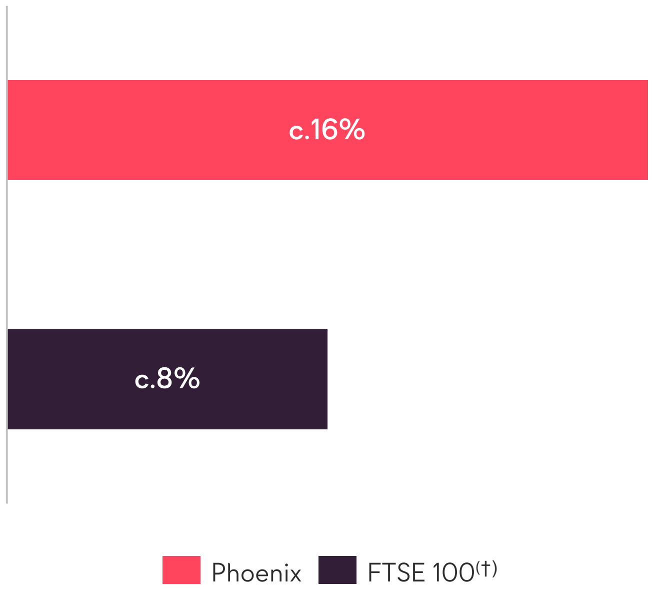
Phoenix offers a superior Free Cash Flow yield

Cash

2023-2025 estimated Free Cash Flow ('FCF')



Phoenix offers a superior 3-year average FCF[10] yield compared to the FTSE 100

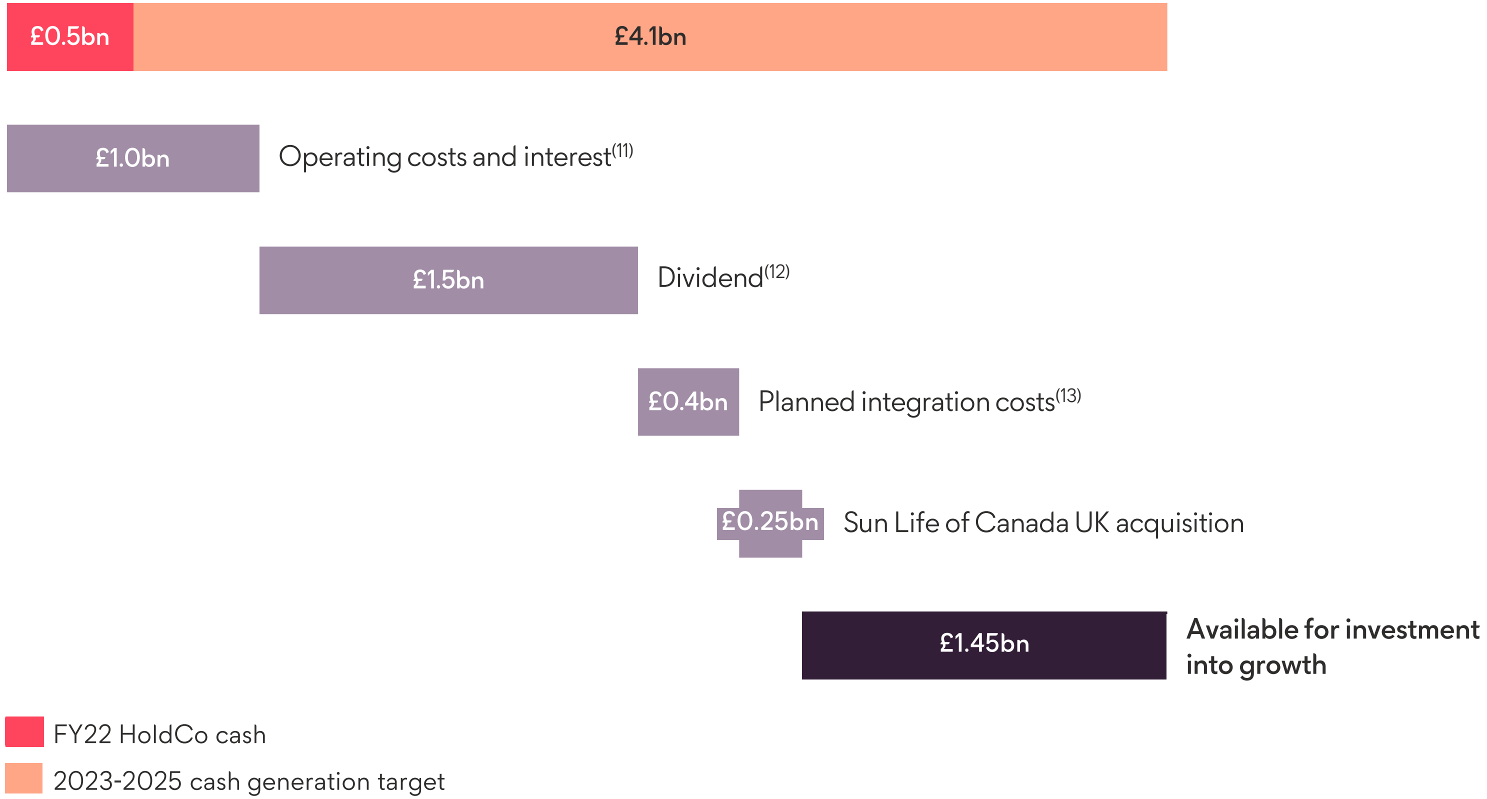


[†] Source: Factset

We have significant capacity to invest into future growth opportunities

Cash

Illustrative 2023-2025 HoldCo sources and uses of cash

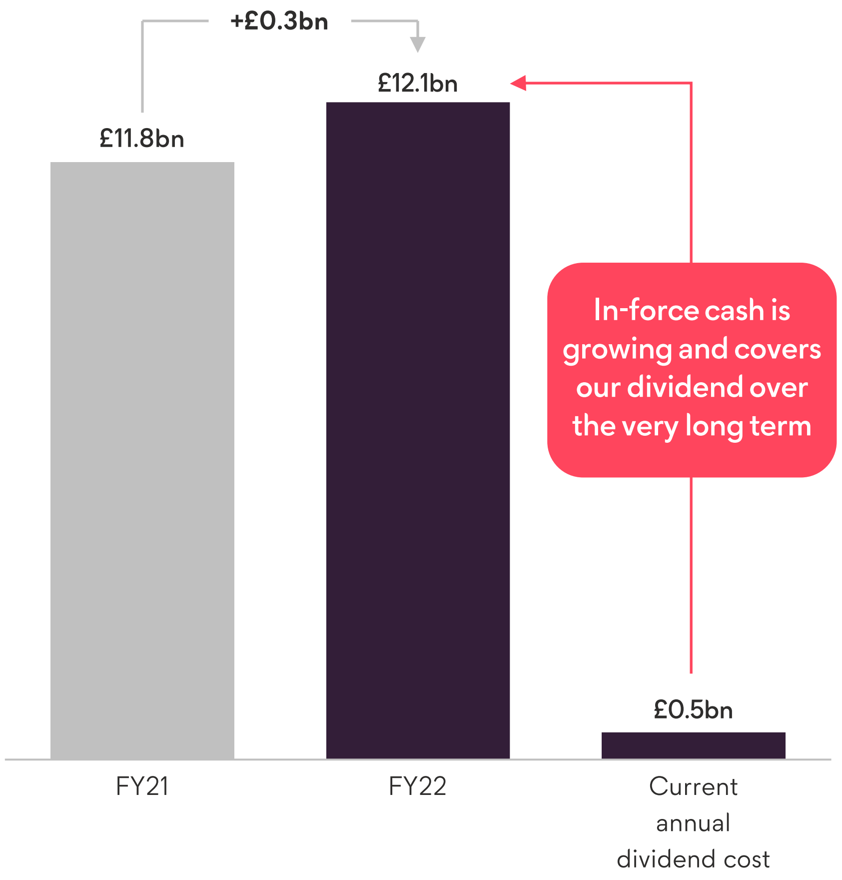


See Appendix 19 for footnotes

£1.45 billion of surplus cash is available to invest into growth across 2023-2025

- ✓ We will continue to invest into organic growth through BPA
- ✓ We are confident of growing through our fee-based businesses
- ✓ We have surplus cash to invest into M&A
- ✓ Assumes the refinancing of all debt on maturity or at first call

£12.1 billion of Group in-force long-term free cash will be available to shareholders over time...



Why it is important

- Group in-force long-term free cash is a measure to demonstrate the sustainability of our dividend over the very long term

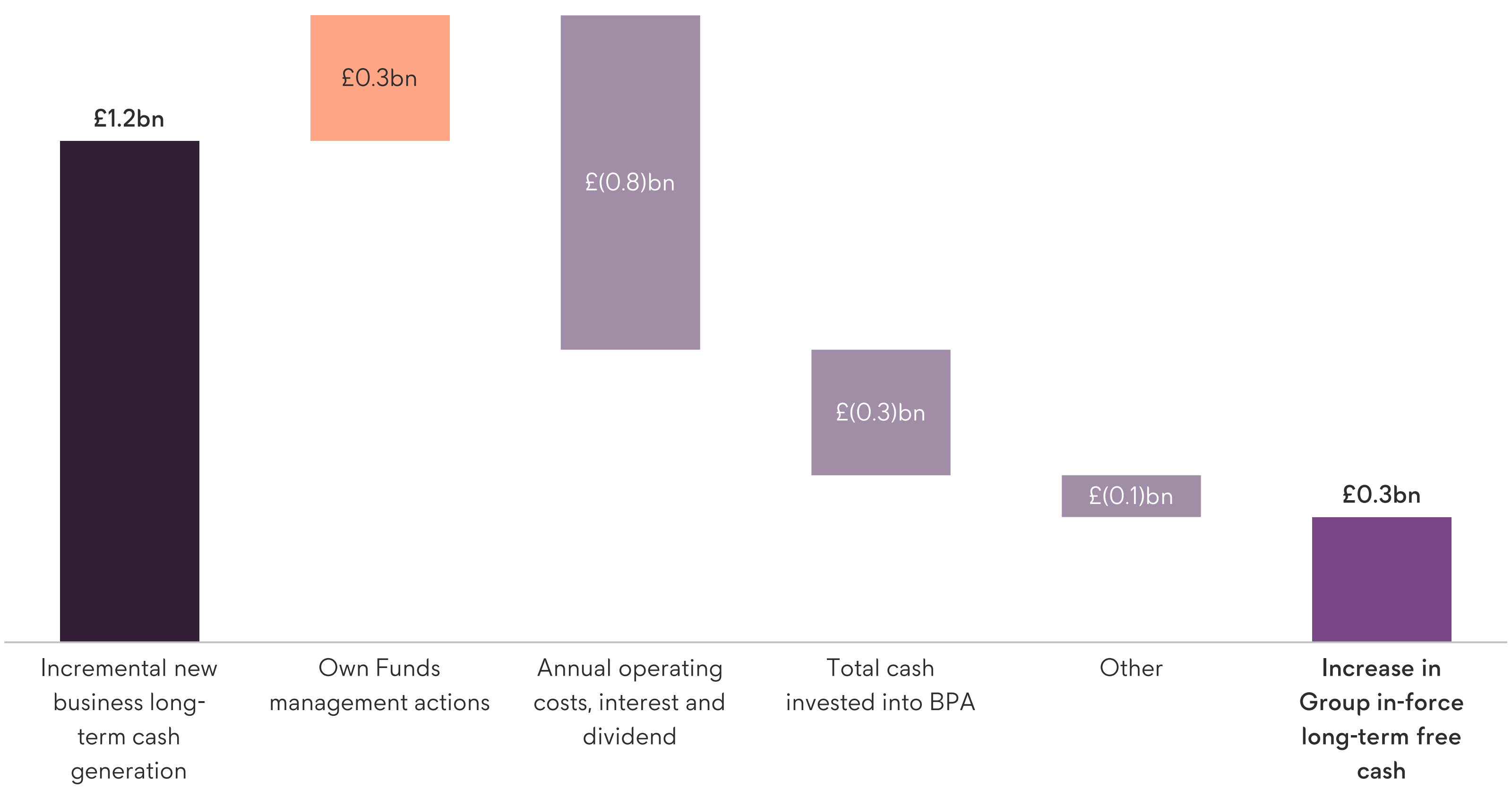
Group in-force long-term free cash comprises:

- long-term cash generation expected to emerge over the lifetime from our in-force business
- *plus* existing Group holding company cash
- *less* committed costs associated with our M&A integration activity
- *less* repayment of all shareholder debt and servicing of interest costs to maturity

…and is growing to support a dividend that is sustainable and grows over time

Cash

2022 increase in Group in-force long-term free cash



Key messages

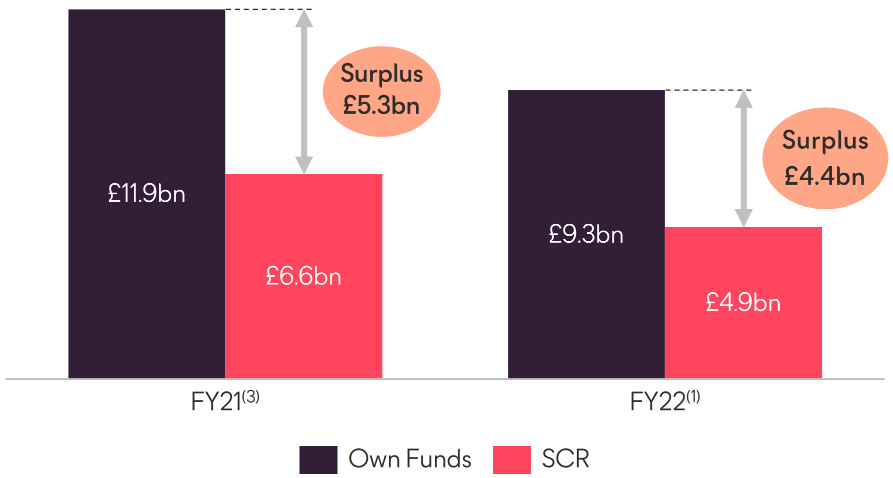
- We have increased Group in-force long-term free cash by £0.3bn in 2022, which will emerge over time
- This demonstrates that Phoenix is a growing, sustainable business
- Growth in Group in-force long-term free cash supports a dividend that is sustainable and grows over time

Phoenix

We have maintained our resilient Solvency II balance sheet despite market volatility

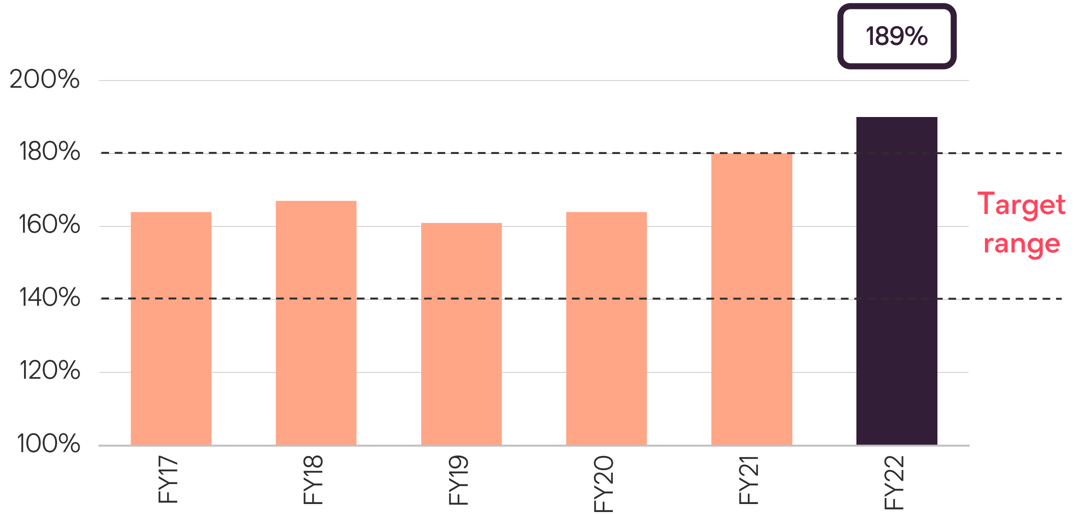
Resilience

£4.4bn Solvency II Surplus



- Includes £450m debt repayment and £260m foreseeable 2022 Final dividend deducted from FY22 Own Funds
- Additional resilience provided by c.£3bn of unrecognised surplus in unsupported with-profit funds and staff pension schemes

189% Shareholder Capital Coverage Ratio[1,2]

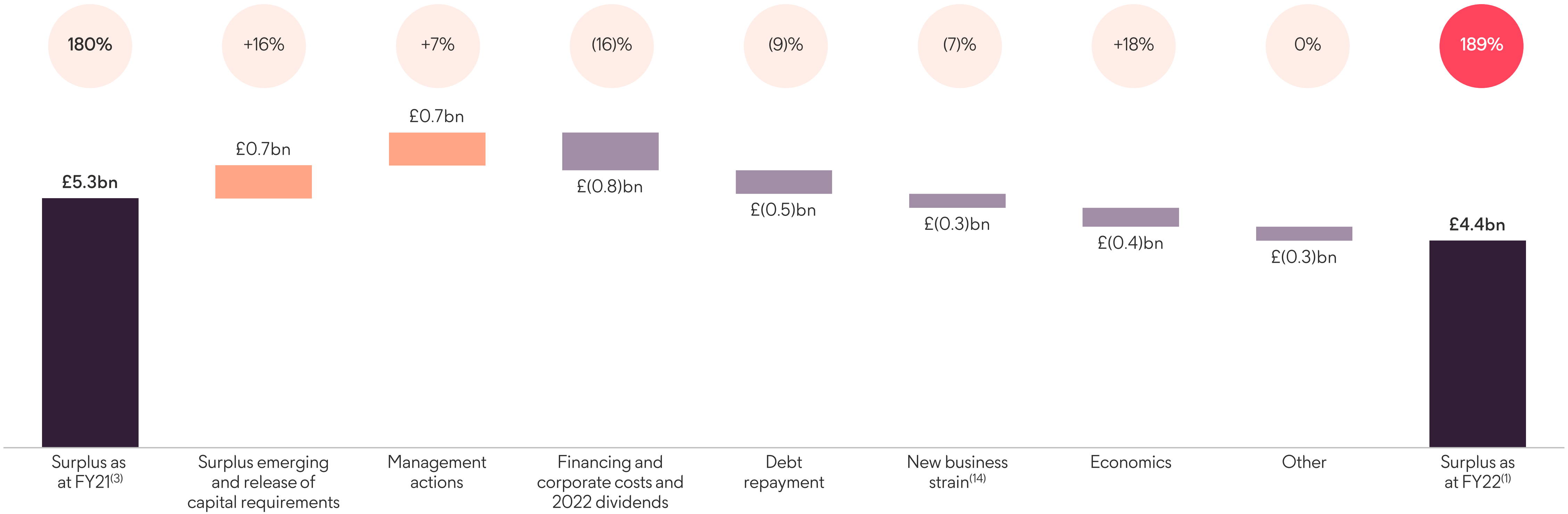


- We operate a target range of 140-180% and our comprehensive hedging strategy seeks to minimise volatility in our capital position
- With our ratio currently above our target range, we have significant capacity to invest into both organic growth opportunities and M&A

See Appendix 19 for footnotes

Generation of surplus supports repayment of debt and investment into growth

Resilience



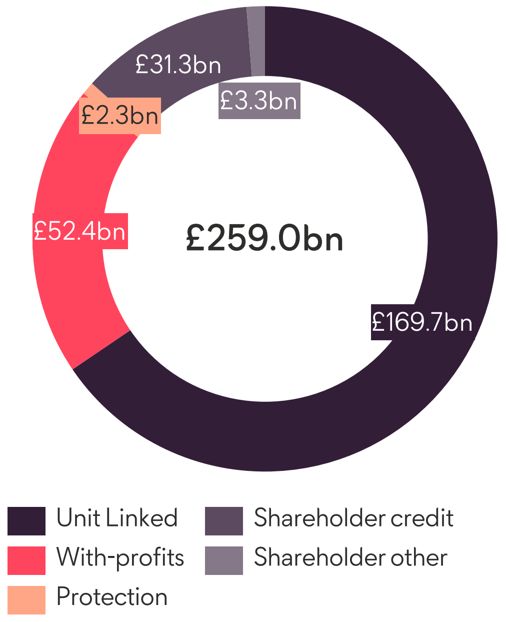
	Surplus as at FY21	Surplus emerging and release of capital requirements	Management actions	Financing and corporate costs and 2022 dividends	Debt repayment	New business strain	Economics	Other	Surplus as at FY22
Impact on Own Funds	**£11.9bn**	£0.3bn	£1.0bn	£(0.8)bn	£(0.5)bn	£(0.2)bn	£(1.8)bn	£(0.6)bn	**£9.3bn**
Impact on SCR	**£6.6bn**	£(0.4)bn	£0.3bn	Nil	Nil	£0.1bn	£(1.4)bn	£(0.3)bn	**£4.9bn**

See Appendix 19 for footnotes

We manage £259 billion of assets on behalf of our customers and retain a high quality shareholder credit portfolio

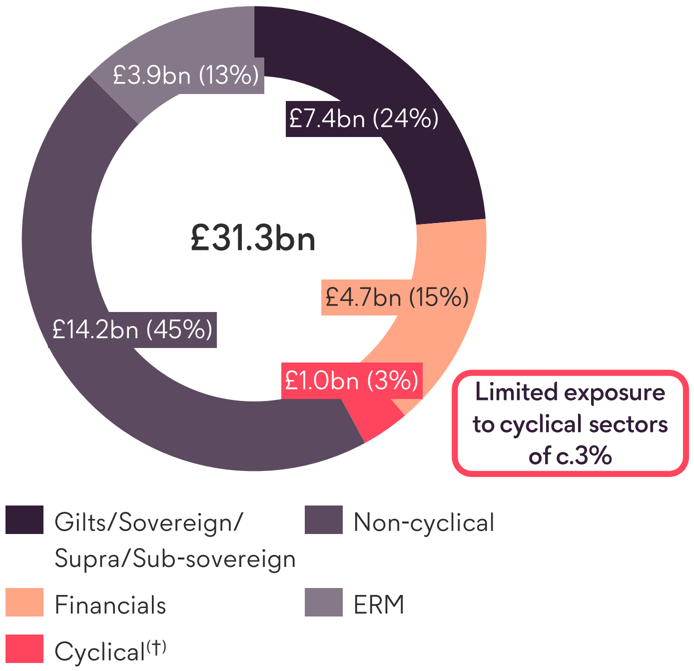
Resilience

Assets under administration



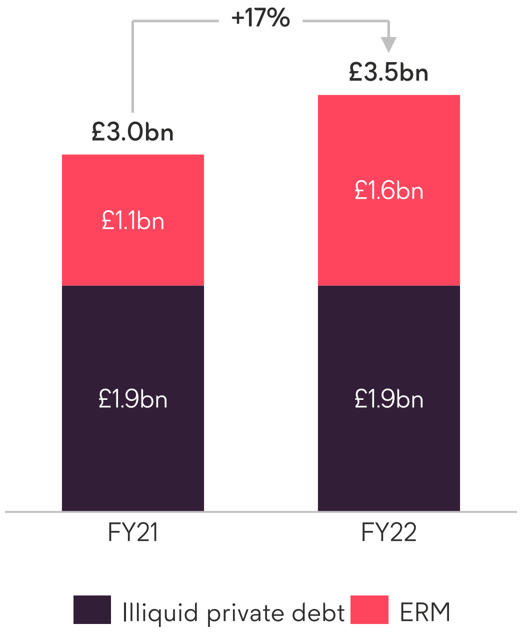
- The fees we earn on AUA are hedged against market volatility
- We seek to manage our credit risk by operating a prudent annuities exposure at c.13% of our balance sheet

Shareholder credit portfolio



- Prudently positioned credit portfolio, which is 99% investment grade and BBB assets making up only 19%
- No defaults in the year and limited downgrades
- Our c.£1.1 billion CRE lending exposure is high quality

Total illiquid asset origination



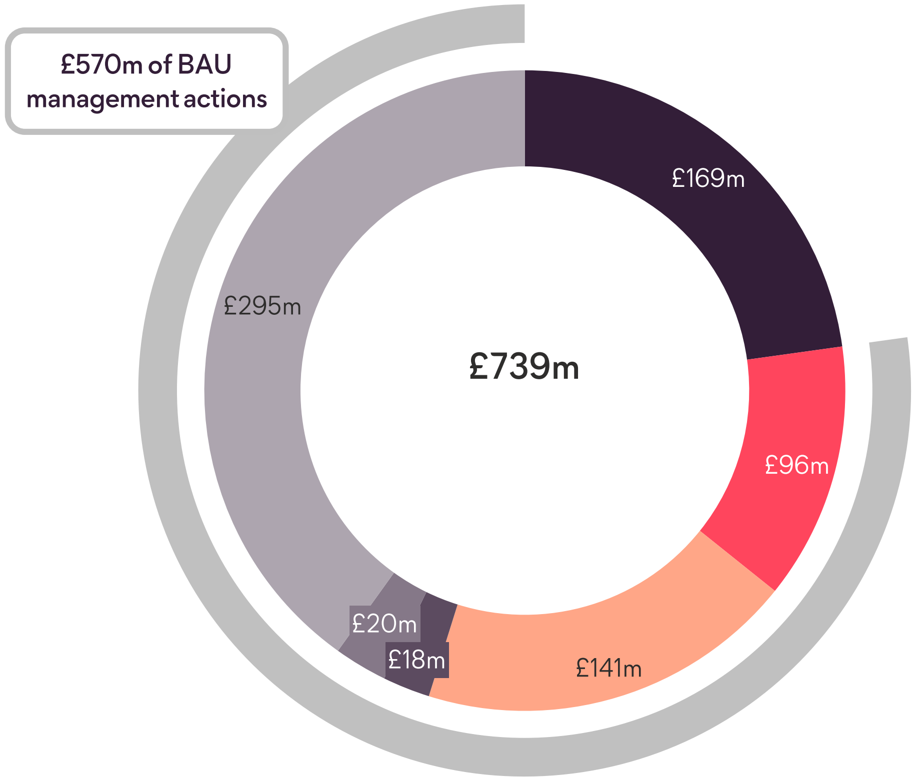
- Originated at an average credit rating of AA-
- Maintained illiquidity premium of c.70bps on illiquid private debt
- Originated £1.0bn of sustainable assets

(†) Cyclical sectors include Entertainment, Home Builders, Retail and Hotels

£739 million of management actions delivered, creating value for shareholders

Resilience

2022 Solvency II management actions



Integration synergies
Further integration synergies from the ReAssure integration

Illiquid asset origination
Sourcing assets to deliver closer matching of cash flows in our annuity book

Liquid credit optimisation
Deployment of assets into US liquid credit to take advantage of relative spread widening

Asset risk management
Includes a range of actions, including proactive credit risk management

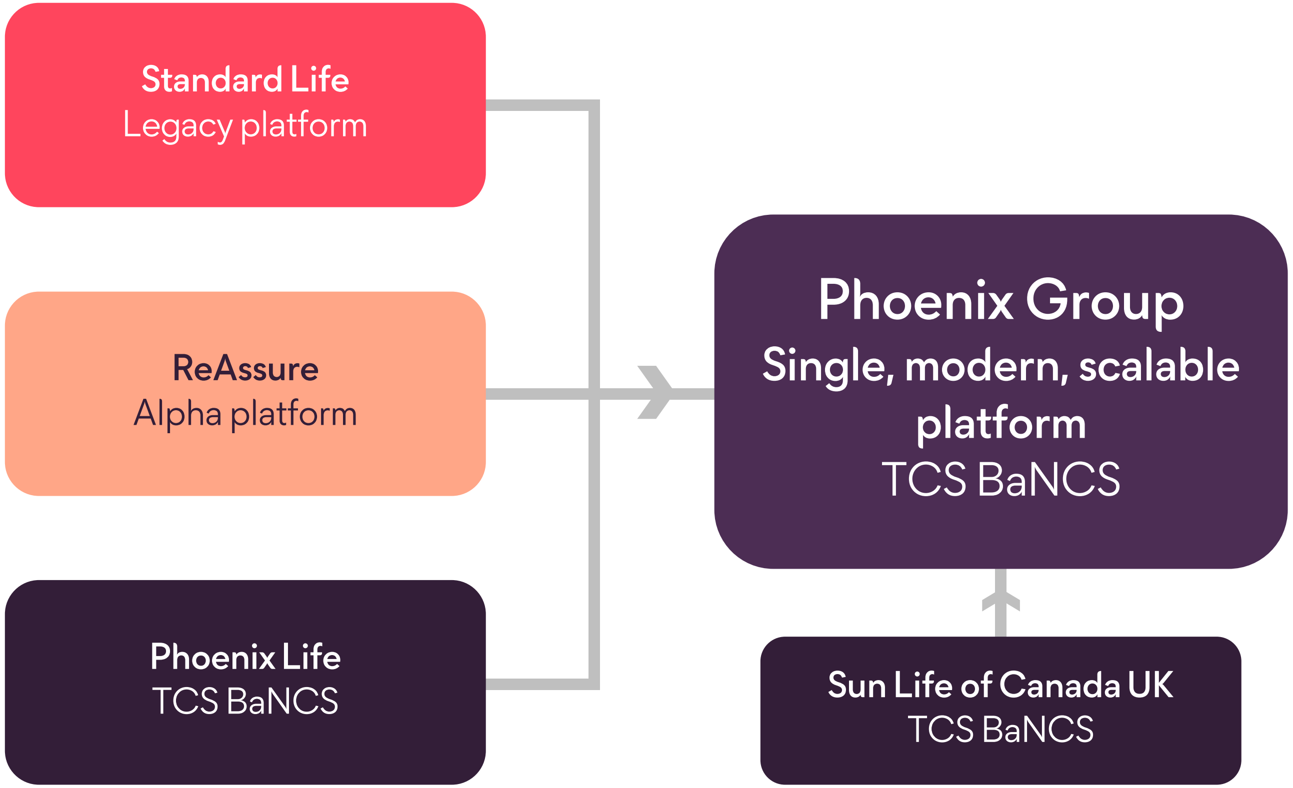
Approval of partial internal model in Standard Life International
Benefit from the move to a partial internal model for our European business

Balance sheet efficiencies
Implementation of a range of actions to improve the operational efficiency and risk management of our Solvency balance sheet, which remains a differentiating capability of Phoenix

We continue to simplify our business to improve the customer experience and enhance our cost efficiency

Resilience

Driving simplification with a single customer administration platform



Strong progress with our integration programmes

Standard Life

- ✓ Successful transfer of >400k annuity policies onto TCS BaNCS
- ✓ Successfully transferred c.1,200 colleagues to TCS Diligenta as part of our Standard Life transformation programme

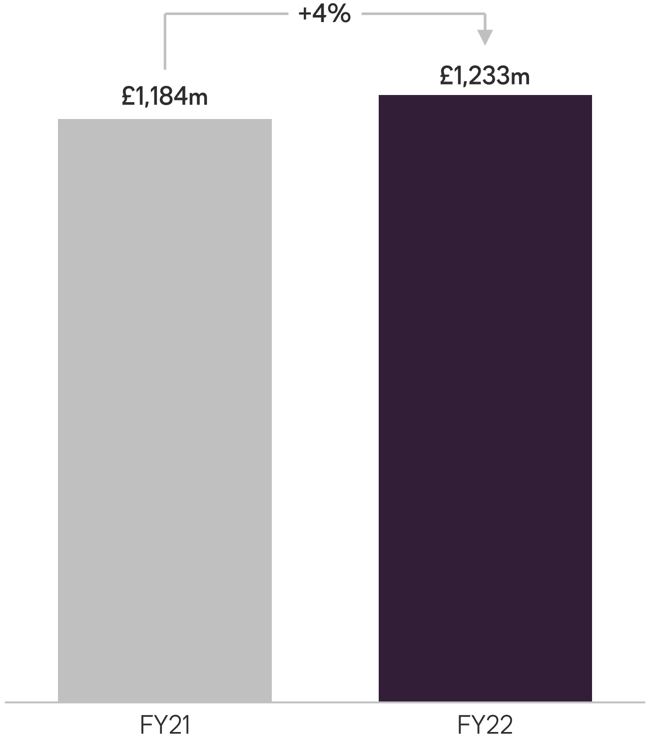
ReAssure

- ✓ Completed integration of ReAssure Group functions and strong progress on harmonising Finance and Actuarial
- ✓ Announced the migration of all c.3m customers on the Alpha platform to TCS BaNCS, expected to complete by 2026
- ✓ Integration onto TCS BaNCS will deliver a further c.£180m of net cost synergies

We delivered record incremental new business long-term cash generation of c.£1.2 billion through organic growth

Growth

Incremental new business long-term cash generation

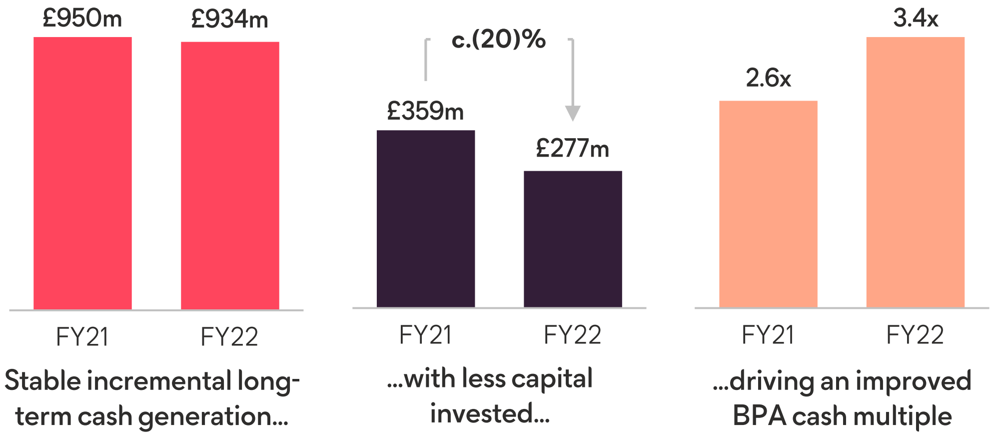


	FY21	FY22	YOY change
Retirement Solutions	**£950m**	**£934m**	**-2%**
Pensions and Savings - Workplace	£139m	£212m	+53%
Pensions and Savings - Retail	£29m	£37m	+28%
Europe	£31m	£29m	-6%
SunLife	£35m	£21m	-40%
Fee-based businesses	**£234m**	**£299m**	**+28%**
Total	**£1,184m**	**£1,233m**	**+4%**

We are an established player in the BPA market, focused on optimising our capital and improving our returns

Growth

Improved BPA capital efficiency drives a mid-teens IRR



Deal economics	FY21	FY22
BPA premiums written	£5.6bn	£4.8bn
Capital strain (post CMP)	6.5%	5.8%
Capital strain (pre CMP)	3.9%	3.2%
Payback (post CMP)	8.6 years	5.8 years

2022 performance

- Completed 12 external transactions, covering £4.2 billion of premiums
- Also completed the buy-in of our remaining c.£0.6 billion of Pearl Pension Scheme liabilities
- Maintained our disciplined approach of optimising our return on capital, achieving a mid-teens IRR

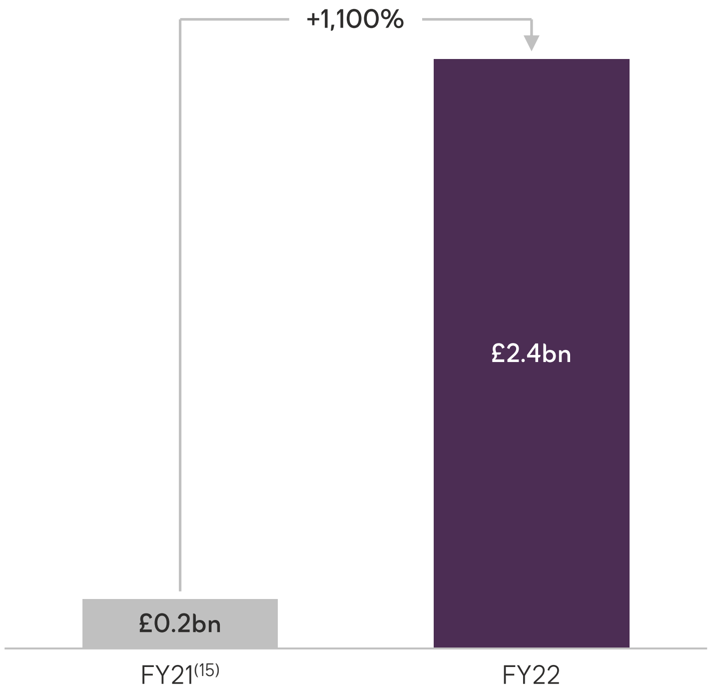
2023 outlook

- Expect a strong BPA market with a significant pipeline of opportunities that we are actively quoting on
- Continue to target c.£300m per annum of capital invested into BPA
- We will maintain our pricing discipline by prioritising "value over volume"

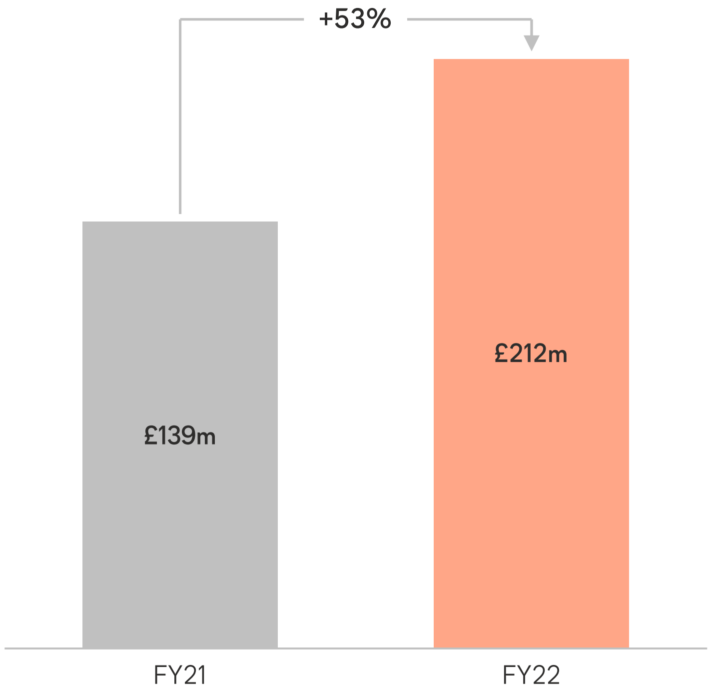
Our investment is delivering clear momentum in our fee-based Workplace business

Growth

We have increased net fund flows by growing inflows and stemming outflows

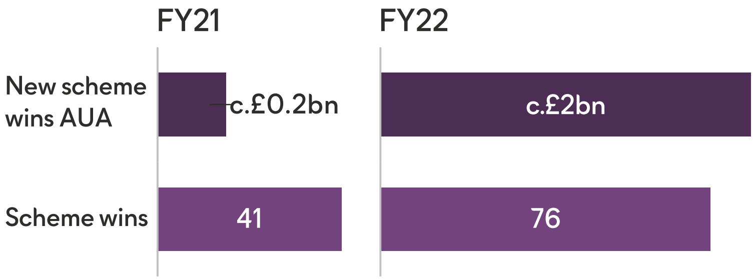


Retaining existing schemes supports growth in incremental long-term cash generation



Standard Life is re-established as a major player in the Workplace market

- Strong 2022 performance reflects retention of our existing schemes and growth from new members joining existing schemes
- This enables us to benefit from the Workplace "compounding growth" and salary increases
- We are also now winning new schemes of all sizes including small, medium and large



See Appendix 19 for footnotes

Our IFRS adjusted operating profit remained strong at £1,245 million

Cash Resilience Growth

	FY21	FY22
Heritage	£537m	£601m
Open	£788m	£761m
Service company	£(24)m	£(48)m
Group costs	£(71)m	£(69)m
Adjusted operating profit before tax	**£1,230m**	**£1,245m**
Investment return variances and economic assumption changes	£(1,125)m	£(2,673)m
Amortisation and impairment of intangibles	£(639)m	£(522)m
Other non-operating items	£(65)m	£(179)m
Finance costs	£(217)m	£(199)m
Profit before tax attributable to non-controlling interest	£128m	£67m
Loss before tax attributable to owners	**£(688)m**	**£(2,261)m**
Tax (charge) / credit attributable to owners	£(21)m	£499m
Loss after tax attributable to owners	**£(709)m**	**£(1,762)m**

Key messages

- Heritage operating profit has increased primarily due to adverse assumption changes in 2021
- Open operating profit is lower due to reduced BPA new business profits as a result of lower premiums
- Other non-operating items include planned integration costs, IFRS 17 implementation costs and project investment into our growth capabilities
- Adverse investment return variances are primarily due to the accounting volatility created by our comprehensive hedging approach and an accounting mismatch from the buy-in of our own pension schemes

Our business strategy and financial framework are not impacted by IFRS 17

Cash Resilience Growth

✓ **No impact on strategy**	• Our strategy of growing our in-force business over time as we support customers on their journey to and through retirement is unchanged
✓ **No impact on our financial framework KPIs**	• Our key financial framework metrics will continue to focus on the delivery of cash generation and Solvency II capital resilience
✓ **No impact on our sustainable dividend**	• Our dividend paying capacity and long-term sustainability remain unchanged, with IFRS distributable reserves of £5.1 billion at 31 December 2022

We expect a broadly neutral impact from IFRS 17 on our shareholder equity

Cash Resilience Growth

Illustrative change in shareholder equity and recognition of CSM

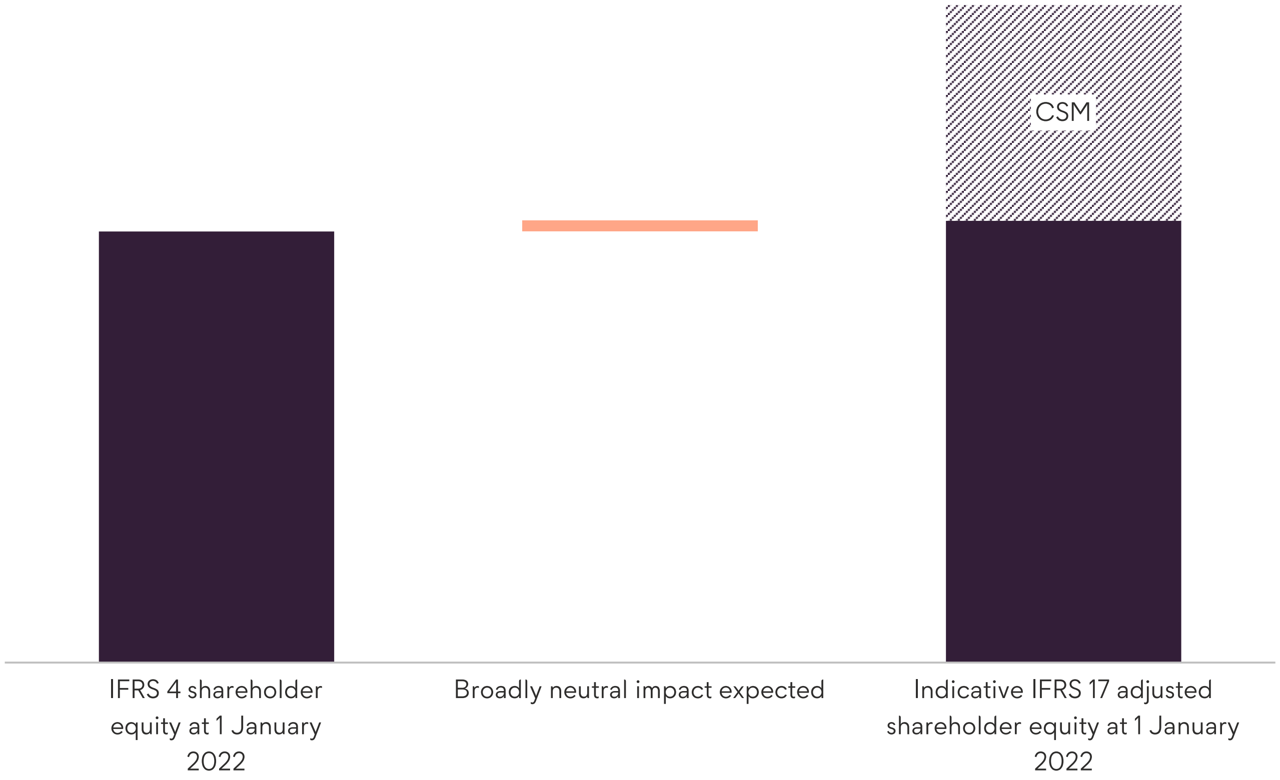


Chart not to scale

Key messages

- Broadly neutral impact on IFRS shareholder equity due to:
  - Increase in equity from our with-profits business, with accelerated profits that are now spread over their life, rather than recognised in line with bonuses
  - Decrease in equity from annuities, as the previous Day-1 profit recognition is spread over the life of the contract, and from the de-recognition of the acquired in-force (AVIF) asset
- Contractual Service Margin (CSM) of at least £2 billion to be established, which is expected to run-off at c.6-8%, but which will grow as we write new business
- We have set a provisional announcement date for our 2023 half year results of 18 September

Phoenix continues to deliver on its financial framework

Cash Resilience Growth

	Strong 2022 results	Clear future targets
Cash	✓ Strong cash generation of £1.5bn exceeded target range ✓ £0.3bn growth in Group in-force long-term free cash to £12.1bn ✓ 5% dividend increase supported by organic growth and M&A	• Deliver £1.3bn-£1.4bn of cash generation in 2023 • Deliver £4.1bn of cash generation across 2023-2025
Resilience	✓ £4.4bn SII Surplus[(1)] and 189%[(2)] Shareholder Capital Coverage Ratio ✓ 30%[(9)] Fitch leverage ratio	• Maintain SII SCCR within or above 140-180% target range • Manage Fitch leverage ratio within 25-30% target range
Growth	✓ Record incremental new business long-term cash generation of £1,233m ✓ Announced our first ever cash funded acquisition	• c.£1.5bn of new business long-term cash generation by 2025 • Annual net fund flows of c.£5bn in Workplace and c.£2bn in Retail, by 2025 • Complete the Sun Life of Canada UK acquisition

Phoenix Group's dividend policy

The Board intends to pay a dividend that is sustainable and grows over time

See Appendix 19 for footnotes

Outlook

Andy Briggs
Group Chief Executive Officer

Phoenix

Our strategy is focused on the UK long-term savings and retirement market

ORGANIC GROWTH

Meet more of our existing customers' needs and acquire new customers by helping them to:

- Save for retirement
- Transition to retirement
- Secure income in retirement

Further in-force

M&A GROWTH

We will undertake M&A to:

- Acquire new customers and transform backbook businesses to deliver cost and capital synergies
- Accelerate our capability build

Further in-force

IN-FORCE BUSINESS

Our in-force business provides three unique competitive advantages:

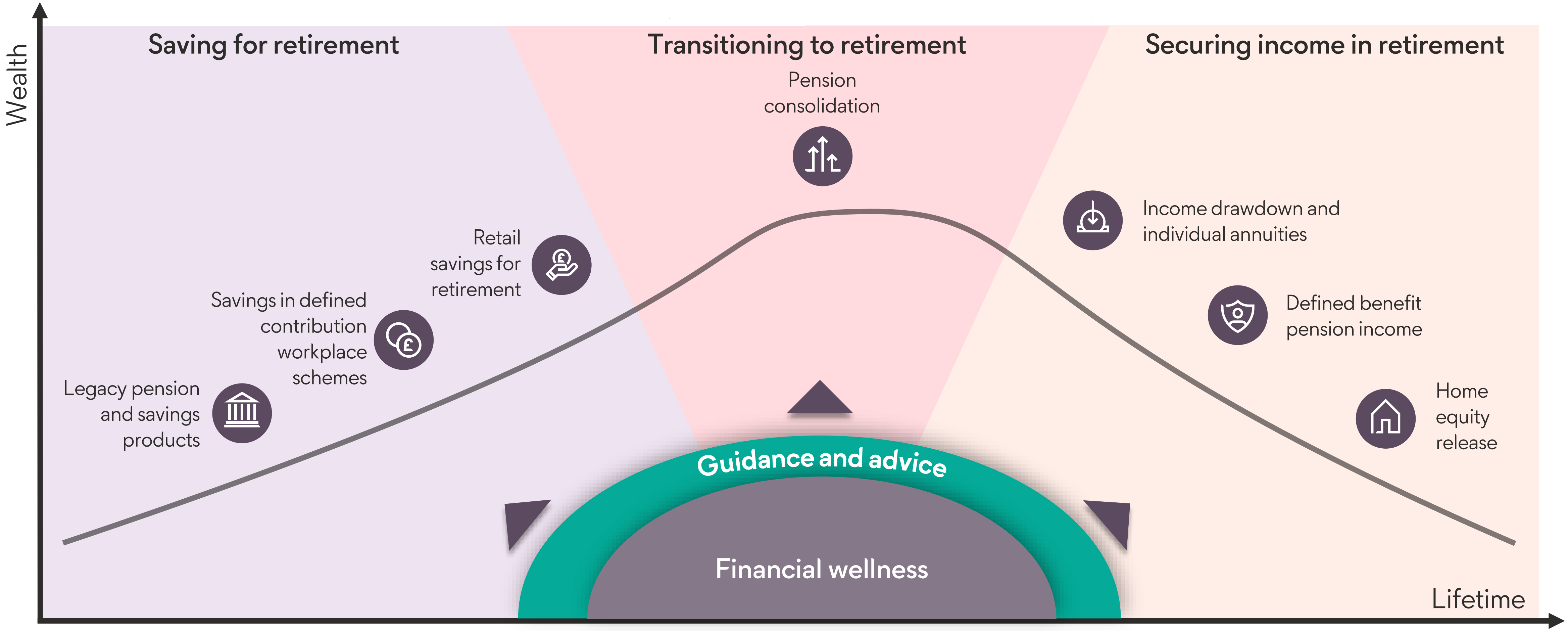
- Capital efficiency
- Customer access
- Cost efficiency

Reinvest surplus cash

Reinvest surplus cash

A growing in-force business supports a dividend that is sustainable and grows over time

In line with our purpose, we help customers journey to and through retirement by meeting their needs



Significant growth opportunities from supporting customers at every stage of their lifecycle

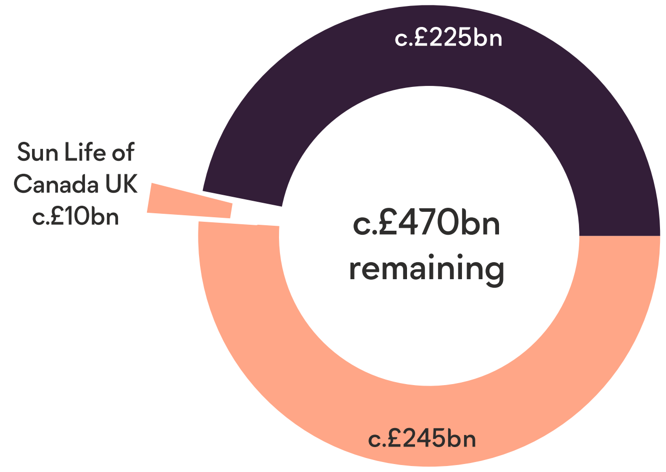
Our organic growth opportunities align to the largest flows in the market, where we already have scale businesses

	Long-term savings			Retirement		
Our customer solutions	Defined contribution workplace pensions	Retail savings for retirement	Pension consolidation	Income drawdown and individual annuities	Home equity release	Defined benefit pensions
Annual market flows	£40-50bn[16]	£80-100bn[16]			£3-6bn[17]	£30-60bn[18]
Phoenix business unit	Pensions and Savings c.£82bn of AUA / c.3m customers			Retirement Solutions c.£33bn of AUA / c.1.5m customers		

See Appendix 19 for footnotes

We continue to target further M&A, which remains a key part of our growth strategy

Significant backbook M&A opportunities remain available



Estimated UK Heritage M&A market size[†]

Large acquisitions

- Small number of large portfolios, with consideration of >£1bn

Small-to-mid sized acquisitions

- Larger number of small-to-mid sized portfolios, with estimated consideration of <£1bn

Key messages

- We continue to target further backbook M&A in line with our strategy and will look at all sizes of acquisition
- Consolidation drivers accelerated by lower revenues, due to lower AUM, and higher costs, due to inflation
- TCS's BaNCS platform and resourcing capacity is capable of migrating multiple backbooks simultaneously, enabling us to consider further M&A today
- We will also consider small capability-based M&A to accelerate our new business growth

[†] Market size estimate based on publically available data as at 31 December 2021

We have a clear set of deliverables against our strategic priorities in 2023

Optimise our in-force business

- Continue to deliver value-accretive management actions
- Diversify our asset portfolio into North America and directly source illiquids
- Continue to deliver balance sheet resilience through our risk management approach
- Publish and implement our Net Zero Transition Plan

Grow organically and through M&A

- Grow Retirement Solutions with annual BPA capital investment of c.£300m and launch an open market annuity
- Drive increased net fund flows in Pensions and Savings to deliver fee-based growth
- Complete the Sun Life of Canada UK acquisition and assess further M&A
- Launch awareness campaign to reach 4m people on longer lives and under saving

Enhance our operating model and culture

- Progress our ongoing migrations to the TCS BaNCS platform and realise further cost synergies
- Further develop our internal talent pool and improve our colleague engagement
- Execute on our regulatory change agenda including IFRS 17 and Solvency II reform
- Deliver our ambitious sustainability targets including Diversity, Equity and Inclusion

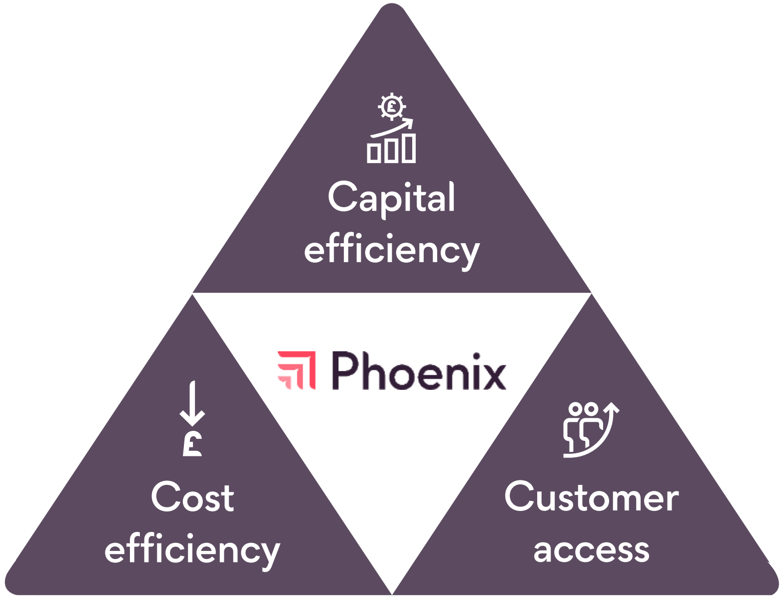
Planet
Addressing climate change and supporting nature and bio-diversity

↔ **Informed by, and in support of, our key ESG themes** ↔

People
Promoting financial wellness and the role of good work and skills

Phoenix is a growing business that offers a uniquely reliable dividend that is sustainable and grows over time

We have three unique competitive advantages...



...that support the delivery of our clear financial framework

Cash
In-force business covers our dividend over the very long term

+

Resilience
Highly resilient capital position

+

Growth
Growing organically and through M&A

Q&A

Investor Relations activity and contacts

March / April	Full Year 2022 results investor roadshow
15 March	Morgan Stanley European Financials Conference
30 March	Ex-dividend date for 2022 Final dividend
31 March	Record date for 2022 Final dividend
17-21 April	North American investor roadshow
4 May	Annual General Meeting
10 May	Payment date for 2022 Final dividend
15 May	HSBC UK Corporate & Investor Conference
12 June	J.P. Morgan European Insurance Conference
13 June	Goldman Sachs European Financials Conference

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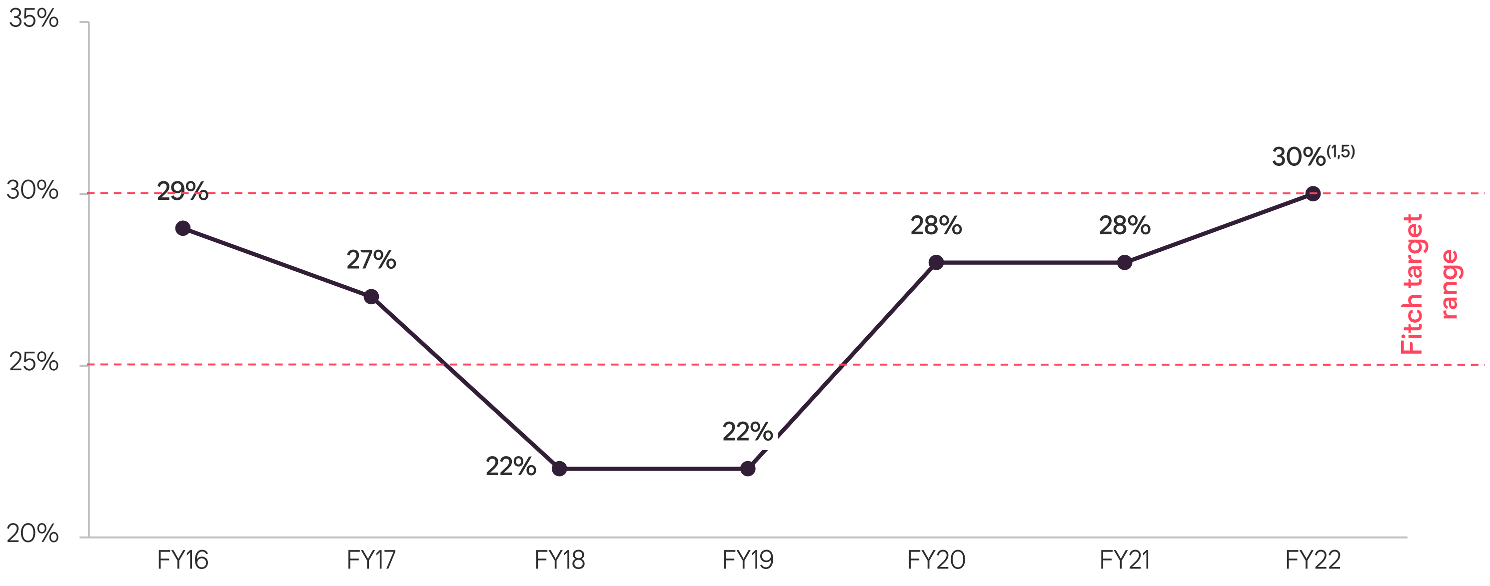
Appendices

Appendices

Appendix 1: Leverage ratios

Fitch leverage ratio



Leverage ratios

	FY21	FY22
Fitch basis(2,5)	28%	30%
IFRS basis(3,5)	44%	50%
SII leverage(4,5)	31%	34%

Note: IFRS leverage ratio classifies RT1 as debt

(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

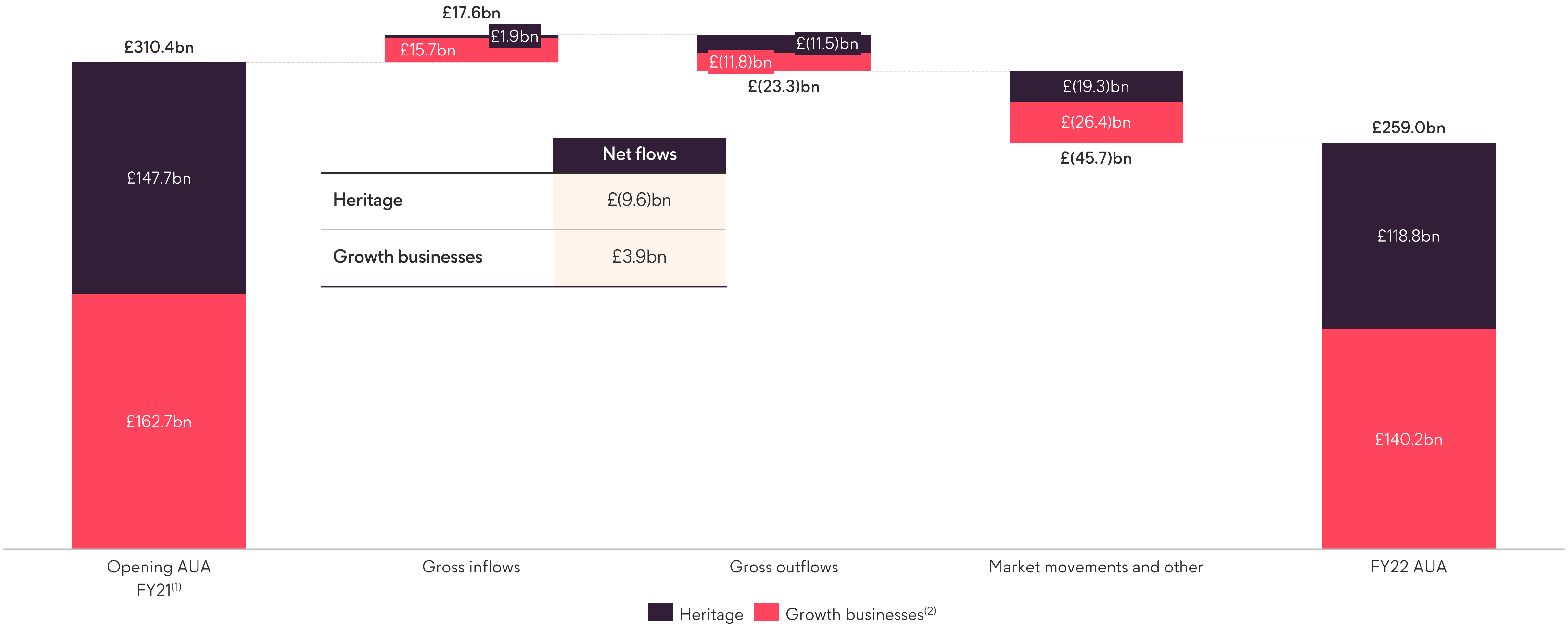
(5) Ratios allow for currency hedges over foreign currency denominated debt

Appendix 2: Debt maturity profile as at 31 December 2022

(1) First call date

(2) All currency debt converted into GBP based on the closing 31 December 2022 exchange rates

Appendix 3: Movement in assets under administration



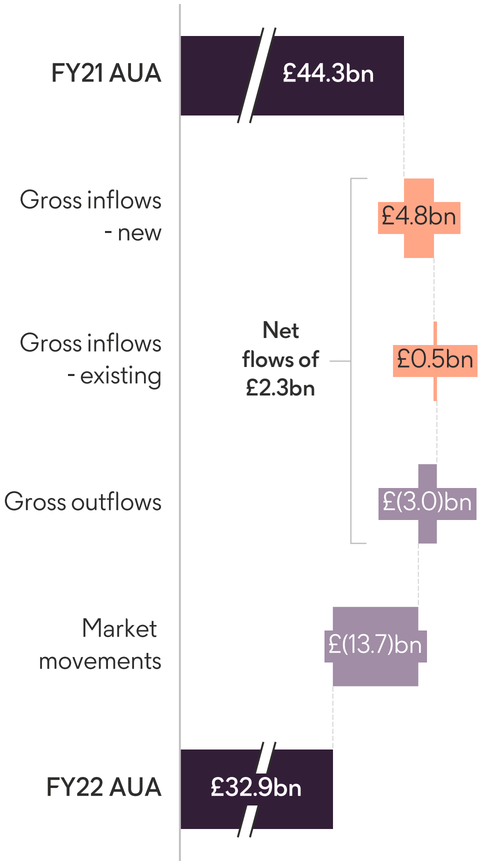
	Net flows
Heritage	£(9.6)bn
Growth businesses	£3.9bn

[1] FY21 Opening AUA has been restated to reflect the transfer of The Corporate Trustee Investment Plan product from the Heritage business to Workplace within our growth businesses
[2] Growth businesses include Retirement Solutions, Pensions and Savings, Europe and Sun Life

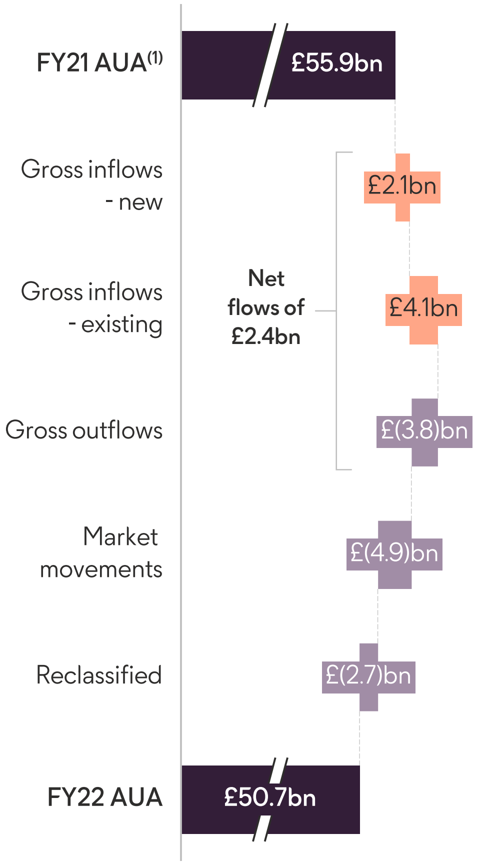
Phoenix

Appendix 4: Growth business segments movement in assets under administration

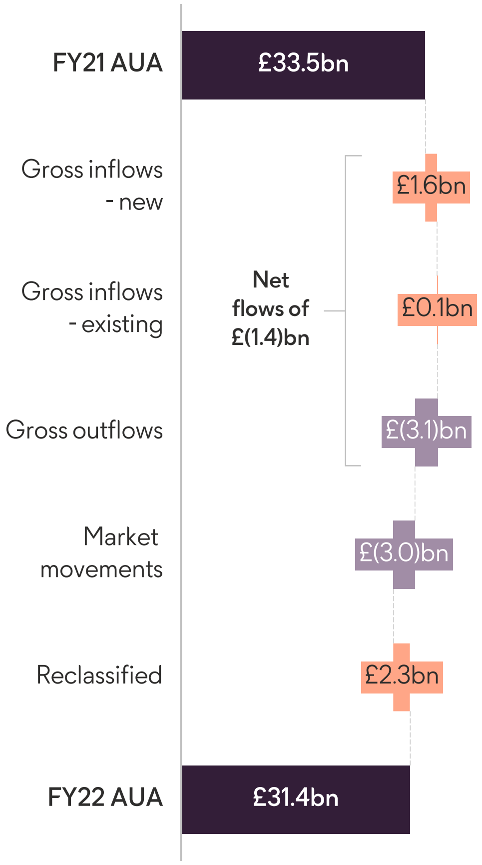
Retirement Solutions



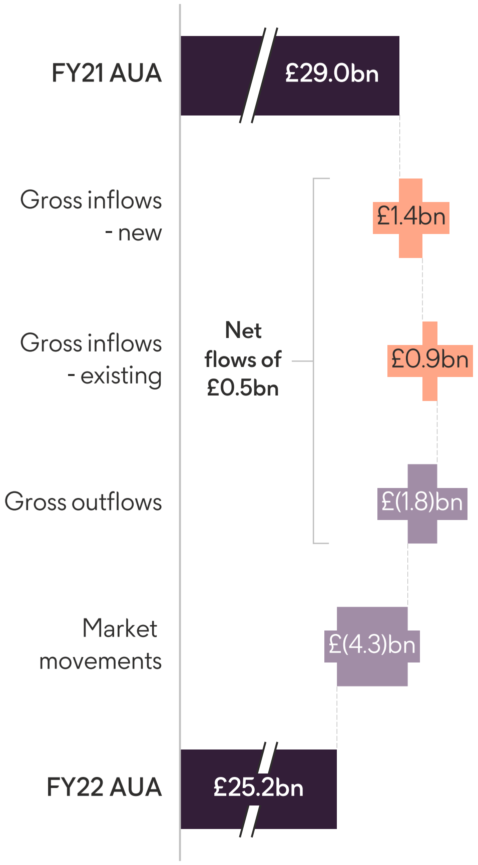
Pensions & Savings - Workplace



Pensions & Savings - Retail



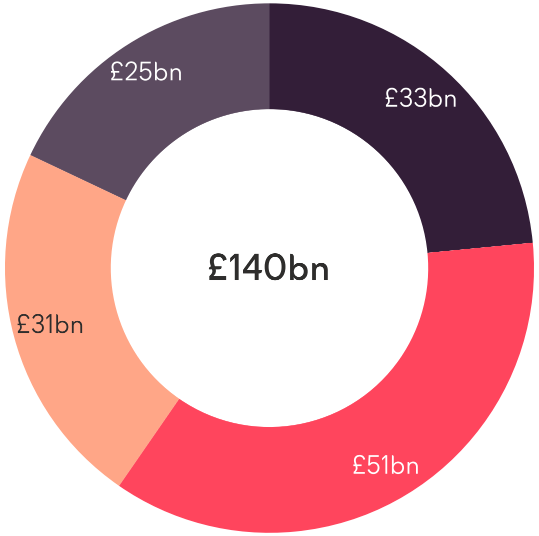
Europe



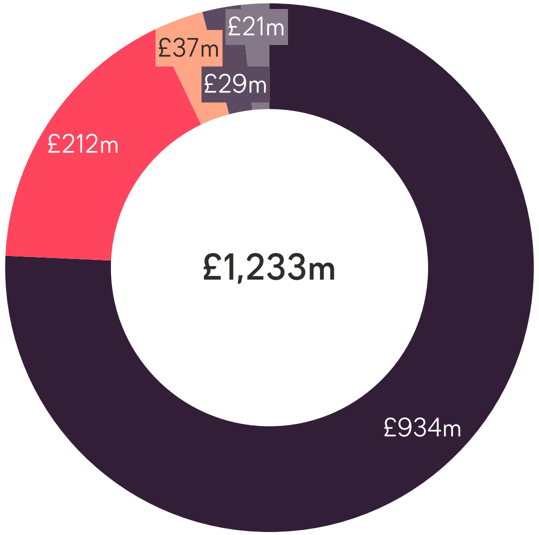
[1] FY21 Opening AUA has been restated to reflect the transfer of The Corporate Trustee Investment Plan product from the Heritage business to Workplace within our growth businesses

Appendix 5: Breakdown of growth business segments as at 31 December 2022

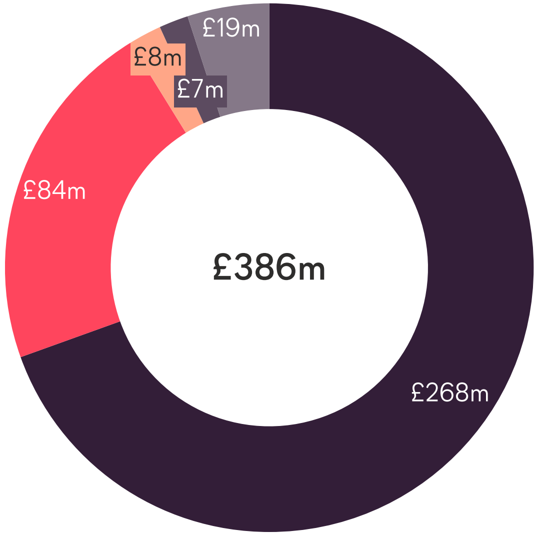
Assets under administration



New business long-term cash generation



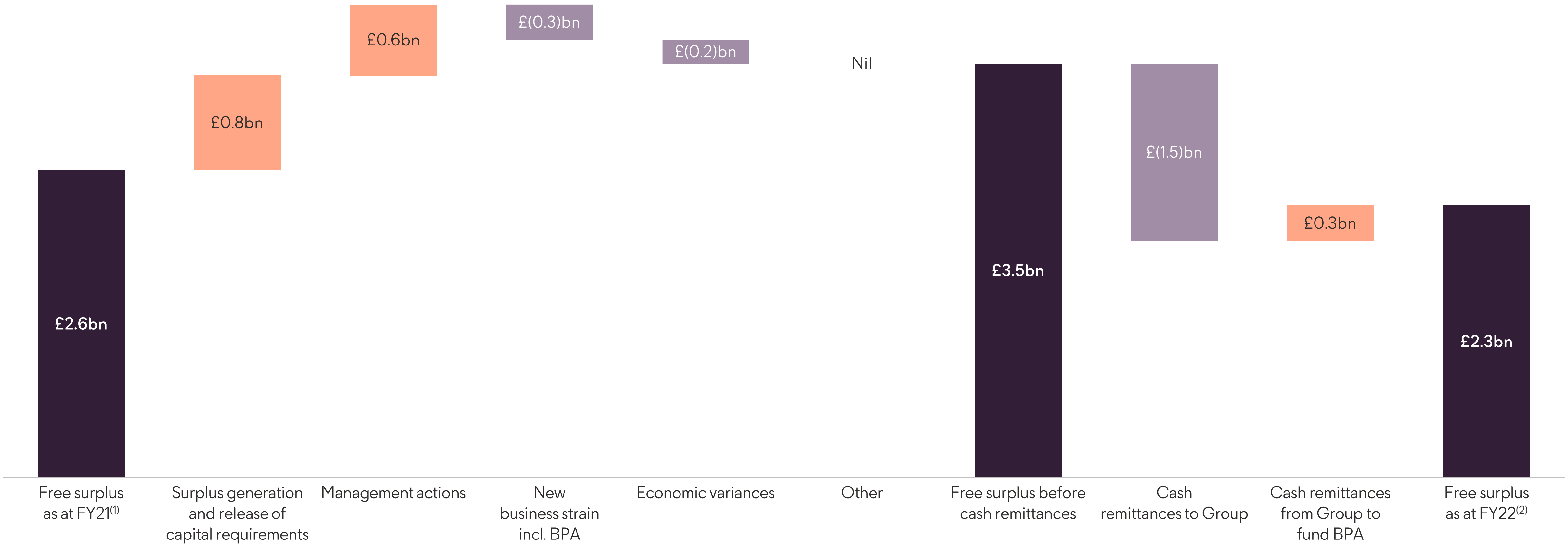
New business contribution



Retirement Solutions | Pensions and Savings - Workplace | Pensions and Savings - Retail | Europe | SunLife

Phoenix

Appendix 6: Change in Life Company Free Surplus

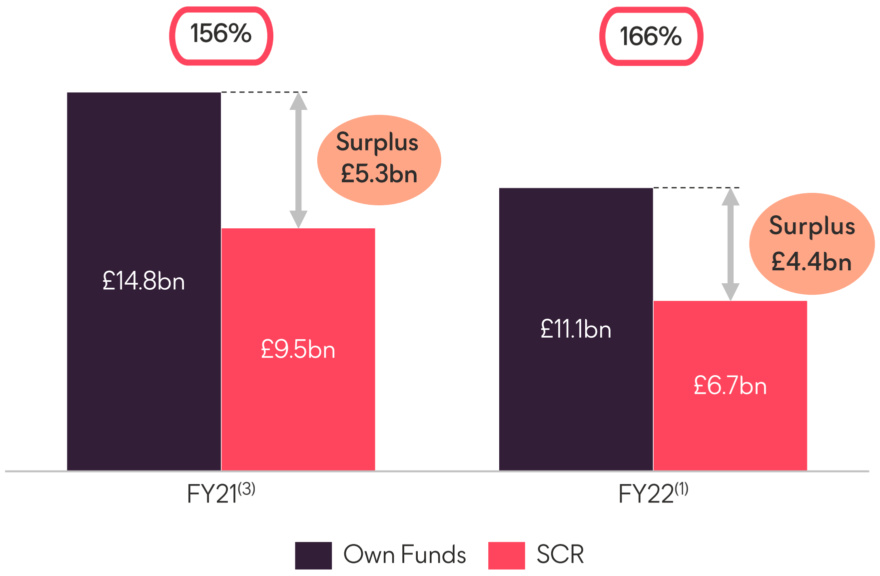


(1) 31 December 2021 Life Company Free Surplus reflects a regulator approved recalculation of transitionals as at 31 December 2021

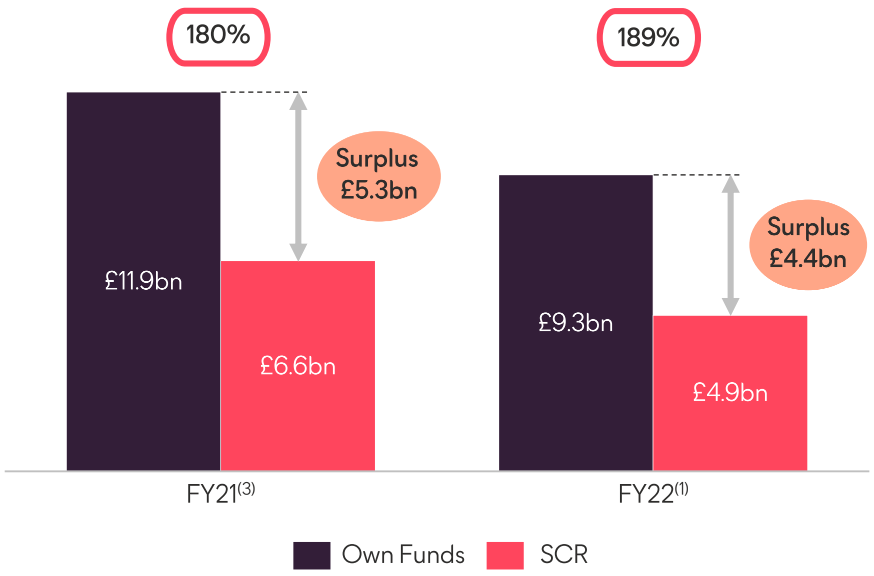
(2) 31 December 2022 Life company Free Surplus is an estimated position and reflects a dynamic recalculation of transitionals as at 31 December 2022. Had the dynamic recalculation not been assumed, the Life Company Free Surplus would increase by £0.1bn

Appendix 7: Estimated PGH Solvency II Surplus and coverage ratios

PGH SII Regulatory Coverage Ratio[1]



PGH Shareholder Capital Coverage Ratio[1,2]

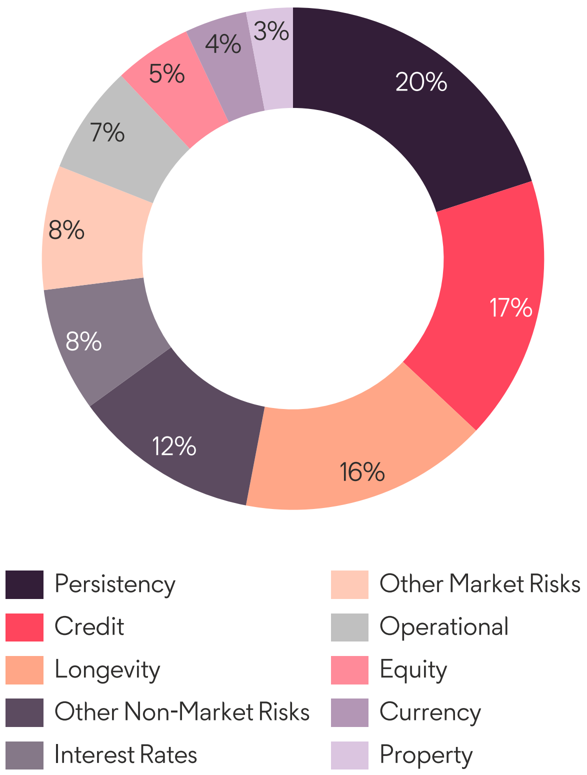


	FY21	FY22
PGH Solvency II Own Funds	**£14.8bn**	**£11.1bn**
Less: Unsupported with-profit funds	£(3.0)bn	£(2.0)bn
Adjustment for unsupported pension schemes and restrictions	£0.1bn	£0.2bn
PGH Shareholder Own Funds	**£11.9bn**	**£9.3bn**

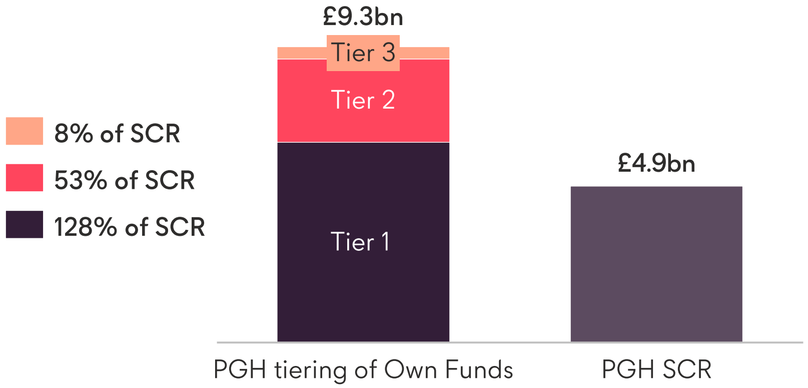
See Appendix 19 for footnotes

Appendix 8: Additional Solvency II disclosures

Estimated FY22 SCR by risk type[1]



FY22 PGH Own Funds by capital tier[2]



Share of SII Own Funds by capital tier

	£bn	%
Tier 1[3]	£6.3bn	68%
Tier 2	£2.6bn	28%
Tier 3	£0.4bn	4%
Total	**£9.3bn**	**100%**

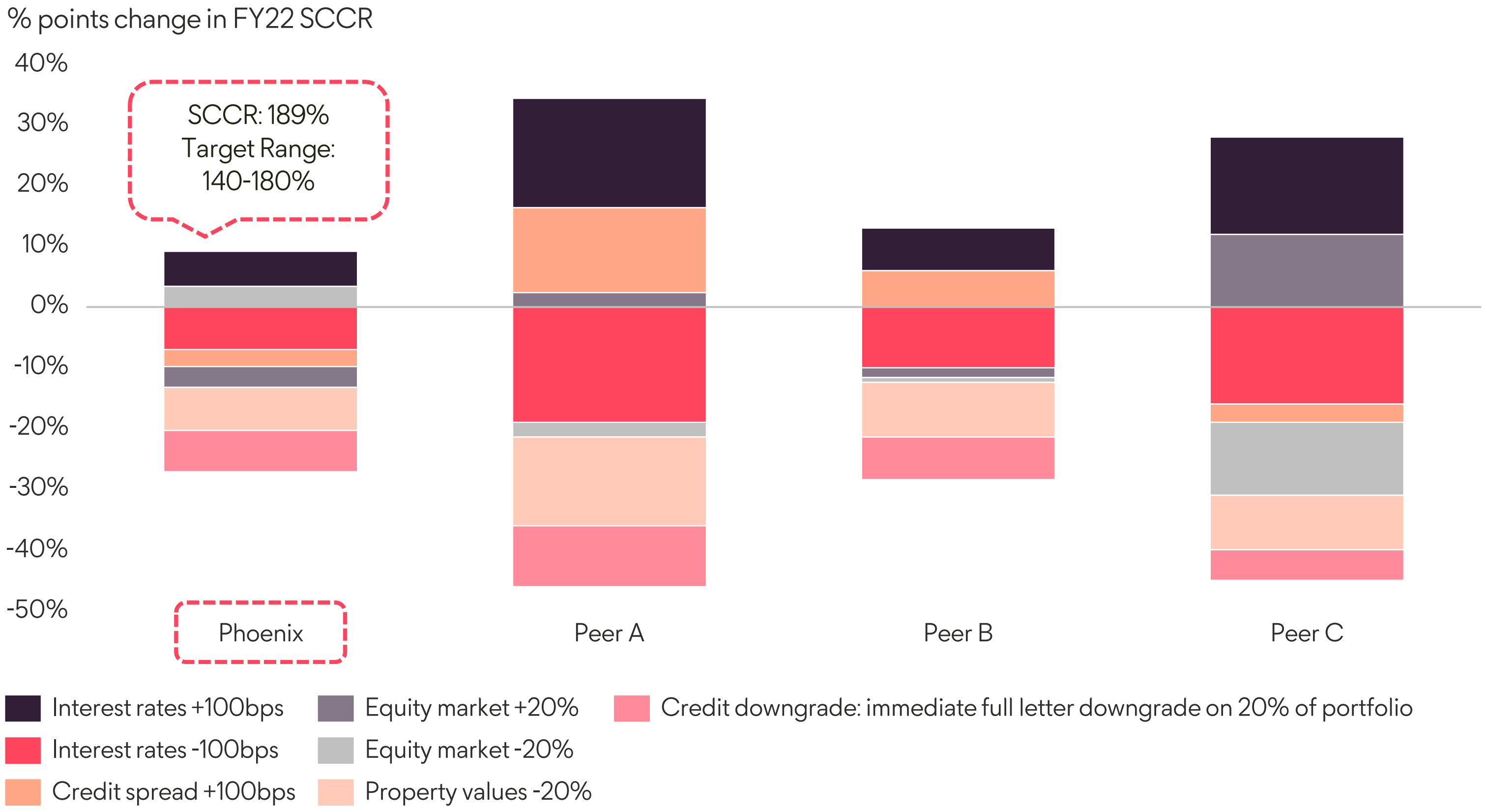
(1) Split of SCR pre diversification benefits and on a Shareholder Capital basis

(2) 31 December 2022 Solvency II capital position is an estimated position and reflects a dynamic recalculation of transitionals for the Group's Life companies and the foreseeable Final dividend of £260m

(3) Tier 1 includes £1.0bn of Restricted Tier 1 capital at fair value

Appendix 9: Capital sensitivities comparison to peers

2022 Phoenix Shareholder Capital Coverage Ratio (SCCR) sensitivities relative to UK life peers[19]



See Appendix 19 for footnotes

Key messages

- Our comprehensive hedging approach makes us more resilient to the major market risks than our UK peers
- Resilience in volatile markets remains a key differentiator for Phoenix, which is especially important during periods of economic uncertainty
- Our low market risk sensitivity enables us to operate an efficient capital structure, with a 140-180% shareholder ratio target range

Appendix 10: PGH Solvency II Shareholder Capital Coverage Ratio sensitivities

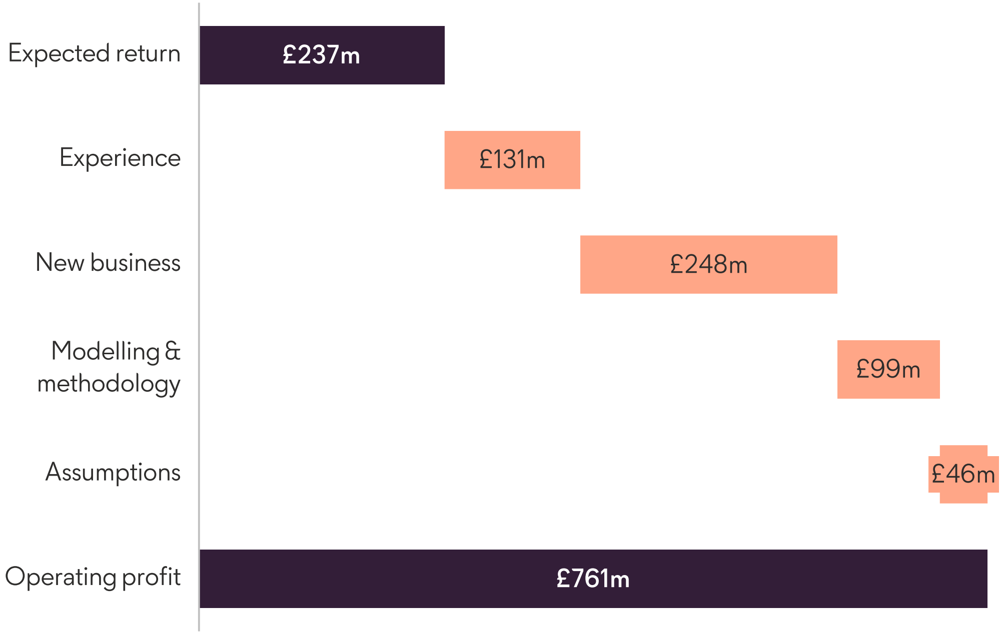
		Unrewarded market risks[20]						Demographic risks[20]		Rewarded market risks[20]		
	Base position	**Equities** 20% fall in markets	**Long-term rates** 80bps rise in interest rates[21]	**Long-term rates** 70bps fall in interest rates[21]	**Long-term inflation** 60bps rise[22]	**Currency** 15% reduction[23]	**Currency** 10% increase[23]	**Lapse** 10% increase/ decrease in rates[24]	**Longevity** 6 months increase[25]	**Property**[†] 12% fall in values[26]	**Credit** 135bps spread widening[27]	**Credit**[††] 20% portfolio full letter downgrade[28]
Impact on Solvency II Surplus	£4.4bn	No impact	£0.1bn	£(0.1)bn	No impact	£0.1bn	£(0.1)bn	£(0.1)bn	£(0.5)bn	£(0.2)bn	£(0.2)bn	£(0.3)bn
Impact on SCCR (Target range: 140-180%)	189%	3%	5%	(5)%	0%	1%	(1)%	(1)%	(10)%	(4)%	(4)%	(7)%

[†] Property lending includes ERM and Commercial Real Estate
[††] Downgrade sensitivity includes an estimate for realistic management actions
See Appendix 19 for footnotes

Appendix 11: 2022 operating profit drivers

Heritage

Growth businesses



Operating earnings per share[1]	81.5p

[1] Operating earnings per share is calculated using adjusted operating profit less financing costs, after tax divided by the weighted average number of ordinary shares in issue during the period

Appendix 12: Diversification of illiquid asset portfolio as at 31 December 2022

Equity Release Mortgages
£3.9bn with AA rating

- Broad regional spread with average LTV of 31%
- Secured on property assets with average time to redemption 10 years

Private Corporate Credit
£1.7bn with A rating

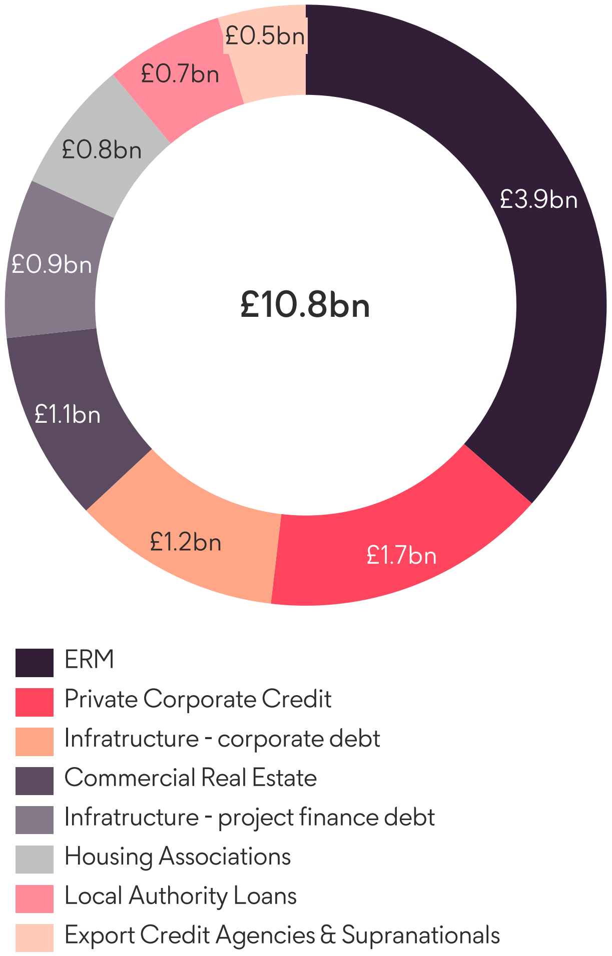
- Diversified portfolio with c.32% of exposure secured on variety of assets
- Loans across 54 different counterparties

Infrastructure – corporate debt
£1.2bn with BBB+ rating

- Secured on cash flows from long-term contracts with highly rated counterparties
- 12% of portfolio backed by UK Government (directly or indirectly)

Commercial Real Estate
£1.1bn with BBB rating

- Structured with robust covenant protection, a combination of loan-to-value and interest coverage ratio
- 92% of portfolio LTV ≤60%



Infrastructure – project finance debt
£0.9bn with BBB+ rating

- Secured on cash flows from long-term contracts with highly rated counterparties
- 68% of portfolio backed by UK Government (directly or indirectly)

Housing Associations
£0.8bn with A- rating

- 100% of portfolio is secured on assets
- Average loan size of c.£17m across 26 different counterparties

Local Authority Loans
£0.7bn with A+ rating

- Unsecured but with implicit Government support
- Loans across 36 different counterparties

Export Credit Agencies & Supranationals
£0.5bn with AA rating

- 43% of portfolio is Government-backed
- Loans across 8 different counterparties

Appendix 13: Credit quality by sector for shareholder credit portfolio

Average credit rating by sector (FY22 vs FY21)

Sector	FY22	FY22	AA	A	BBB	Δ vs FY21
Gilts/Sovereign/Supra/Sub-sovereign	£7.4bn	24%	🔴 ⚫			↔
Banks	£4.3bn	14%		🔴 ⚫		↔
Real Estate	£4.1bn	13%		🔴 ⚫		↔
ERM	£3.9bn	13%	🔴 ⚫			↔
Utilities	£2.3bn	7%			🔴 ⚫	↔
Consumer, non-cyclical	£1.6bn	5%		🔴 ⚫		↔
Tech and Telecoms	£1.6bn	5%		🔴 ⚫		↔
Infrastructure	£1.6bn	5%			🔴 ⚫	↔
Industrials	£1.3bn	4%		🔴	⚫	↑
Insurance	£0.8bn	3%		🔴 ⚫		↔
Consumer, cyclical	£0.8bn	2%		🔴	⚫	↑
Financial Services	£0.7bn	2%		🔴 ⚫		↔
Oil and gas	£0.5bn	2%		🔴 ⚫		↔
Other	£0.4bn	1%		🔴 ⚫		↔
Total	**£31.3bn**	**100%**				

🔴 FY22 ⚫ FY21

Appendix 14: ReAssure integration synergies

	ReAssure				
	2022	Cumulative	*Previous target*	Revised target	% of revised target
Capital synergies (net of costs)	£169m	£857m	*£600m*	£600m	143%
Net cost synergies[29] (per annum)	£18m	£45m	*£50m*	£85m	53%
Integration costs[30] (net of tax)	£18m	£46m	*£50m*	£220m	21%
Total value[†]	**£331m**	**£1,262m**	***£1,050m***	**£1,230m**	**103%**

[†] Total synergy value includes capital synergies plus capitalised cost synergies (over 10 years), less integration costs, all of which are net of tax
See Appendix 19 for footnotes

Appendix 15: Change in insurance accounting from IFRS 17

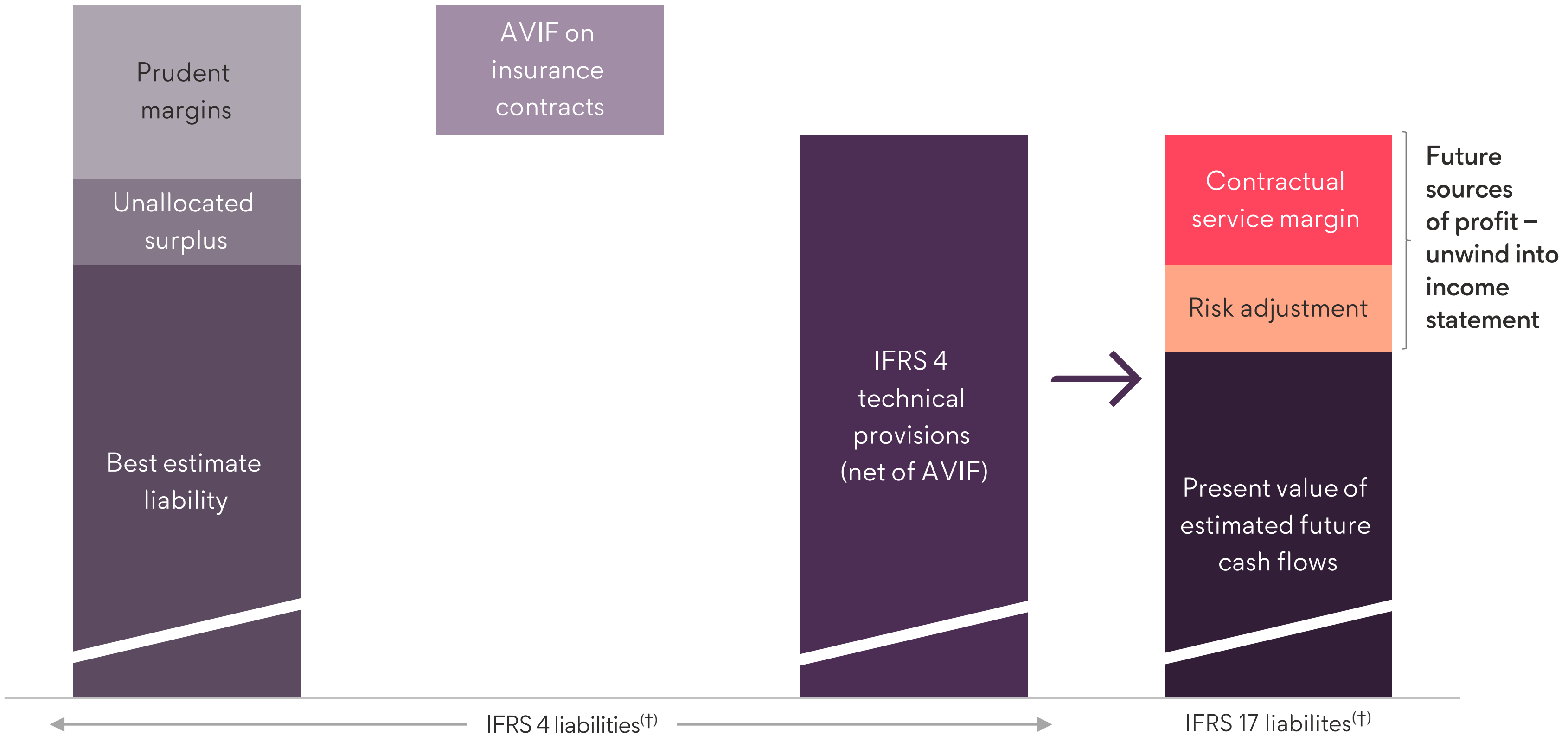


Chart not to scale

(†) Net of reinsurance

Key messages

- Under IFRS 4, the Group holds insurance contract liabilities that include a prudent margin. A liability is also recognised for expected future shareholder profits arising from our with-profit funds (unallocated surplus).
- We also have a separate acquired in-force business (AVIF) asset on our balance sheet from our historic acquisitions
- Under IFRS 17, the base liabilities reflect a best estimate of future cash flows. A risk adjustment replaces the IFRS 4 prudent margins and a new contractual service margin liability is recognised, representing the stock of future profits.
- The AVIF asset related to insurance contracts is derecognised.
- Our transition approach results in c.45% of our business recognised at fair value and c.55% using fully retrospective approach

Appendix 16: IFRS statement of comprehensive income

	FY21	FY22
Loss after tax attributable to owners	**£(709)m**	**£(1,762)m**
Remeasurements of net defined benefit asset/liability	£281m	£940m
Other	£(23)m	£26m
Tax charge relating to other comprehensive income items	£(138)m	£(280)m
Total comprehensive expense for the year	**£(589)m**	**£(1,076)m**

Appendix 17: ESG ratings and collaborations

Strong ESG ratings

Ratings agency	FY21	FY22	Change
MSCI	A	A	↔
Sustainalytics	20.0 / low risk	19.8 / low risk	↔
CDP	B	A-	↑
Dow Jones Sustainability Index	80^{th} percentile	83^{rd} percentile	↑
Tortoise Responsibility100 Index	27^{th}	12^{th}	↑

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

MMM Make My Money Matter

The Net-Zero Asset Owner Alliance

TNFD Taskforce on Nature-related Financial Disclosures

TCFD Task Force on Climate-related Financial Disclosures

Science Based Targets Driving Ambitious Corporate Climate Action

Appendix 18: 2023 sustainability targets

ESG Theme: Planet

By transitioning our business to net zero and nature positive, we aim to deliver better outcomes for our customers and stakeholders and play our part in tackling the climate and nature emergency

Key 2023 targets:

- 50-70% of illiquid asset origination in the shareholder portfolio to be sustainable and transition assets
- Publish our comprehensive Net Zero Transition Plan
- Implement decarbonisation for shareholder liquid credit portfolio c.£13bn to meet our carbon reduction targets
- Maintain 75-85% intensity reduction vs 2019 baseline in operational carbon emissions[1]
- 90% of key suppliers commit to SBTi or Race to Zero targets
- Develop our nature strategy

ESG Theme: People

We want to help people live better longer lives. This means tackling the pension savings gap and supporting people to have better financial futures through promoting financial wellness and the role of good work and skills

Key 2023 targets:

- Provide access for 1.5 million Standard Life customers to an integrated financial wellness hub, Money Mindset
- Awareness campaign reaching 4 million people on longer lives and under saving for retirement
- All customers supported by digital literacy hubs
- Reach 1.5 million customers to raise awareness about the impact of their investments
- 40% of senior leaders to be women
- 13% ethnic minority representation in our workforce

[1] In Scope 1 and 2 emissions from occupied premises per full-time employee intensity

Appendix 19: Footnotes

1. 31 December 2022 Solvency II capital position is an estimated position and reflects a dynamic recalculation of transitionals for the Group's Life companies and the foreseeable Final dividend of £260m. Had the dynamic recalculation not been assumed, the Solvency II Surplus and the Shareholder Capital Coverage Ratio would increase by £0.1bn and 2% respectively

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 2021 Solvency II capital position reflects a regulator approved recalculation of transitionals as at 31 December 2021

4. Dividends rebased to take into account the bonus element of rights issues

5. This will cover all listed equity and credit where Phoenix Group can exercise control and influence (circa £160 billion as at 2019 baseline)

6. This will cover all assets at a Group level where Phoenix can exercise control and influence (circa £250 billion as at 2019 baseline)

7. This covers Scope 1, 2 and Scope 3 business travel

8. Payment made in August 2022 to all colleagues excluding our Top 100 leaders

9. Fitch leverage ratio estimated by management and allows for currency hedges over foreign currency denominated debt

10. FCF definition: £4.1bn cash generation expected over 2023-2025 less mandatory outgoings over the same period. Net cash divided over three years to provide annualised position

11. £1.0bn of operating costs and interest includes Group operating expenses of £0.4bn including pension schemes and £0.6bn of interest costs on the Group's listed debt and senior debt to be incurred

12. £1.5bn dividend cost based on annual dividend cost of £0.5bn per annum

13. £0.4bn integration costs to deliver migrations of Standard Life, ReAssure and Sun Life of Canada UK

Appendix 19: Footnotes cont.

14. New business strain reflects capital invested into BPA
15. 2021 restated to include the Corporate Trustee Investment Plan product which was transferred to the Workplace business in 2022
16. Source: Broadridge report (Navigator - UK Defined Contribution and Retirement Income 2021)
17. Source: Equity release monitor and MoneyAge
18. Source: LCP report (Insurance enters a new phase: a skyrocketing market, October 2022)
19. All sensitivities as at 31 December 2022, sourced from company disclosure and scaled for comparability where necessary
20. Scenario assumes stress occurs on 1 January 2023 and that there is no market recovery. As part of the Group's internal risk management processes, the Own Funds and regulatory SCR are regularly tested against a number of financial scenarios. The table provides illustrative impacts of changing one assumption while keeping others unchanged and reflects the business mix at the balance sheet date. Extreme markets movements outside of these sensitivities may not be linear
21. 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
22. Stress reflects a structural change in long-term inflation with an increase of 60bps across the curve
23. A 15% weakening/10% strengthening of GBP exchange rates against other currencies
24. Assumes most onerous impact of a 10% increase/decrease in lapse rates across different product groups
25. Applied to the annuity portfolio

Appendix 19: Footnotes cont.

26. Property stress represents an overall average fall in property values of 12%
27. Credit stress varies by rating and term and is equivalent to an average 135bps 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
28. 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 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
29. 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

Legal disclaimer

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