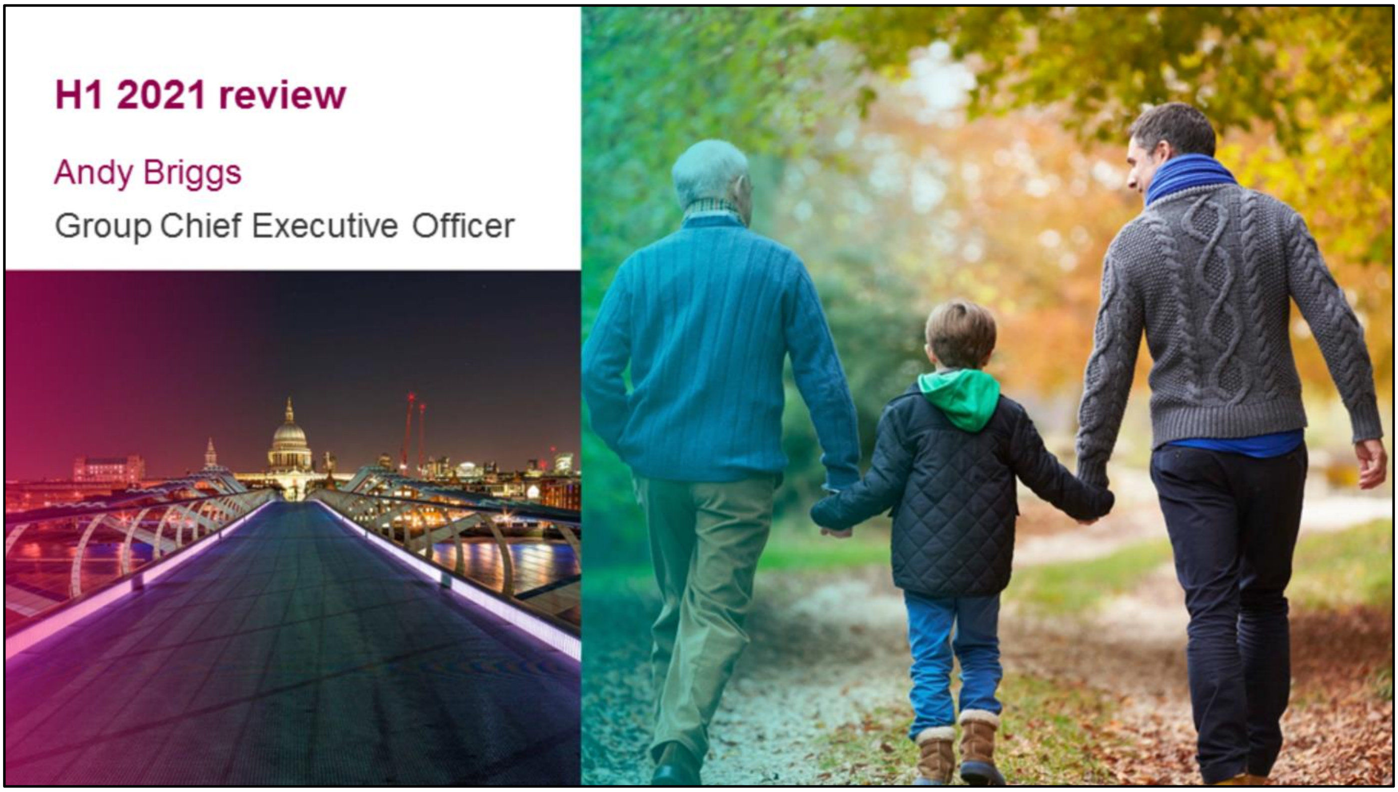
Phoenix Group
Half Year 2021 Results

11 August 2021



Good morning everybody, and welcome to Phoenix Group’s half year results presentation.

Phoenix has made strong progress against its strategic priorities in H1 2021

CASH & RESILIENCE

- **Strong H1 cash generation**; on track to meet top end of 2021 cash target range of £1.5-1.6 billion
- **Disposal of Ark Life** for consideration of £197 million, equating to 0.91x Solvency II own funds
- **Resilient** balance sheet and **Internal Model Harmonisation application submitted** in March 2021
- **Fitch credit rating upgrade** to AA-

GROWTH

- **Increased new business** long-term cash generation
- **£1.4 billion of BPA transactions** YTD; capital strain reduced to 6%
- Good **momentum in Workplace** with new scheme wins
- **Total illiquid asset origination** of £1.3 billion YTD including ERM; up 67% year-on-year
- Acquired the **Standard Life brand** to support growth

CUSTOMERS

- Combined Group **customer satisfaction score at 91%**
- **Customer proposition enhancements** across all divisions

SUSTAINABILITY

- **ESG assets account for 84%** of illiquid asset origination (excl. ERM)
- On track to **reduce scope 1 and 2 emissions**[1] **by 20%** in 2021

OUR PEOPLE

- Further growth in **strong employee engagement score to 79%**
- **Increased proportion of women** in our Top 100 leaders to 29%[2]

See Appendix XVI for footnotes

Phoenix has made great progress against our strategic priorities in the first half.

We have reported strong cash generation, and maintained our resilient balance sheet.

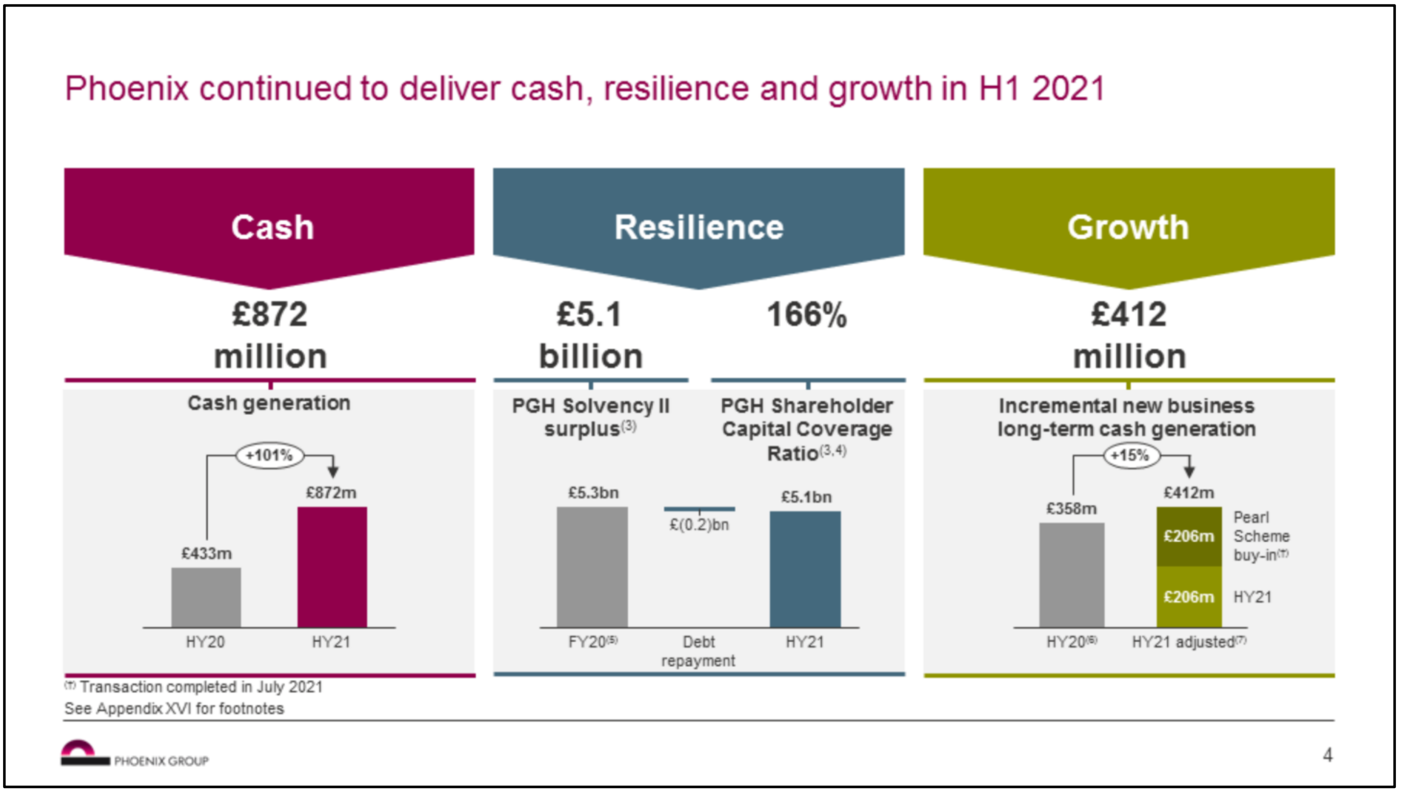
Key highlights include the sale of Ark Life, the Harmonised Internal Model application submission, and the Fitch ratings upgrade.

We have delivered increased new business long-term cash generation, and taken ownership of the Standard Life brand.

We also continue to remain focused on delivering for our customers and our people.

And we are making good progress with our sustainability strategy, on our path to becoming net-zero carbon, and fulfilling our purpose of Helping People Secure a Life of Possibilities.

I will talk in detail about our progress against each of these strategic priorities shortly, but first I will cover the financial highlights.



We have, once again, delivered on our key attributes of cash, resilience and growth, during the first half of 2021

Rakesh will cover this in more detail shortly, but in terms of the headlines…

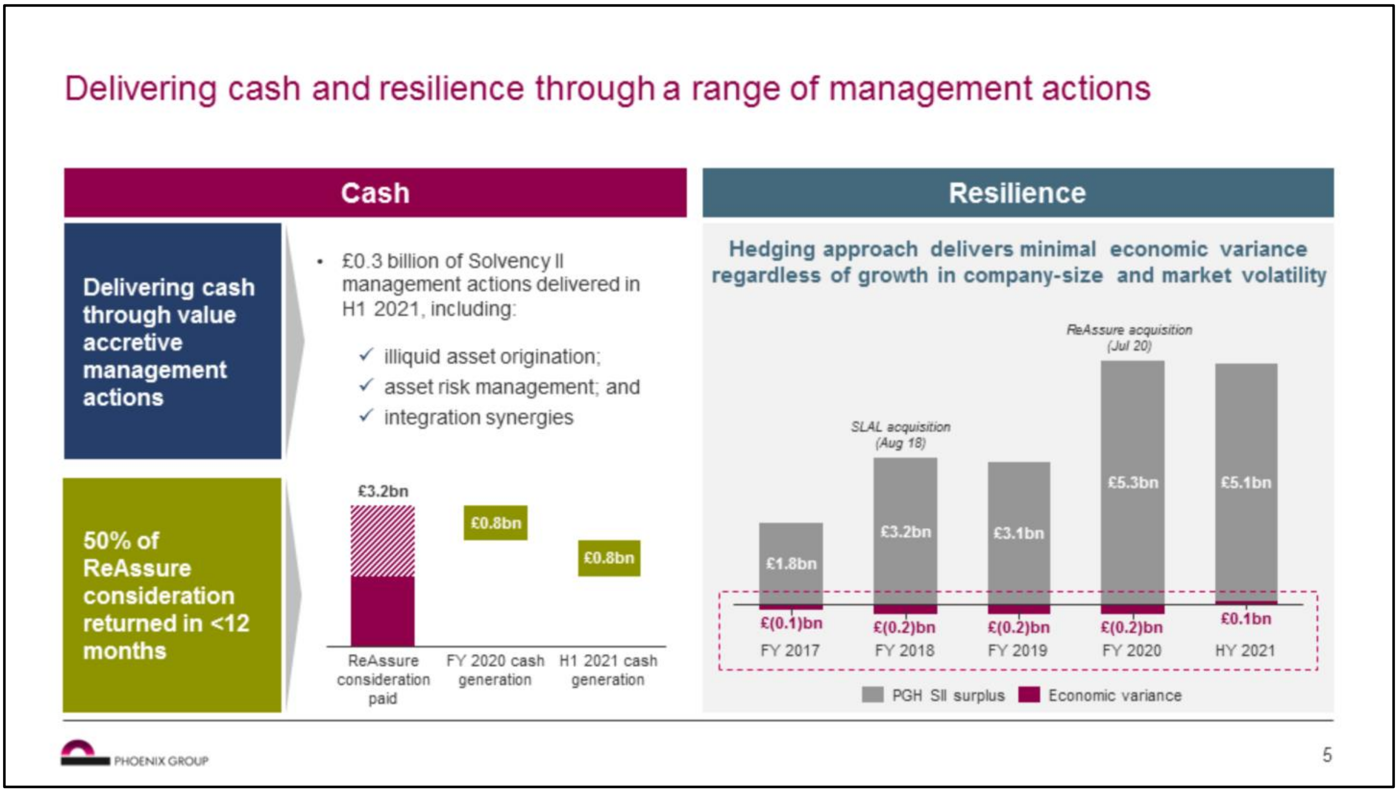
We delivered strong growth in cash generation, with £872 million in the first six months.

Our balance sheet continues to be strong, with a Solvency II surplus at £5.1 billion, following a planned £200 million debt repayment in March. And, our shareholder capital coverage ratio of 166%, is comfortably within our 140-to-180% target range.

Finally, we have reported £412 million of new business long-term cash generation, a 15% increase on the prior year.

£206 million was delivered in the first half across our Open businesses, with a lower first half contribution from external BPAs, owing to a slow first-half for all market participants.

However, our BPA team worked hard to accelerate the second tranche of our Pearl Pension Scheme buy-in, on the pre-existing agreement. This completed in early July, and delivers a further £206 million of long-term cash.



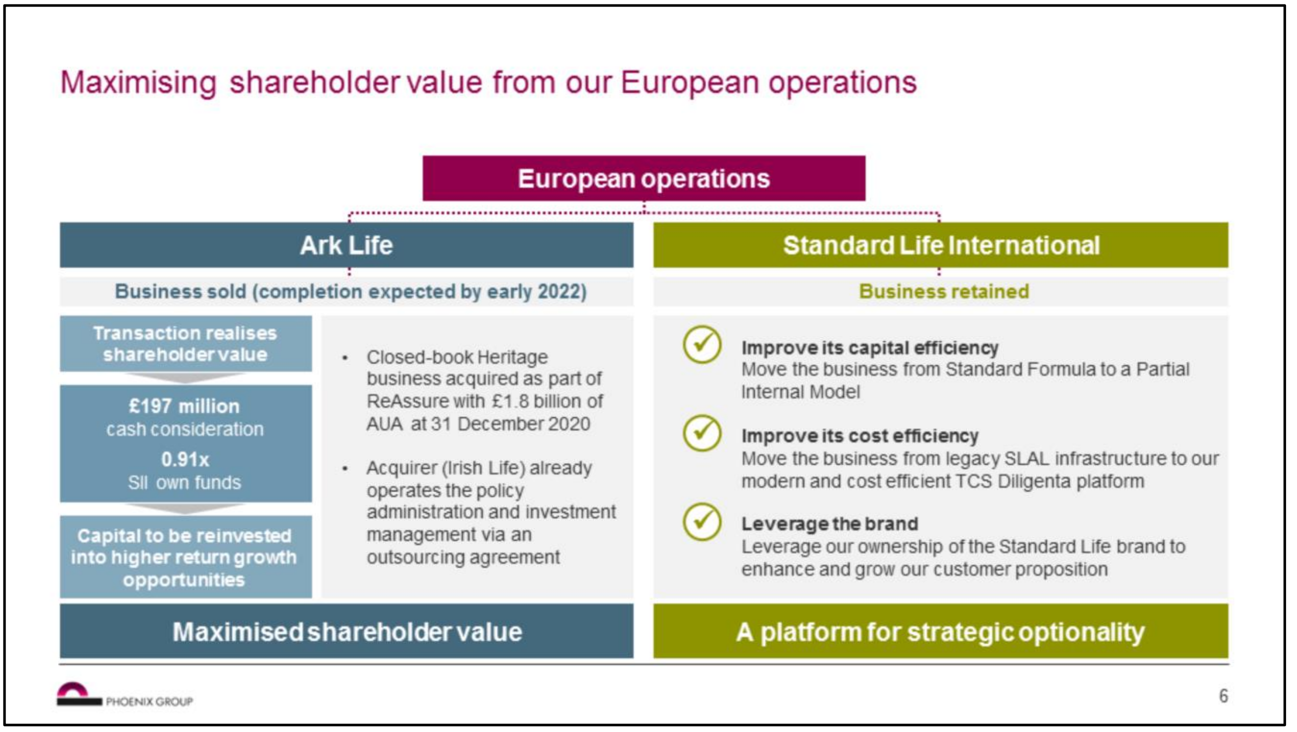
Delivering cash and resilience are central to our investor proposition.

And it is our ability to deliver value accretive management actions, from both BAU activity, and our integration programmes, that are critical to this.

In the first half, we have continued to demonstrate this, with nearly £300 million of management actions delivered, 75% of which were from BAU actions, such as illiquid asset origination, and asset risk management.

Our ability to deliver value-accretive M&A is also clearly demonstrated in the ReAssure transaction, where we have already recouped half of the £3.2 billion consideration paid, in less than 12 months.

And, in terms of resilience, our unique hedging approach continues to deliver resilience to market events, regardless of the growth in the size of our company, or periods of sustained market volatility, as seen over the past few years. Minimal variances throughout.



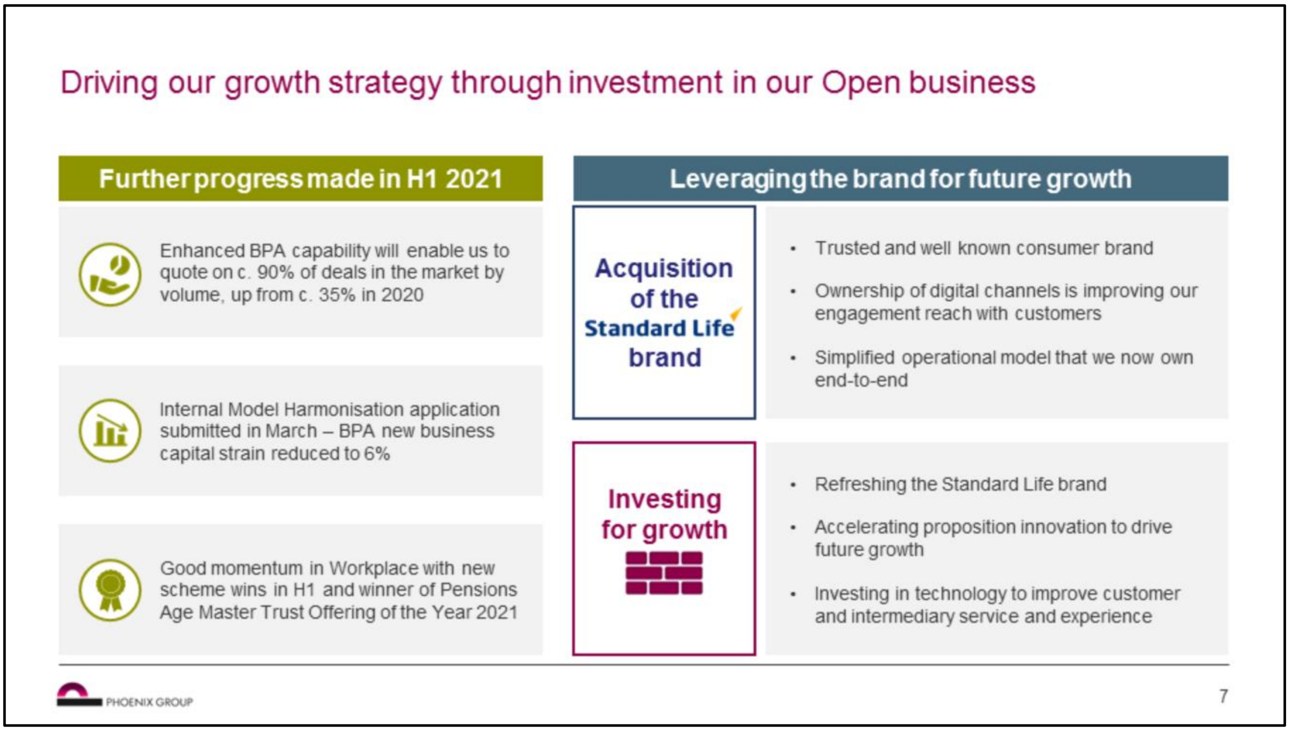
In November last year, we announced that we had received unsolicited expressions of interest for our European operations, and that the Board was therefore assessing a range of strategic options, to maximise value for shareholders.

That process continued throughout the first half of 2021, and included entering into advanced discussions about the potential sale of our entire European operations. However, the Board concluded that this would not maximise shareholder value, and instead have agreed that value will be maximised by treating the two parts of the European operations separately.

As a result, we have agreed to sell the Ark Life business to Irish Life, for an attractive price of £197 million, or 91% of Solvency II Own funds. We expect this capital to be reinvested into higher return, growth opportunities.

And we have chosen to retain Standard Life International. This is a complex business, including with profits products, that is being run on old legacy systems. As the market leader in transforming businesses, and delivering cost and capital synergies, we believe we will maximise shareholder value by retaining it, and progressing a clear set of management actions. These include moving the business onto a Partial Internal Model, and migrating the customers onto the modern Diligenta BANCs platform.

These are the right actions to create value in the short-term, but also, over the longer-term, these actions will create a platform, that offers us strategic optionality, to consider the European M&A consolidation market.



I am really pleased with the progress we have made in our Open business, during the first half of 2021, as our investment begins to deliver tangible success.

The enhanced capability we are building in our Bulk Purchase Annuities business, will enable us to significantly increase the proportion of transactions in the market we can quote on, from 35% last year, to around 90% by volume.

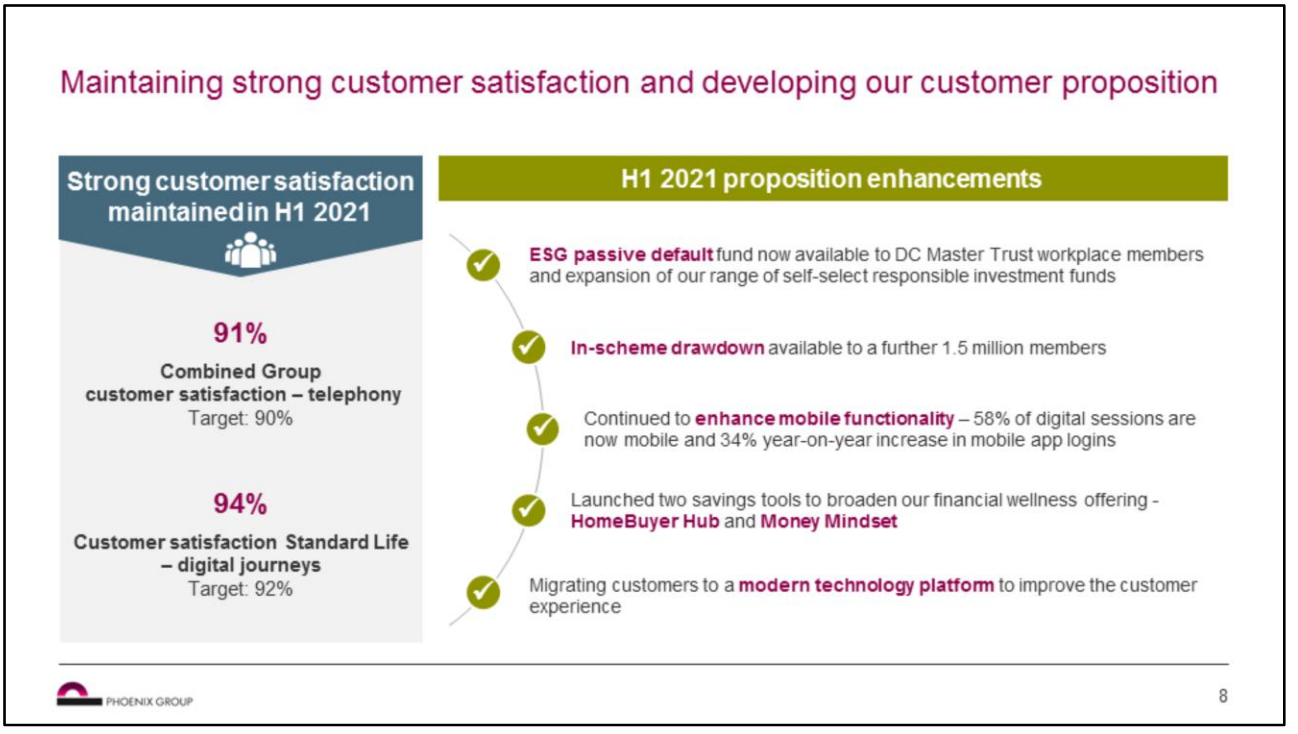
We have also made significant progress in reducing the capital strain on this business, which was 6% in the first half, using our new Harmonised Internal Model.

I am delighted that the investment we have made in our Workplace business is beginning to show. With new scheme wins evidencing the momentum we are building, and the recent award for Master Trust Offering of the Year, a testament to the work our team are doing, to develop a truly market-leading proposition.

The acquisition of the Standard Life brand is already proving to be a significant catalyst for our Open business growth strategy.

It is a trusted and well known consumer brand, that we will invest in, including a refresh of the brand, an acceleration in our proposition innovation, and the roll-out of enhanced technology for customers and intermediaries.

All of which will drive future growth, and help meet our aspiration of proving the wedge.



Critical to our success is our focus on our customers.

I am delighted that we have continued to exceed our customer satisfaction targets, in the first half.

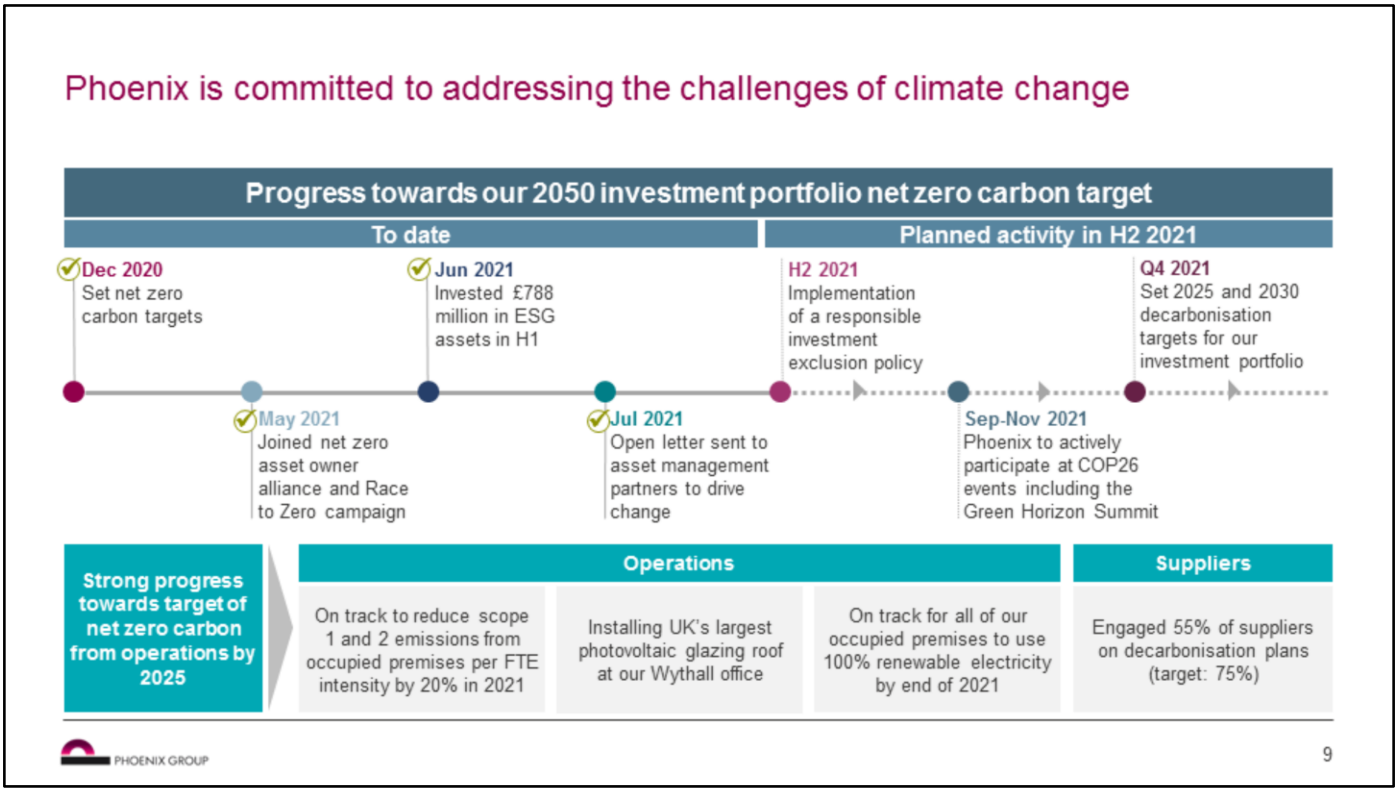
And we continue to invest in our customer proposition, with some great initiatives delivered this year.

For instance, we have now made our market-leading ESG default fund available to our DC Master Trust members, and continue to work with our asset management partners, to expand the range of self-selection, responsible investment funds we offer.

We have also widened access to in-scheme drawdown, to a further 1.5 million members this year.

Our investment in digital is also resonating with customers, with a 34% year-on-year increase in mobile app logins.

And we continue to migrate our customers to modern platforms, to improve the customer experience.



Phoenix is committed to addressing the challenges of climate change, which have been laid bare this week in the IPCC report.

And we have laid solid foundations in the first half, to help us deliver on our ambition of being a leader in this space.

We are committed to making our investment portfolio net zero carbon by 2050. And becoming public signatories, to the UN-Convened Net Zero Asset Owners Alliance, and Race to Zero campaign, evidences this.

As one of the industry's largest asset owners, it is imperative that we take a lead role in driving change, and our recent Open Letter sets out the expectations we have of our asset management partners.

We are excited to be working with our partners, to find the solutions that will deliver portfolio decarbonisation, and look forward to sharing these solutions in the run up to COP26. We will also be setting our own ambitious 2025 and 2030 decarbonisation targets for our investment portfolio, over the coming months.

We have made strong progress towards our target of being net zero carbon, from our own operations, by 2025.

We are on track to reduce Scope 1 and 2 emissions by 20% this year, and expect to have all of our occupied premises using 100% renewable electricity, by the end of the year.

One great example of this in action is that we are installing an innovative photo voltaic glazing roof, at our Wythall office, which will reduce our carbon footprint, and generate our own energy. And it will be the largest of its type in the UK!

Finally, in line with our ambition to make Phoenix the best place our colleagues have ever worked, we continue to invest in our people.

We are developing the excellent talent we already have, whilst strengthening our current team with high calibre new appointments, to bring new expertise and thinking to the Group.

We remain committed to making Phoenix a Diverse & Inclusive company where people can bring their whole self to work.

So we have created an innovative new app, "Who We Are", to capture powerful data and insights, to support us in delivering on our commitment, and it is great to see that this has been completed by around 75% of our colleagues since launch.

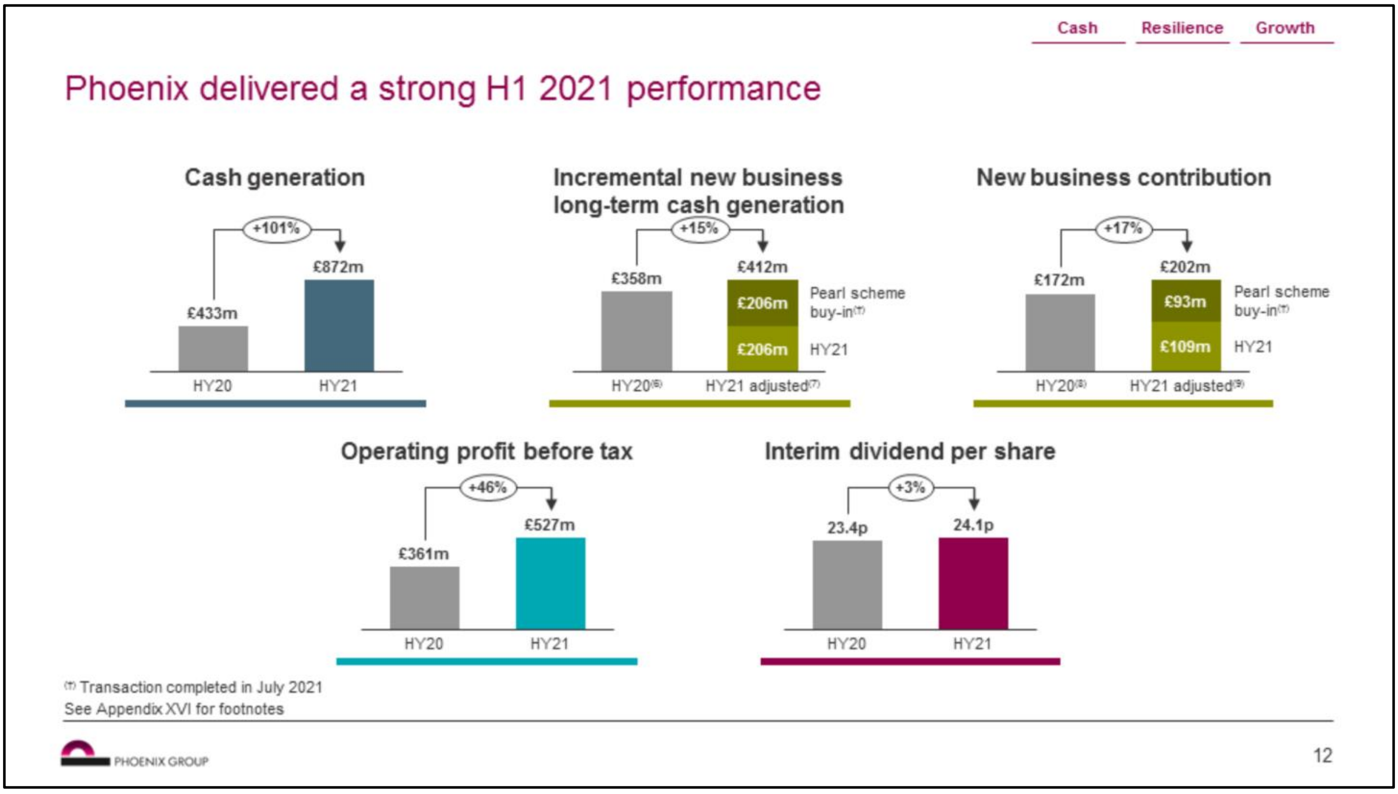
Women account for 29% of our Top 100 leaders, and whilst we won't be happy until this represents broader society, it is strong progress, up from 21% just six months ago.

We also have 13% of our Top 100 leaders who are ethnically diverse, which is already broadly in line with the wider UK population.

And the overall investment we are making is once again reflected in our strong colleague engagement score of 79% in the first half.

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

Thank you Andy and good morning.

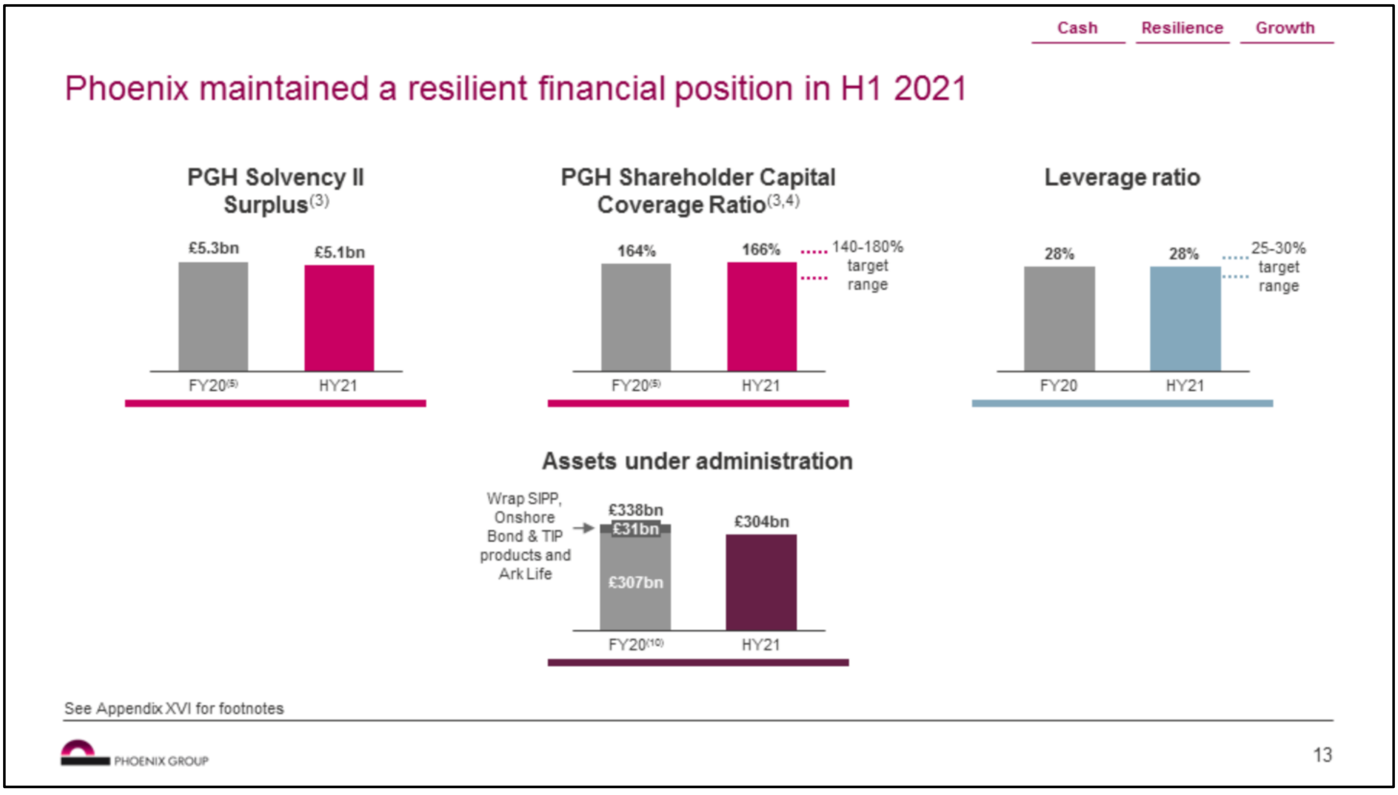


As Andy said, Phoenix delivered a strong financial performance in the first half of 2021, which reflects the scale of the new Group.

We have delivered cash generation of £872 million in the period, and long term cash generation from new business of £412 million is up 15% year-on-year, including the second tranche of the Pearl Scheme buy-in completed in July.

We have also delivered increased operating profit of £527 million.

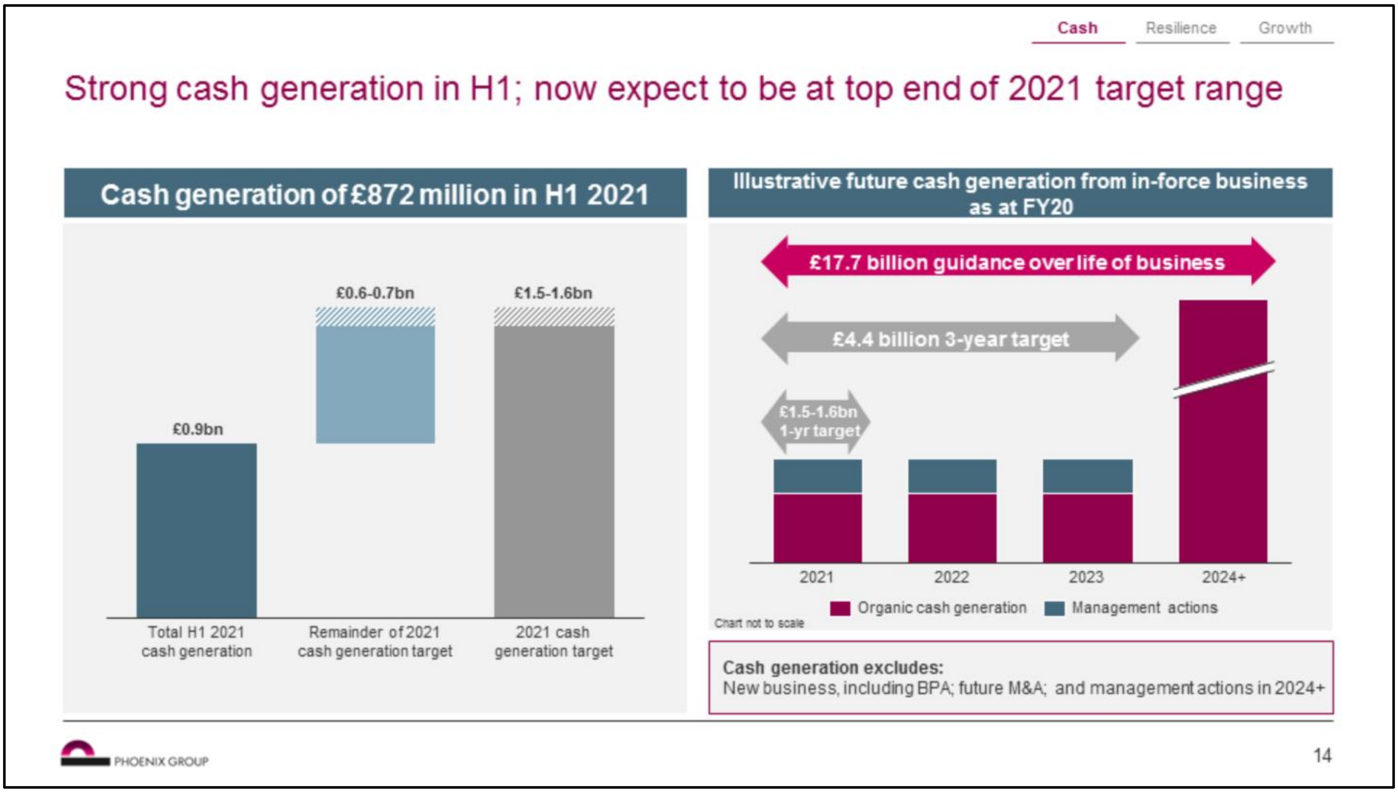
And in line with our stable and sustainable dividend policy, we have declared an interim dividend of 24.1 pence per share.



With our focus on delivering resilience, our financial position remains strong.

Our Solvency II surplus is £5.1 billion, with a solvency ratio of 166% that remains comfortably within our target range, and leverage is stable at 28%.

The reduction in assets under administration in the first half largely reflects the announced sales of the Wrap SIPP, Onshore Bond and TIP products to Abrdn and Ark Life.



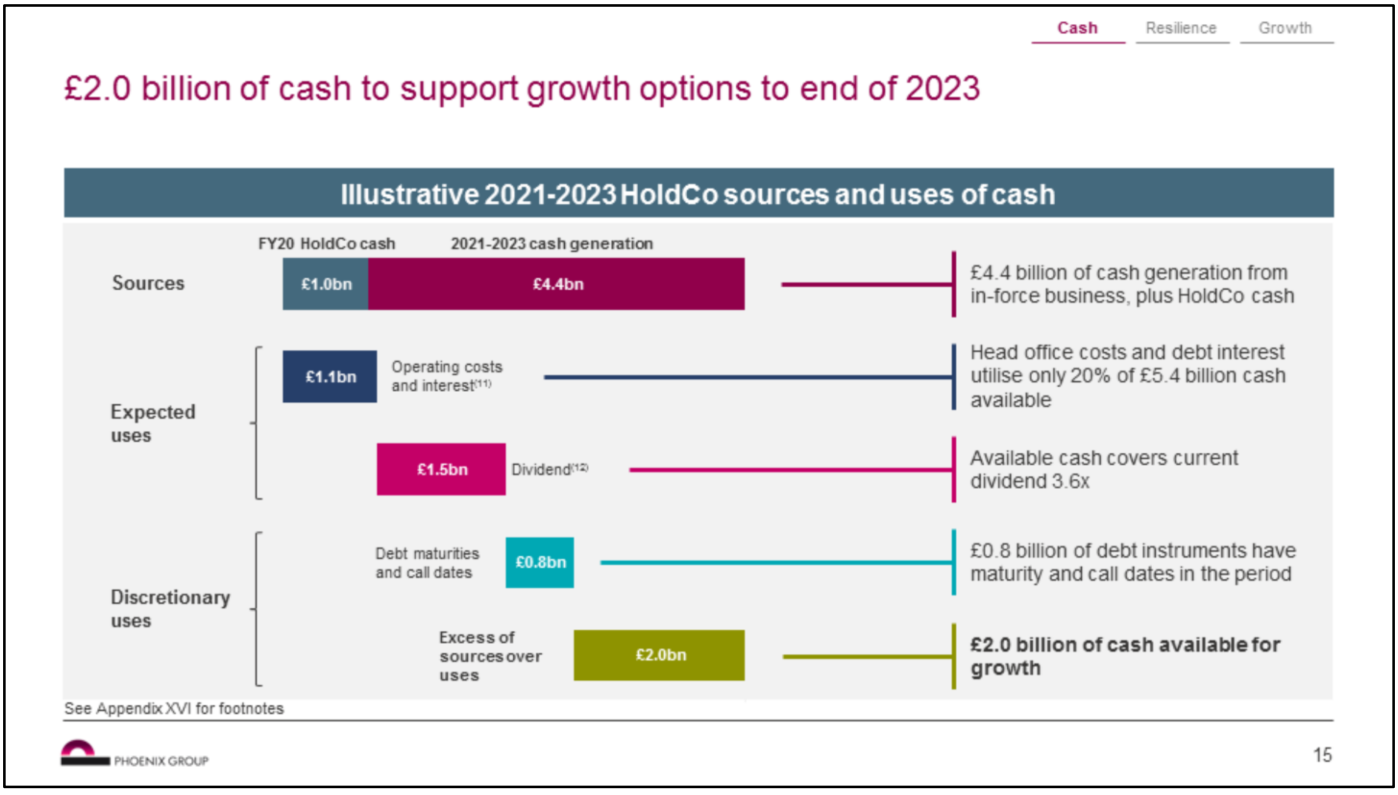
Turning first to cash.

With strong cash generation of £872 million delivered in the first half, we now expect to deliver at the top end of our target range of £1.5-to-£1.6 billion for the full year.

I also wanted to briefly remind you of the guidance we announced back in March, with our existing three-year cash generation target of £4.4 billion, and guidance over the life of the business of £17.7 billion.

It is important to remember that Phoenix's cash generation guidance is based on in-force business only.

It excludes the impact of any new business to be written in the future and also excludes management actions from 2024 onwards.

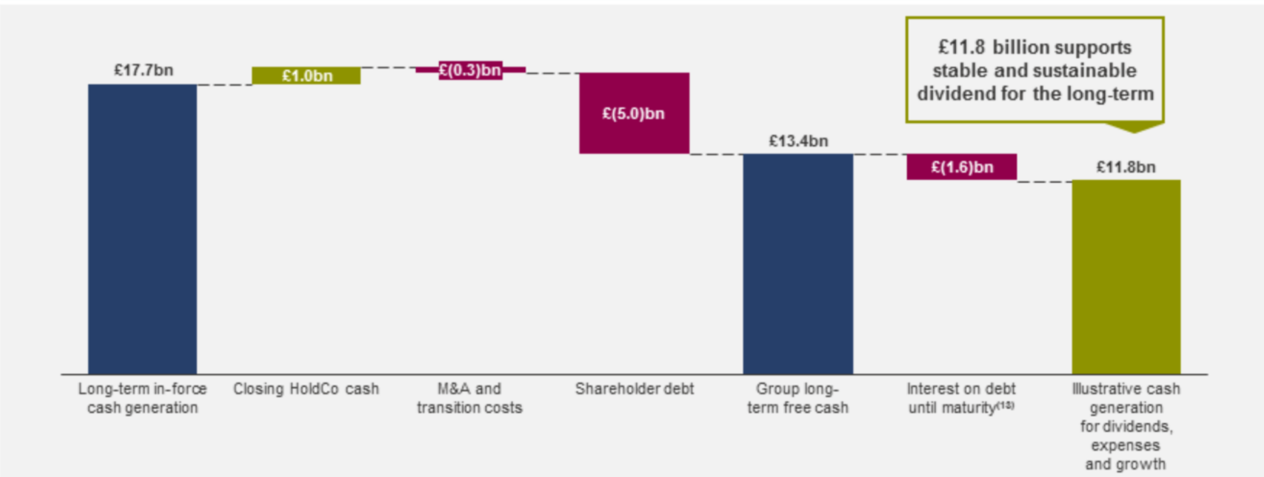


Looking over the period from 2021 to 2023, this slide sets out the Holdco uses of cash generation and illustrates how secure our current dividend is.

It also highlights the significant amount of cash that will be generated over this period, with around £2.0 billion expected to be available for growth through BPA and M&A.

£11.8 billion of cash generation supports the sustainability of our dividend for the long-term

Group long-term free cash as at FY20

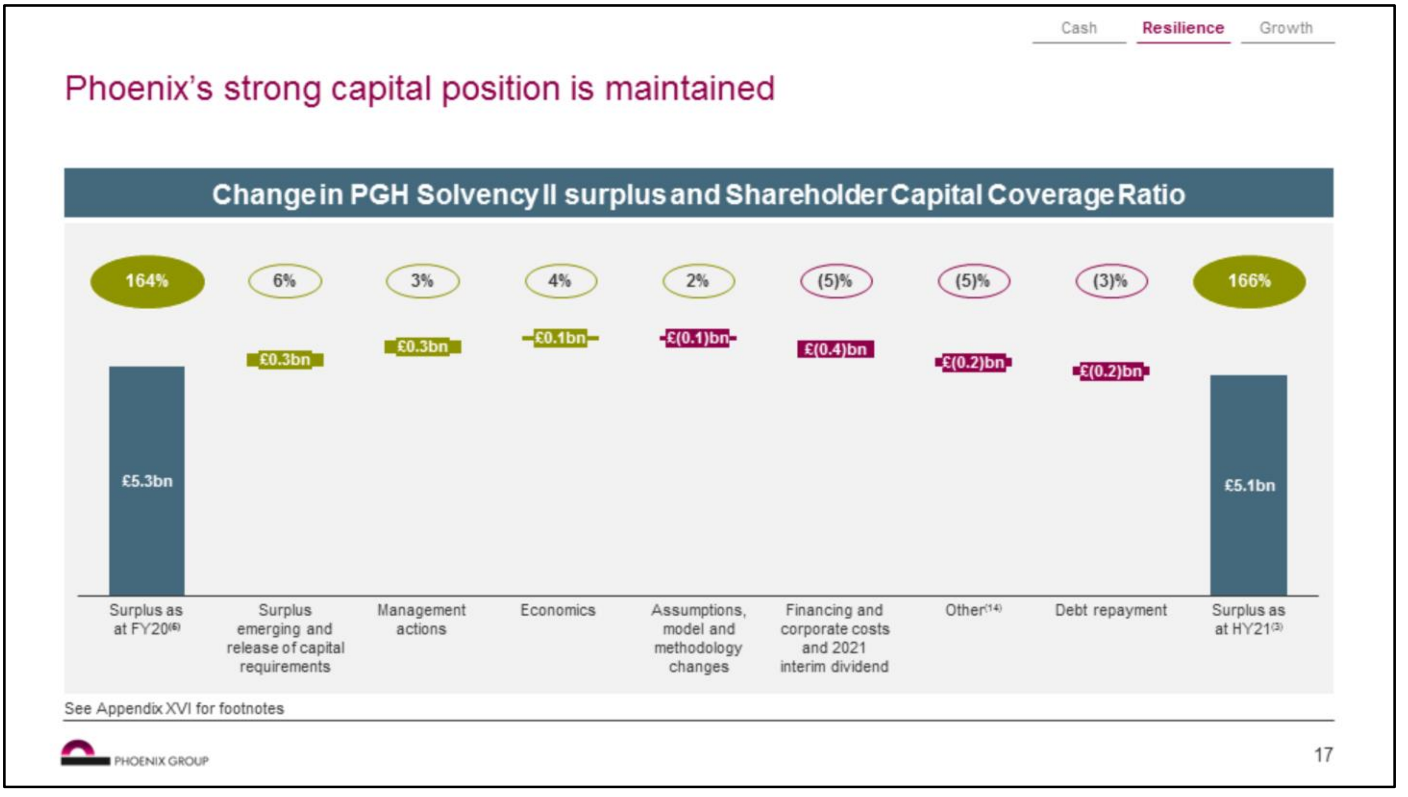


See Appendix XVI for footnotes

Group long-term free cash was £13.4 billion at the end of 2020, which incorporates the impact of selling the platform businesses to Abrdn and the future corporation tax change, while the recently announced sale of Ark Life is expected to be broadly neutral.

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

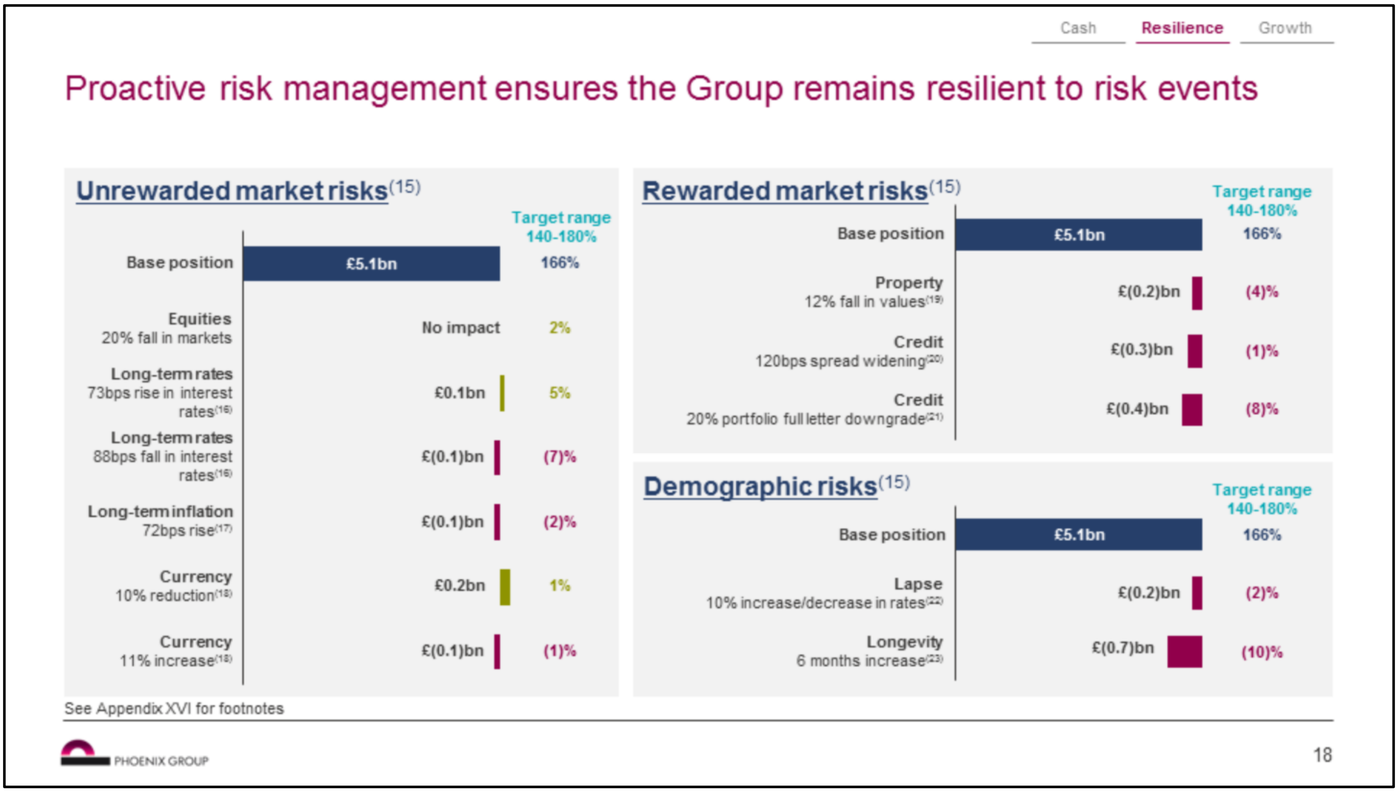
With our current dividend cost of around £480 million per annum, this level of Group cash supports our stable and sustainable dividend for the long-term.



Our Solvency II surplus remains resilient and the small decrease during the first six months of the year reflects the planned repayment of a £200 million Tier 2 bond in March.

We had a strong start to the year for Solvency II management actions, with nearly £300 million delivered in the period, and I would expect broadly the same amount in the second half, with the internal model harmonisation benefit on top of that.

We continue to see the benefits of our hedging policy with only a small economic variance in the period despite market volatility.



Phoenix has a unique approach to managing risk.

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.

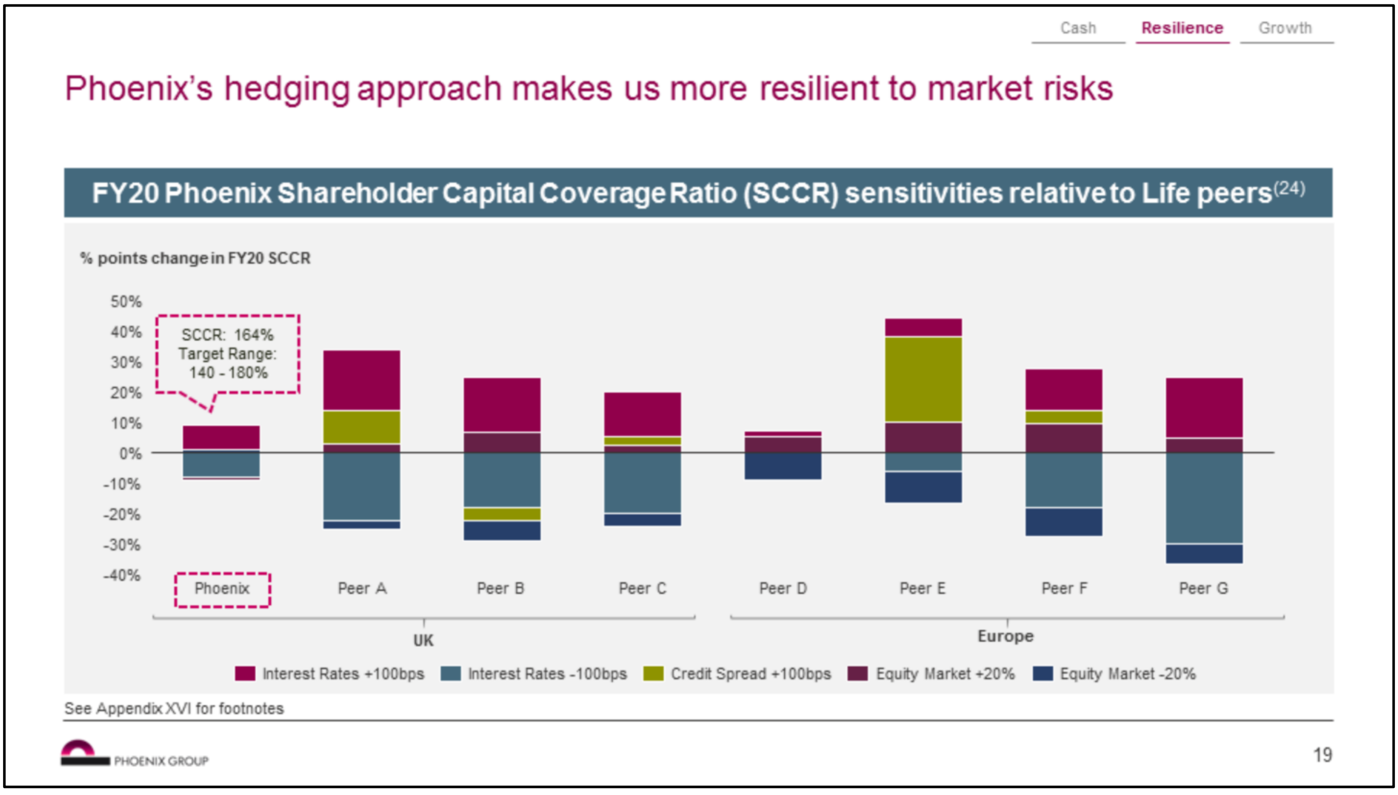
This translates into the low sensitivities presented here.

We do 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 20% of the portfolio having a full letter downgrade, which is £0.4 billion in the context of our £5.1 billion Solvency II surplus.

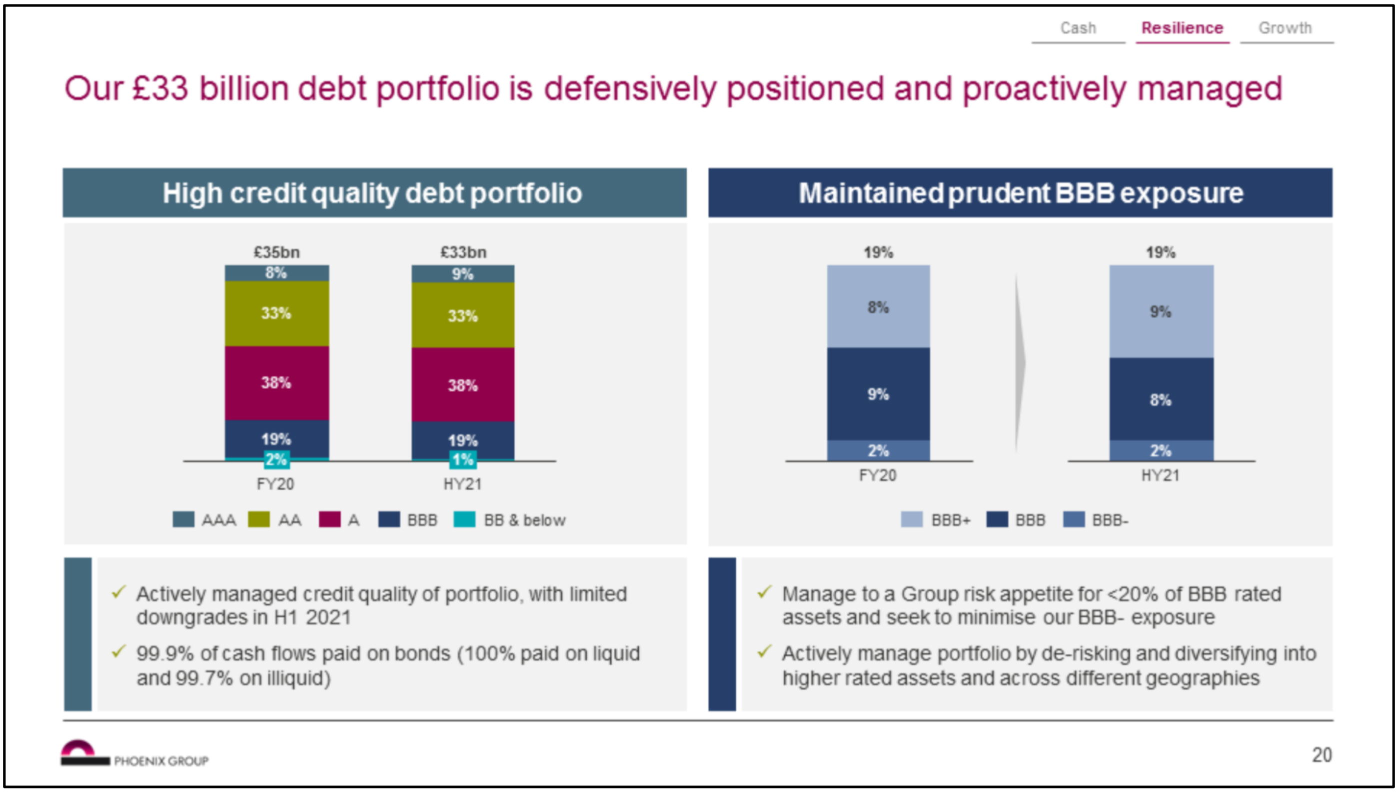
It is worth noting that the credit sensitivities we disclose here are prudent, as they assume no management actions are taken to rebalance our portfolio, which is different to how many of our peers disclose.

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



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

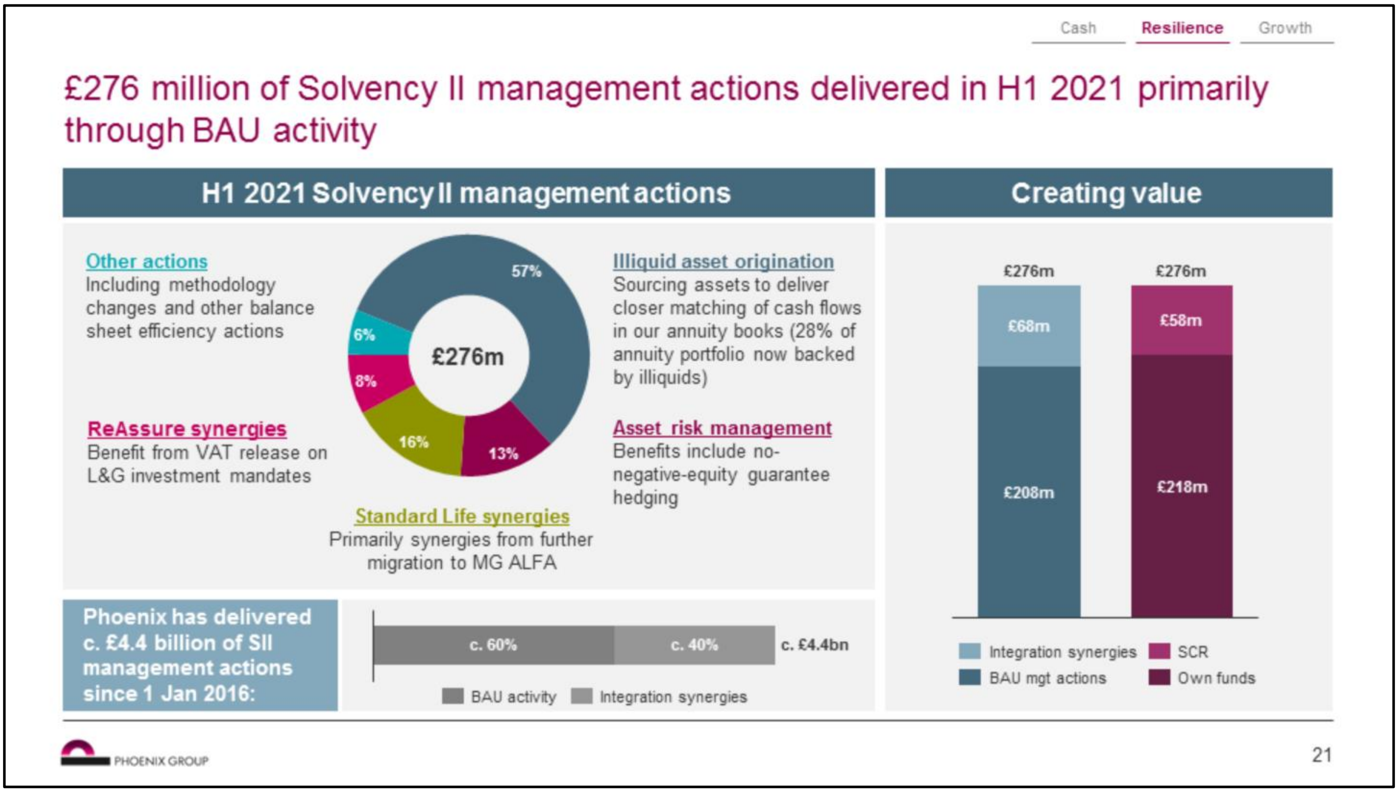
We see this as a core part of the Phoenix story and a key differentiator to others.



In order to manage our credit risk, Phoenix maintains a diversified £33 billion shareholder debt portfolio.

Our proactive management has enabled us to uphold the high credit quality of our portfolio, and has minimised our downgrade experience, with 99.9% of cashflows paid on our bonds.

Integral to this is ensuring we keep our BBB exposure below 20% and we always seek to minimise our exposure to BBB-, which remains at only 2%.

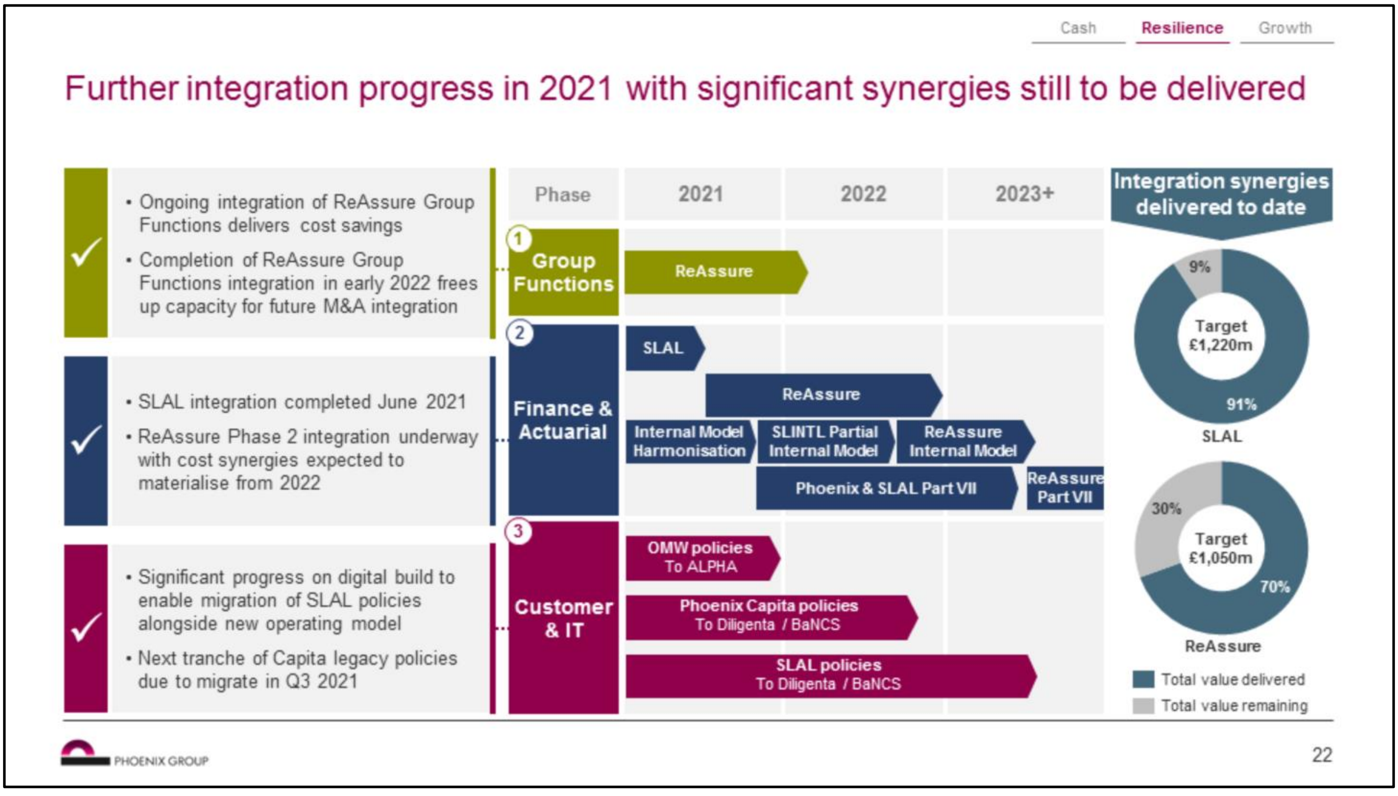


Our ability to deliver value-accretive management actions is a key differentiator for Phoenix.

During the first half, the delivery of management actions contributed £276 million to our Solvency II surplus.

The majority of these have been value-accretive actions that increase Own Funds with 75% delivered from “business as usual” activity, including illiquid asset origination and asset risk management actions.

We often hear that Phoenix is overly reliant on integration synergies, however, since the onset of Solvency II, around 60% of the £4.4 billion of Solvency management actions we have delivered have been business-as-usual, demonstrating our capability here.



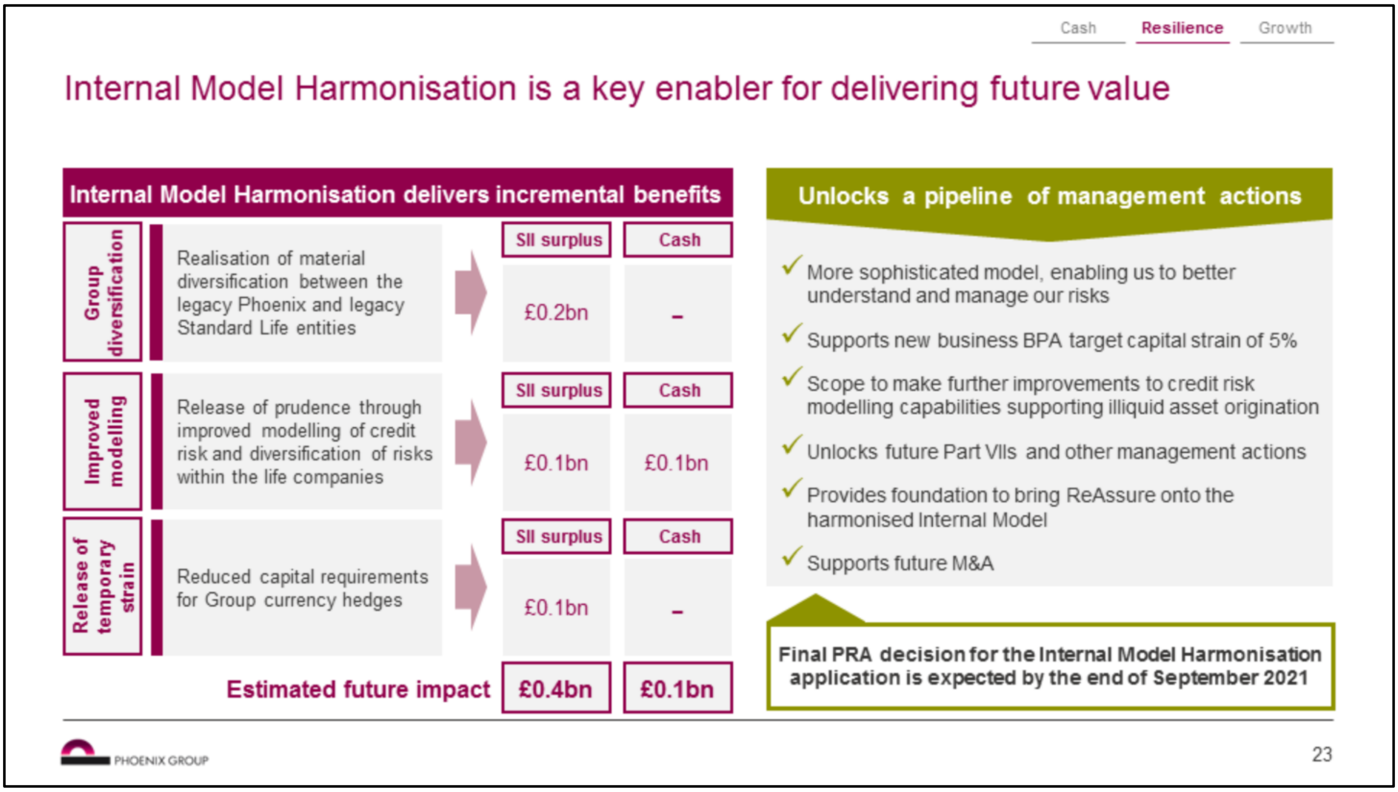
We continue to make good progress across both integration programmes.

We are well on the way to integrating the ReAssure Group Functions and are on track to complete this workstream in early 2022. This will free up more capacity for future M&A.

In our Finance and Actuarial workstreams, we completed the Standard Life integration in June and have begun the ReAssure Phase 2 integration with cost synergies expected from 2022.

We also have several Internal Model applications planned, which in turn support our plans for future Part VII's, including combining our legacy Phoenix and Standard Life entities into a single life company in Phoenix Life, which we hope to complete in 2023.

With this progress, we have now delivered over 90% of the Standard Life synergy target and 70% of the ReAssure target. We are on track to deliver the balance and that is before recognising the benefit from harmonising our Internal Models.



With a decision on our Internal Model Harmonisation application due from the PRA next month, I wanted to explain in more detail the expected impact.

As you can see, there are three immediate impacts that deliver a total Solvency benefit of around £400 million and a future cash benefit of approximately £100 million.

Firstly, having a single harmonised internal model allows us to realise diversification benefits between our legacy Standard Life and Phoenix life-companies at a Group level.

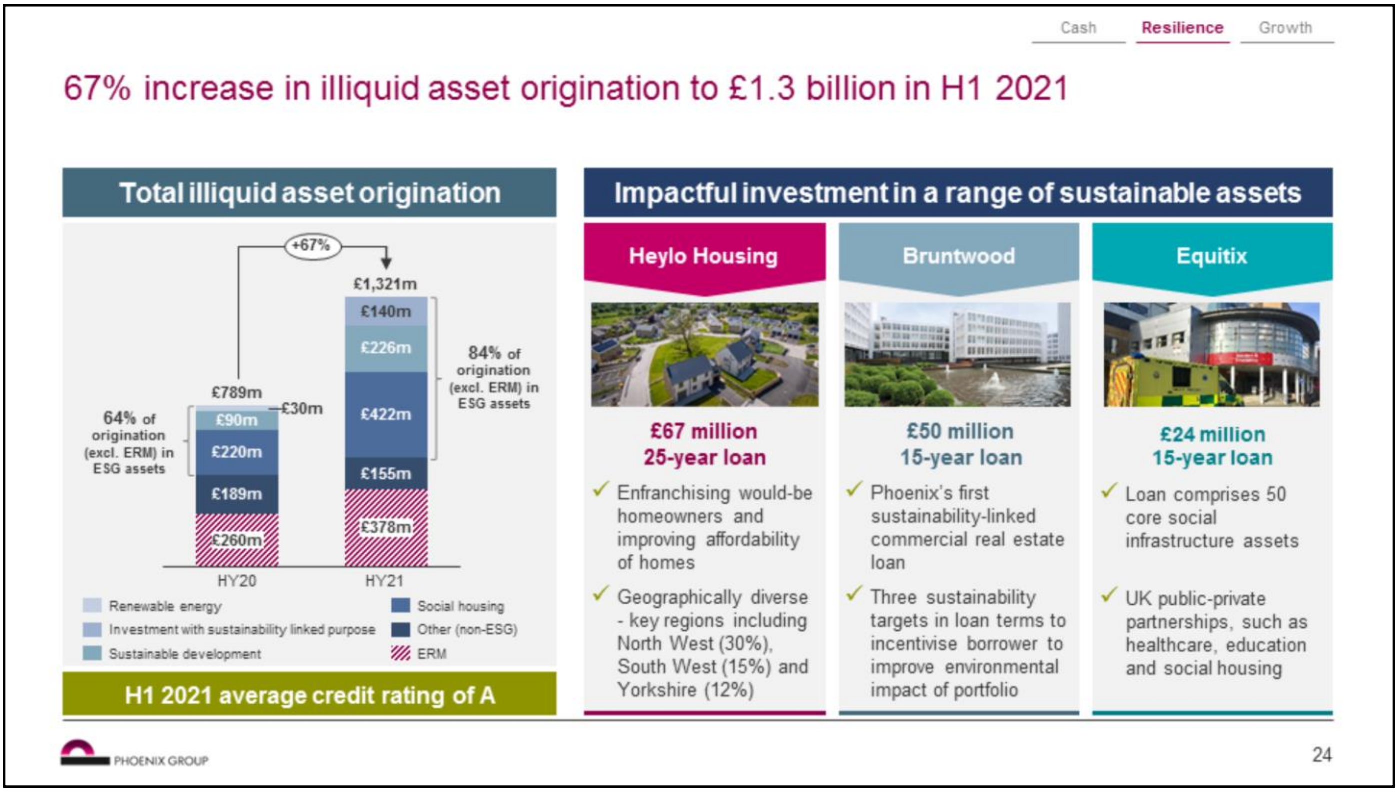
This will generate a significant Solvency benefit, but does not increase cash as surplus at the life entity level, which remains unchanged.

Secondly, by improving the modelling of our credit risk, and how we diversify risks within the life companies, we can release some of the prudence we have in place today, which provides both a Solvency benefit and a future cash benefit.

It is worth noting that I would not expect this cash benefit to emerge in 2021, as we will want to confirm the internal model is performing as expected over a period of time first.

Finally, we are holding a temporary Solvency capital strain of around £100 million in relation to Group currency hedges we put in place this year, which unwinds upon implementation of the new model.

The harmonised internal model also unlocks a wider pipeline of future management actions including future Part VIIs and the scope to improve our credit risk modelling further, as well as being supportive to our BPA pricing and future M&A.



The final management action I wanted to touch on is our illiquid asset origination.

Long dated, or "illiquid" assets provide excellent cashflow matching for our £38 billion annuity book and are a key enabler of reducing the capital strain on our BPA business too.

Our illiquid asset portfolio comprises 28% of annuity backing assets, and we continue to target increasing our allocation of illiquid assets to around 40% over time.

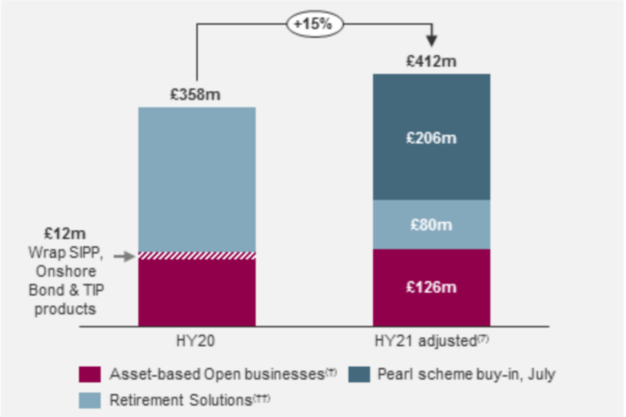
Reflecting the ongoing investment in our capability and team, during the first six months of the year we have increased our illiquid asset origination by 67% to £1.3 billion, with an average credit rating of A.

Within that, we have increased our investment in ESG assets by 132% to £788 million.

And you can see on the slide several great examples of the meaningful impact our targeted ESG investment can make, as we seek to deliver on our sustainability strategy and support the Government in "building Britain back better".

Increased new business cash generation of £412 million

New business long-term cash generation



(†) Comprises Workplace, CS&I, Europe and SunLife
(††) Retirement Solutions includes BPA
See Appendix XVI for footnotes

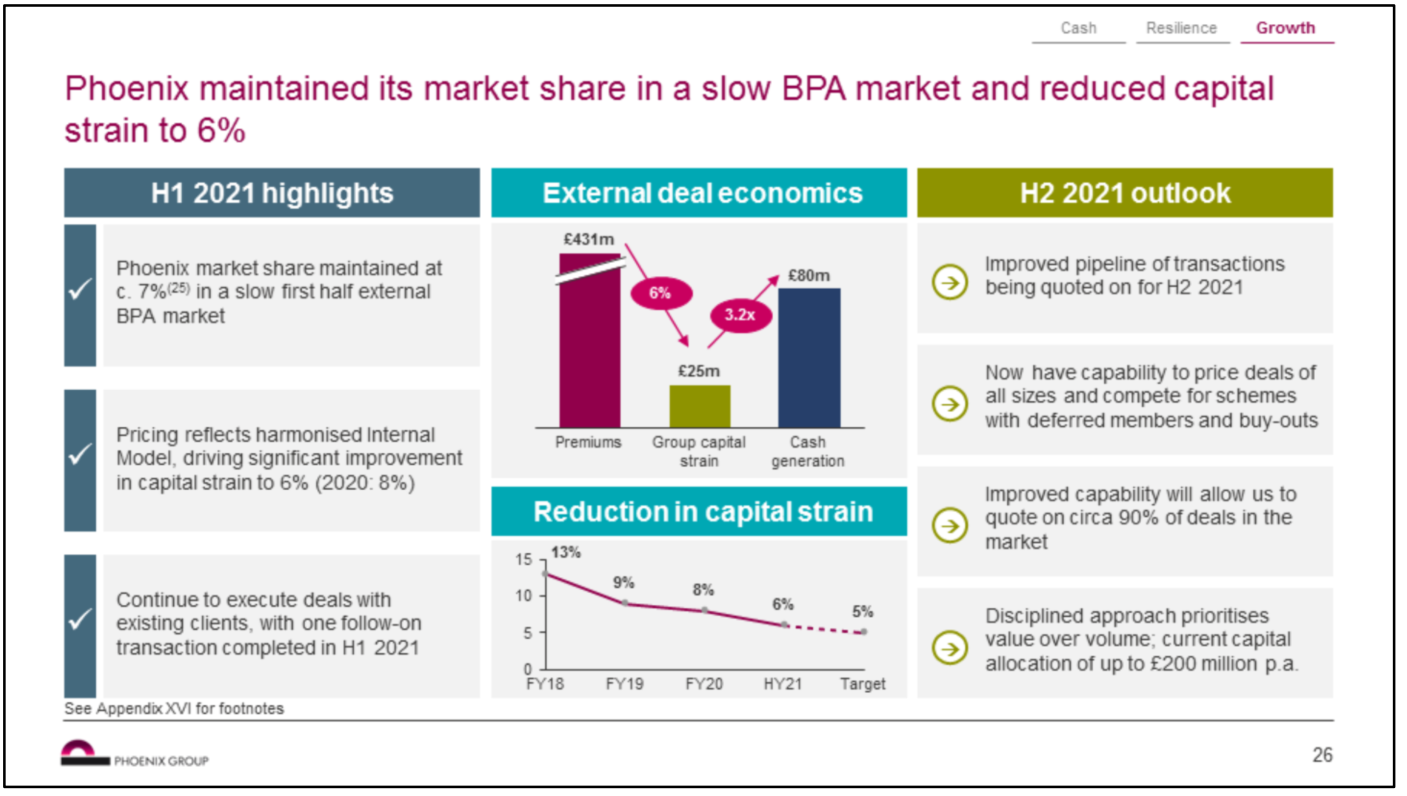
Key messages

- 15% increase in new business long-term cash generation as the investment in our Open business begins to deliver growth
- Subdued external BPA market in H1, but c. £1 billion Pearl Scheme buy-in during July supports long-term cash generation
- Asset-based Open businesses are building momentum with increased gross inflows and long-term cash generation in H1
- Agreed sale of Wrap SIPP, Onshore Bond and TIP products to abrdn - excluded from H1 2021 new business metrics

Moving now to Growth, we have reported a 15% increase in new business long-term cash generation to £412 million.

Like most market participants, we saw a slow first half market for BPA transactions and therefore decided to accelerate the second tranche of the Pearl Scheme to July.

Elsewhere, it was pleasing to see the other asset-based Open businesses all deliver increased cash generation year-on-year.

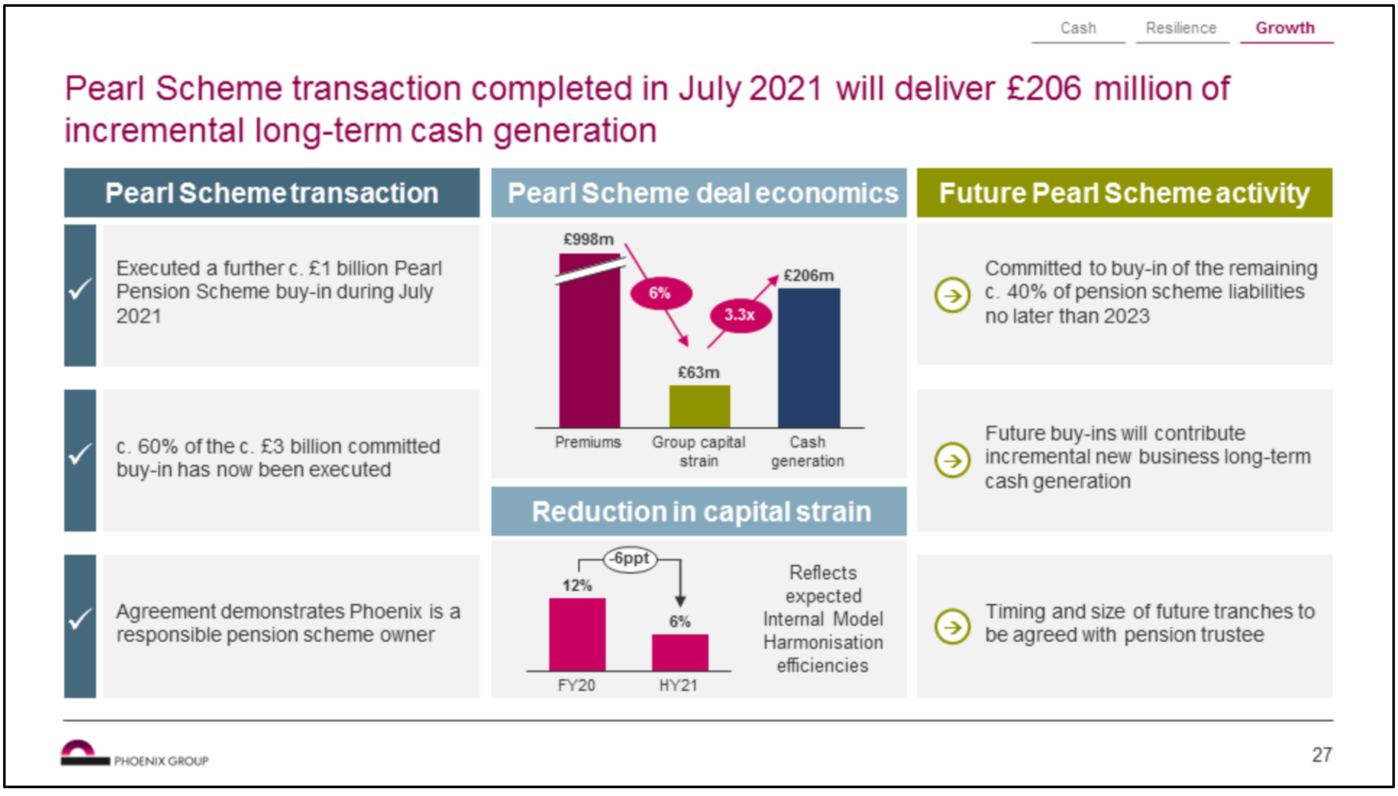


With £431 million of external BPA transactions completed in the first half, we have maintained our market share at around 7%, in what has been a slow market.

Importantly, we have been able to reduce the capital strain from 8% in 2020 to 6% this year, primarily due to our new business pricing now reflecting our Harmonised Internal Model.

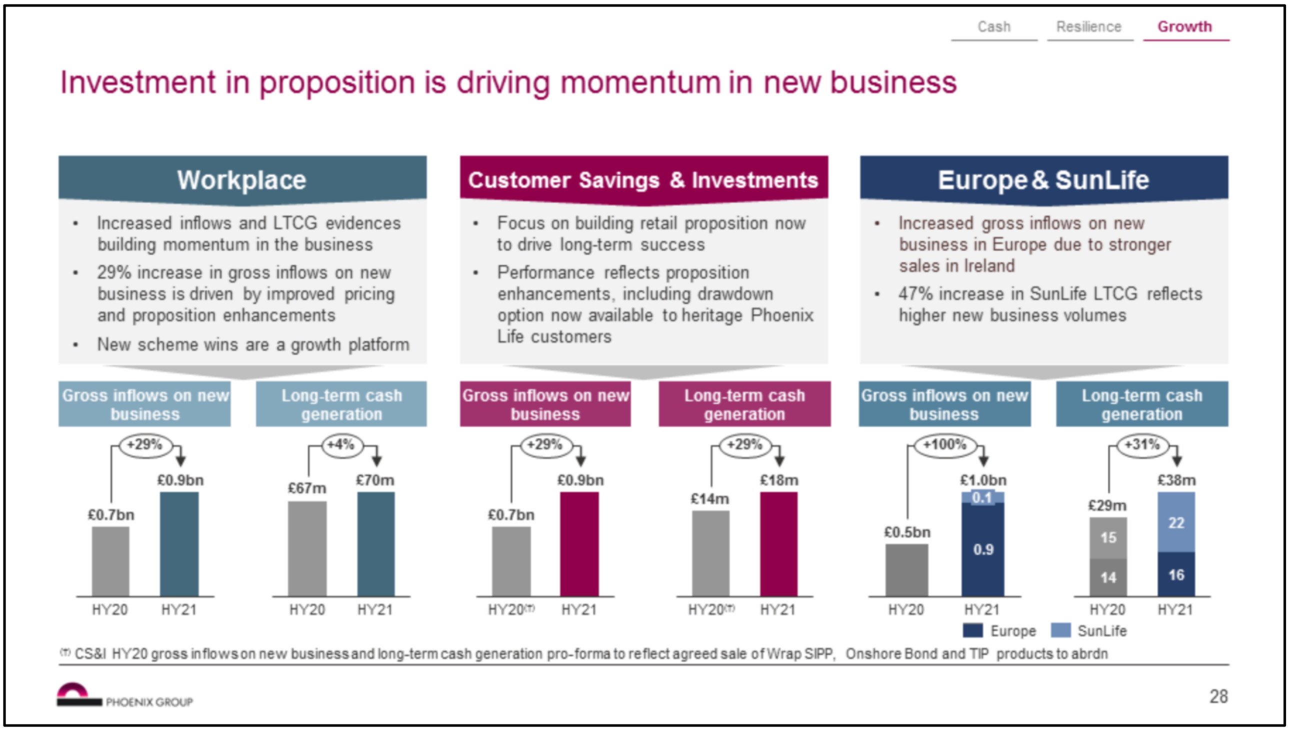
We continue to target a future BPA capital strain of around 5%, with illiquid asset origination and improved reinsurance the drivers of further improvement from here.

In terms of the second half outlook, we are currently quoting on an improved pipeline of deals. However, we will remain disciplined in our approach and, as ever, we will be focused on value over volume.



We were delighted to reach an agreement with the trustees of the Pearl Pension Scheme to execute a buy-in for a further £998 million of premiums, which completed in July.

Similar to our external deals, the capital strain on this second tranche has reduced substantially, down from 12% in 2020 to 6% this year, reflecting the expected harmonised internal model efficiencies and improved reinsurance structuring.



Turning to our asset-based businesses in the Open division, where we are beginning to see the benefit of our investment in this business with increased long-term cash generation, despite the increase in tax rates, and improved gross inflows from all business areas.

In Workplace, we are pleased with the momentum we are building here, with new scheme wins in the first half providing a platform for future growth, and higher gross inflows a function of improved pricing and proposition.

However, we are reinvigorating a business that had been underinvested in historically, and during the first half we saw several scheme losses that led to net outflows in the period.

These scheme losses had been deferred by a couple of years and reflect decisions taken on our legacy proposition, which has improved significantly since then.

In Customer Savings & Investments, we are very much in the early stages of building a retail offering for the long-term, but saw an improved performance in the period due to proposition enhancements.

In Europe, gross inflows increased due to stronger sales, while the 47% increase in long-term cash generation from SunLife is due to higher volumes and profitability.

46% increase in operating profit reflects enlarged scale of the Group

	HY21	HY20(26)
Heritage	£375m	£118m
Open	£178m	£241m
Service company	£2m	£19m
Group costs	£(28)m	£(17)m
Operating profit before tax	**£527m**	**£361m**
Investment return variances and economic assumption changes	£(824)m	£627m
Amortisation of intangibles	£(299)m	£(184)m
Other non-operating items	£28m	£(65)m
Finance costs	£(111)m	£(76)m
Profit/(loss) before tax attributable to non-controlling interest	£51m	£(20)m
(Loss)/profit before tax attributable to owners	**£(628)m**	**£643m**
Tax charge attributable to owners	£(39)m	£(157)m
(Loss)/profit after tax attributable to owners	**£(667)m**	**£486m**

See Appendix XVI for footnotes

Key messages

- Heritage operating profit increased due to the inclusion of ReAssure in HY21
- Open operating profit reduced due to lower BPA new business profit due to a slower market in H1 2021
- Adverse investment return variances primarily driven by accounting losses on interest rate and equity hedging
- Amortisation of intangibles reflects increased charges in relation to the ReAssure acquisition
- Increased finance costs reflects issued debt of combined Group following the ReAssure acquisition

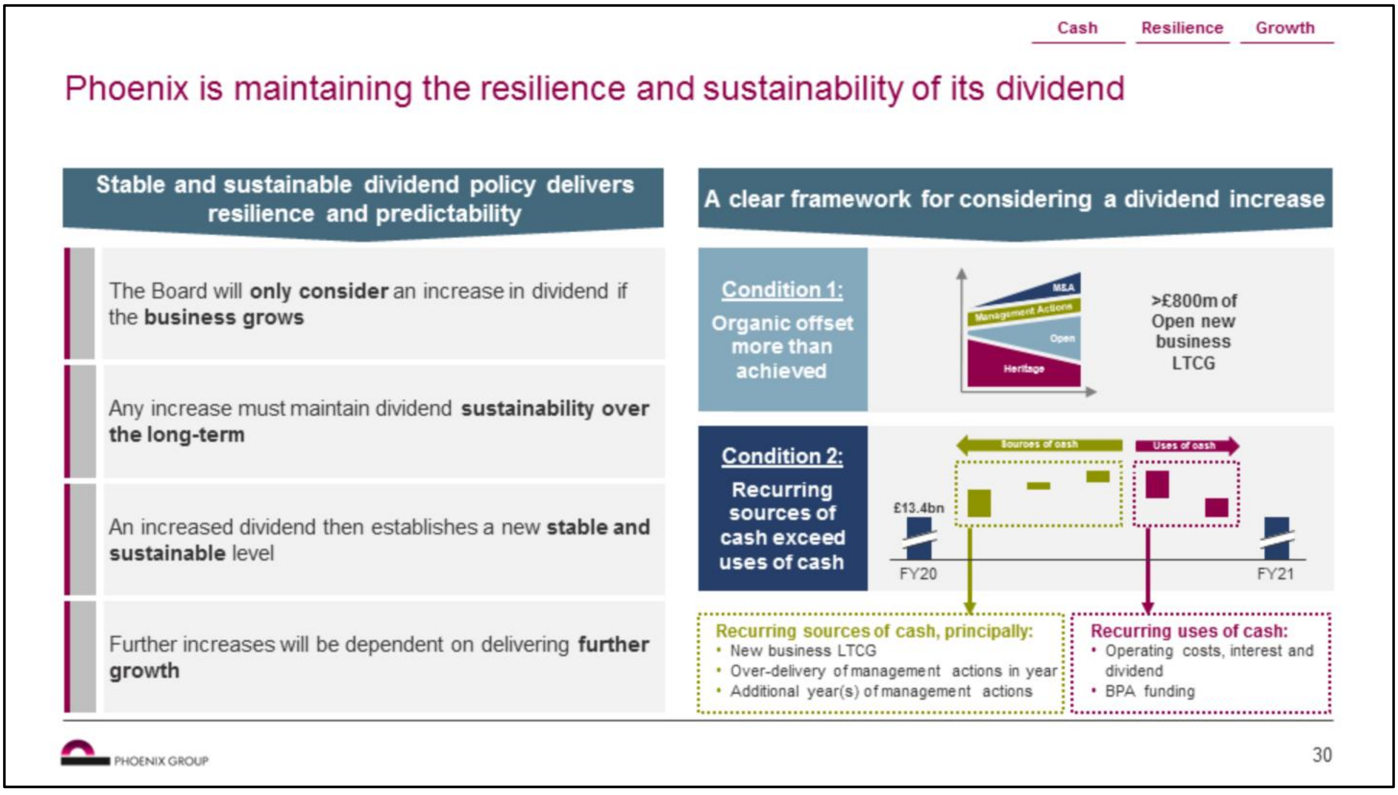
Turning to our IFRS results.

We delivered operating profit of £527 million in the first six months of 2021, 46% higher than the prior year reflecting the scale of the new enlarged Group.

Operating profit in our Open business has reduced year-on-year due to the lower contribution from external BPA deals in the first half, accounting for around £70 million of the movement.

Group Costs and Service Company movements reflect increased costs owing to the enlarged Group and the build out of additional Group capabilities.

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 accept that this will cause volatility in our IFRS balance sheet.



Phoenix is known for the resilience and sustainability of its dividend, which the Board and I see as our priority to maintain.

With our Open business delivering growth, we have the opportunity to consider whether organic growth can support a dividend increase, in addition to the periodic increases we already consider following value-accretive M&A.

I must stress that the Board will only consider an organic increase in the dividend if the business has grown.

Any increase must also maintain our dividend sustainability over the long-term

An increased dividend would then establish our new stable and sustainable dividend level going forward.

With further increases dependent on delivering further business growth.

The Board has a clear framework for assessing whether organic growth has the potential to support a dividend increase, with two key conditions that trigger an assessment:

Firstly, we must “prove the wedge” and see the cash generated from new business more than offset the run off of our in-force business of circa £800 million per annum.

The second is that our recurring sources of cash exceed our recurring uses.

If the conditions are met, the Board would consider whether it is appropriate to increase the dividend, but will only do so if the Group’s dividend sustainability is maintained over the long term.

Cash | Resilience | Growth

Phoenix has a clear financial framework supporting its strategy

	H1 2021 highlights	2021 targets
Cash	• £872 million of cash generation • Sale of Ark Life for consideration of £197 million (0.91x Solvency II own funds)	• Deliver top-end of £1.5-1.6 billion cash generation target in 2021 • Future cash generation targets and guidance to be updated at FY 2021
Resilience	• Solvency II excess of £5.1 billion with Solvency II ratio of 166% • Fitch leverage ratio of 28% and Fitch credit rating upgraded to AA-	• Maintain Solvency II ratio within 140%-180% target range • Manage Fitch leverage ratio within 25%-30% target range
Growth	• £412 million of incremental new business long-term cash generation delivered	• Deliver incremental new business long-term cash generation as seek to prove ‘the wedge’

PHOENIX GROUP

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To conclude, Phoenix has a clear financial framework, which supports our strategy and delivers cash, resilience and growth.

In the first half, we delivered strong cash generation, our balance sheet remained resilient, and we delivered growth with increased new business.

And I was delighted with the recent credit rating upgrade from Fitch, which is a clear validation of our business model.

Looking forward, we now expect to deliver cash generation for the year at the top end of our £1.5-to-£1.6 billion target range, and will continue operating within our target ranges for both Solvency and Leverage.

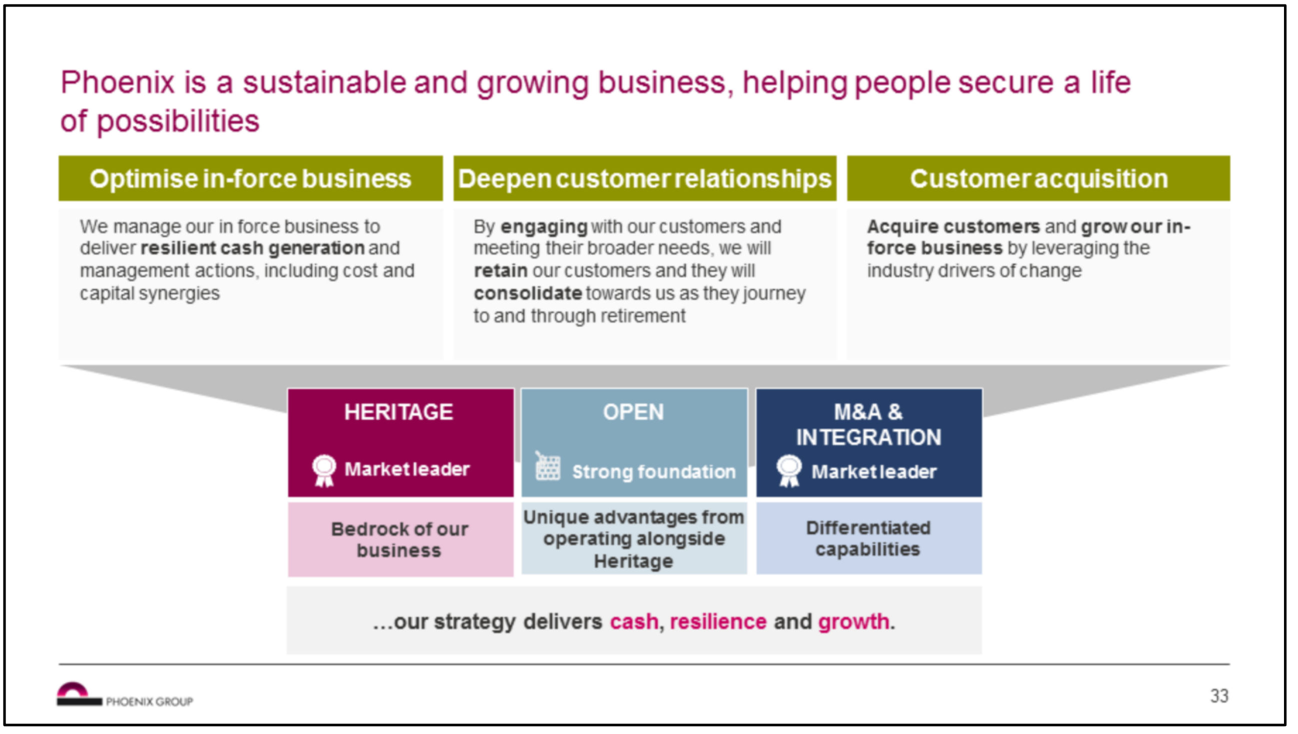
And finally, we will continue executing on our growth strategy, as we look to deliver incremental new business cash generation in order to prove ‘the wedge’, and we will, of course, prioritise value over volume in the BPA market.

I will now hand you back to Andy.

Outlook

Andy Briggs

Group Chief Executive Officer



Thanks Rakesh

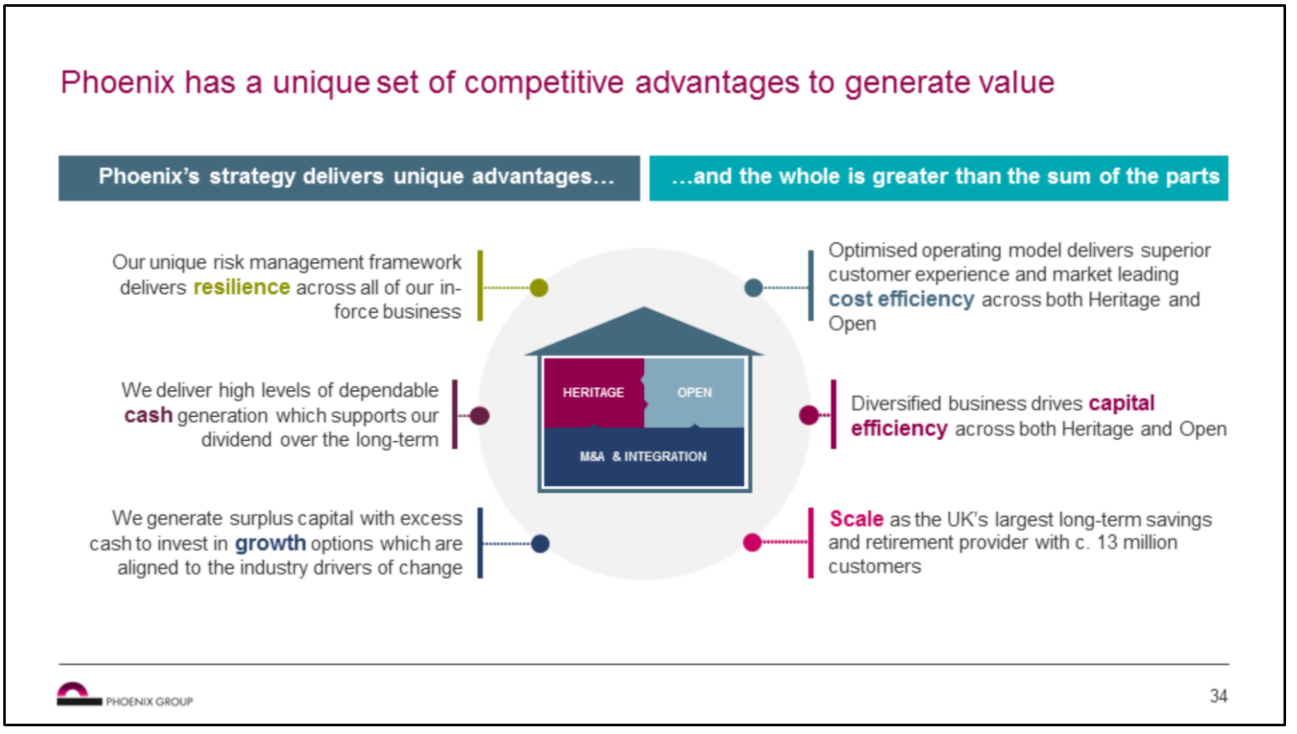
Phoenix has a clear strategy, that is focused on three key priorities, and leverages the industry drivers of change.

Our priorities are:

- To optimise our in-force business, to deliver resilient cash generation;
- To deepen our customer relationships, as we help people consolidate their pensions, and journey to and through retirement;
- And, to acquire new customers, both organically through our workplace and BPA businesses, and inorganically through value-accretive M&A.

Our business model therefore flows from this, where we are the market leaders in both Heritage and M&A, and our Open business has unique advantages to succeed and win too.

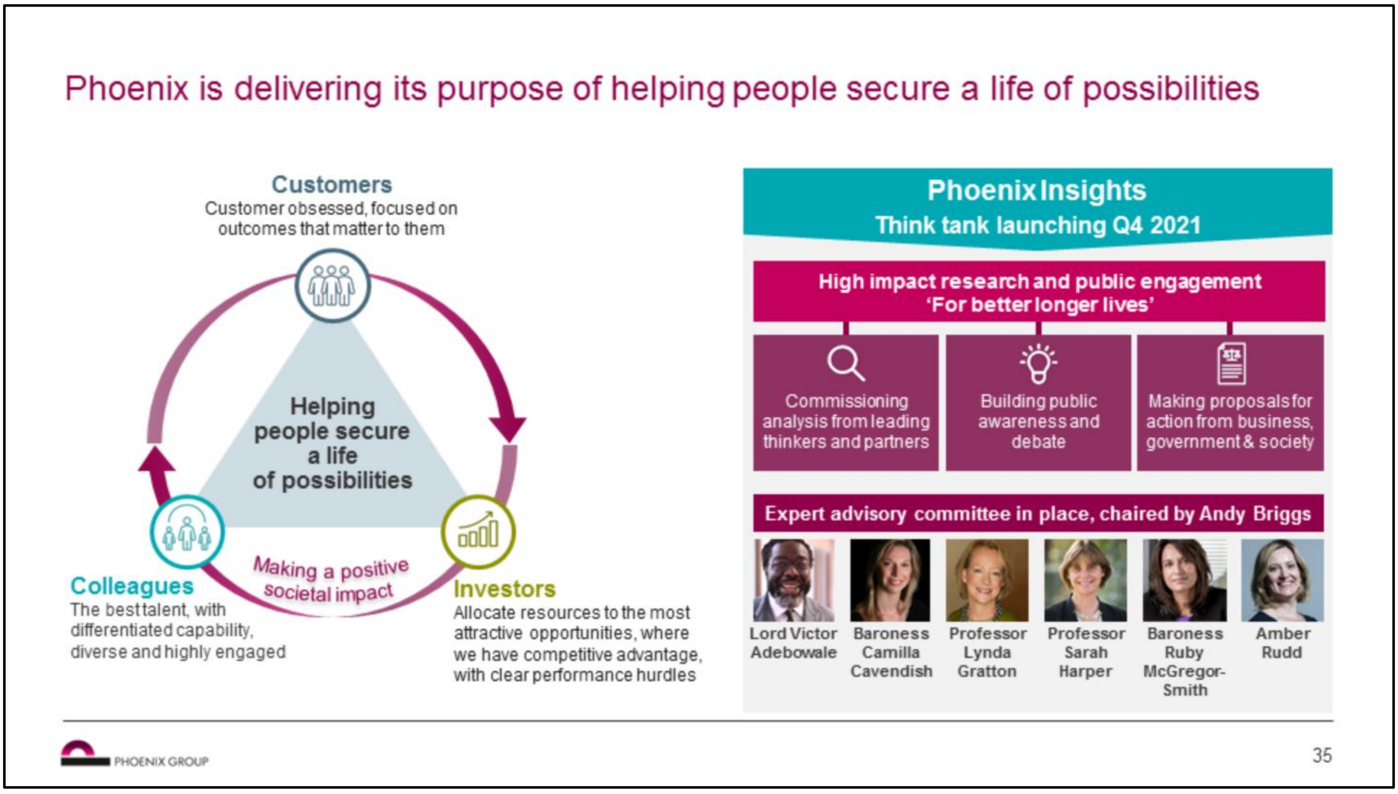
And the successful execution of this strategy will ensure we continue to deliver, against our financial framework, of cash, resilience and growth.



Our business model delivers some unique advantages to Phoenix, by having our Heritage and Open businesses operating alongside one another, with our differentiated M&A and Integration capabilities supporting them.

Those unique advantages include:

- Our approach to risk management, that differentiates us from our peers, delivering resilience to our in-force business
- Which in turn underpins the delivery of high levels of long-term dependable cash generation, that both supports our stable and sustainable dividend for many years, and;
- Generates excess cash, that we can invest in a range of high-return growth opportunities, aligned to the industry drivers of change
- At Phoenix, the whole is therefore greater than the sum of the parts, which enables us to deliver:
- Market-leading cost efficiency across both Heritage and Open;
- Significant ongoing capital diversification, again benefitting both Heritage and Open;
- And an unmatched scale, as the UK's largest long-term savings and retirement business.



At Phoenix, we also recognise that we have a clear role to play in society.
That's why our purpose is, HELPING PEOPLE SECURE A LIFE OF POSSIBILITIES. This means providing the right guidance and products, at the right time, to support the right choices.

As I have said before, I passionately believe that businesses with the best people, focused on their purpose and their role in society, deliver better customer outcomes, and in turn, stronger returns for shareholders.

The virtuous circle you see on this slide.

And in support of that, I am delighted to announce that we are launching a new think tank later this year, called Phoenix Insights.

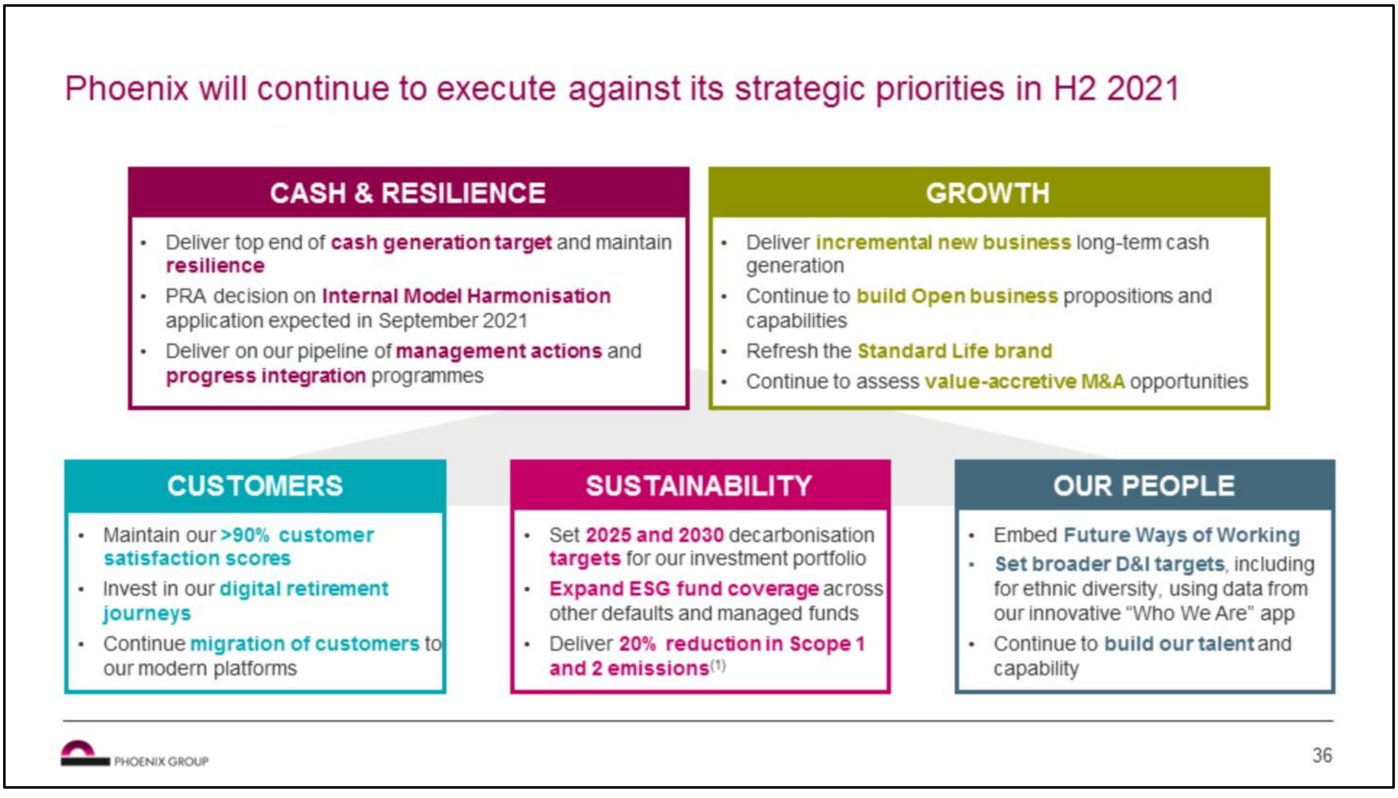
Life expectancy in the UK has risen dramatically over the past century. These longer lives are the gift of advances in public health, living standards, nutrition, and medical science. But we are not yet structuring our society, and our lives, in ways that help us to make the most of that gift.

Phoenix Insights will be dedicated to catalysing the change, and innovation, needed across society, to enable us all to live better, longer lives, and to make that a national conversation.

I am therefore honoured to be chairing an expert advisory committee, that brings together some of the most distinguished experts in this field.

And I am confident that Phoenix Insights is going to deliver some truly impactful research, inform the public debate, and, of course, enable Phoenix to develop the propositions that will help our customers to enjoy their better, longer lives.

Our purpose in action – helping people secure a life of possibilities.



So, let me conclude with our priorities for the second half of 2021

We will continue to deliver dependable cash, and resilience, through the disciplined management of our balance sheet, and by executing on our pipeline of management actions and integration programmes.

We will also deliver on our growth ambitions, by investing in our Open business, and the Standard Life brand.

And we will continue to actively assess value-accretive M&A opportunities. As we have outlined previously, M&A is a core part of our strategy, we see a huge market opportunity over time, and we have the bandwidth, at a Group level, and the financial firepower to do M&A today. But we will remain disciplined in our approach and given the substantial value still to be delivered from our current management actions pipeline, we have plenty to keep us busy.

As a purpose-led organisation, everything we do is underpinned by:

- Ensuring we deliver better outcomes, and improved propositions, for our customers
- Delivering on our sustainability commitments, and setting ambitious near-term targets, towards decarbonising our investment portfolio;
- And continuing to invest in our people and culture.
- And with that, we will move to questions.

Q&A

Investor Relations activity and contacts

19 August	Ex-dividend date for 2021 interim dividend
20 August	Record date for 2021 interim dividend
September Various	Half Year 2021 results investor roadshow
3 September	Payment date for 2021 interim dividend
13 September	Barclays Global Financial Services Conference
21 September	Bank of America 26th Annual Financials CEO Conference
17 November	Investec Best Ideas Conference

Note: conference dates are provisional and subject to change

Investor Relations contacts

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Appendices

Appendix I: Leverage ratios

Fitch leverage ratio(1)

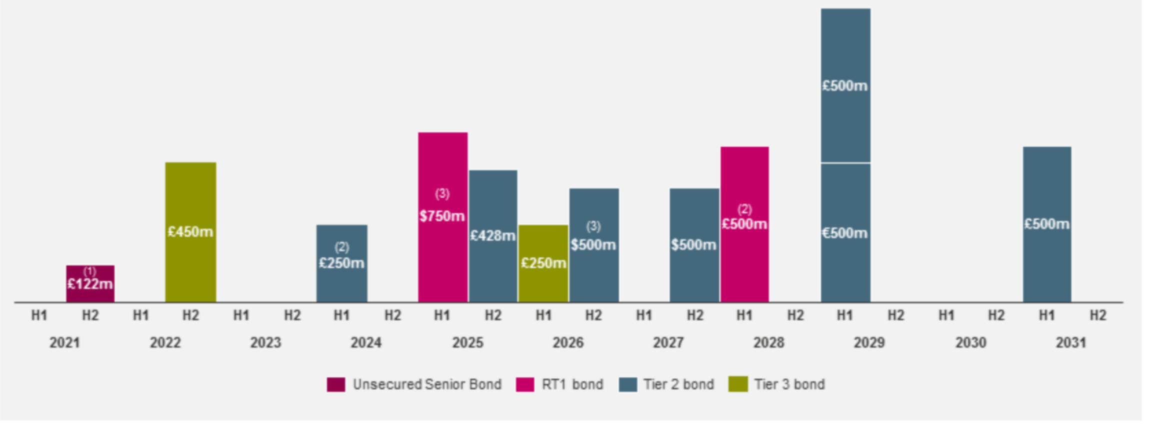
HY21 leverage ratios

Fitch basis(1)	28%(4)
IFRS basis(2)	44%
SII leverage(3)	31%

- IFRS leverage ratio classifies RT1 as debt
- We estimate a funding capacity for inorganic growth as at HY21 of c. £1.4 billion

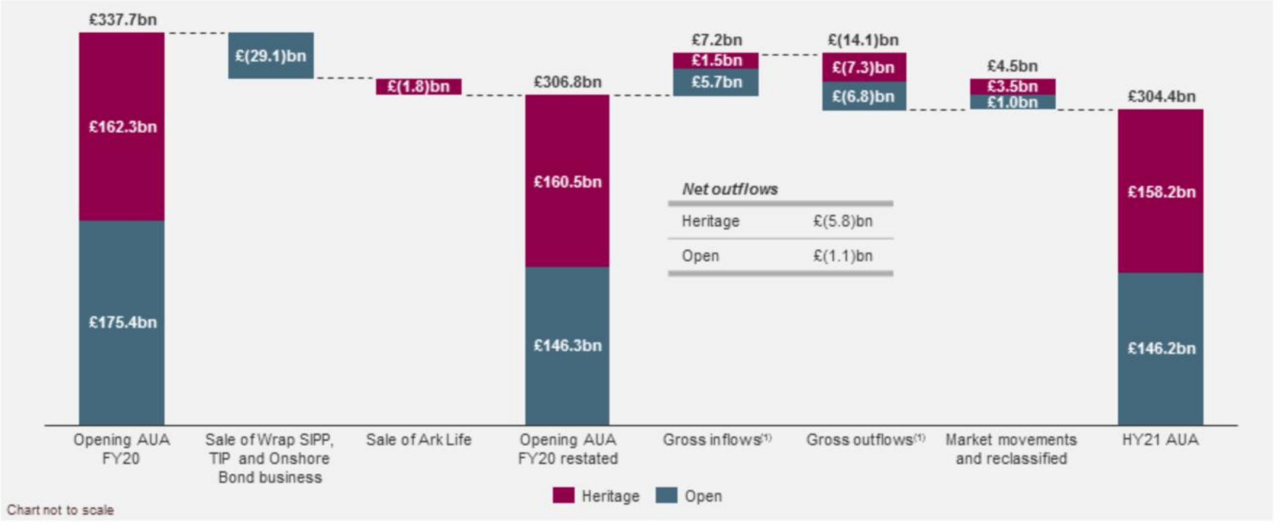
(1) The Fitch leverage calculation = debt (senior debt + RCF + T2 bonds + T3 bonds) / debt + equity (Shareholder equity + Unallocated surplus + RT1)
(2) IFRS leverage calculation = debt (all debt including RT1) / debt + equity (Shareholder equity only)
(3) SII leverage calculation = debt (all debt including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

Appendix II: Outline of debt maturity profile as at 30 June 2021



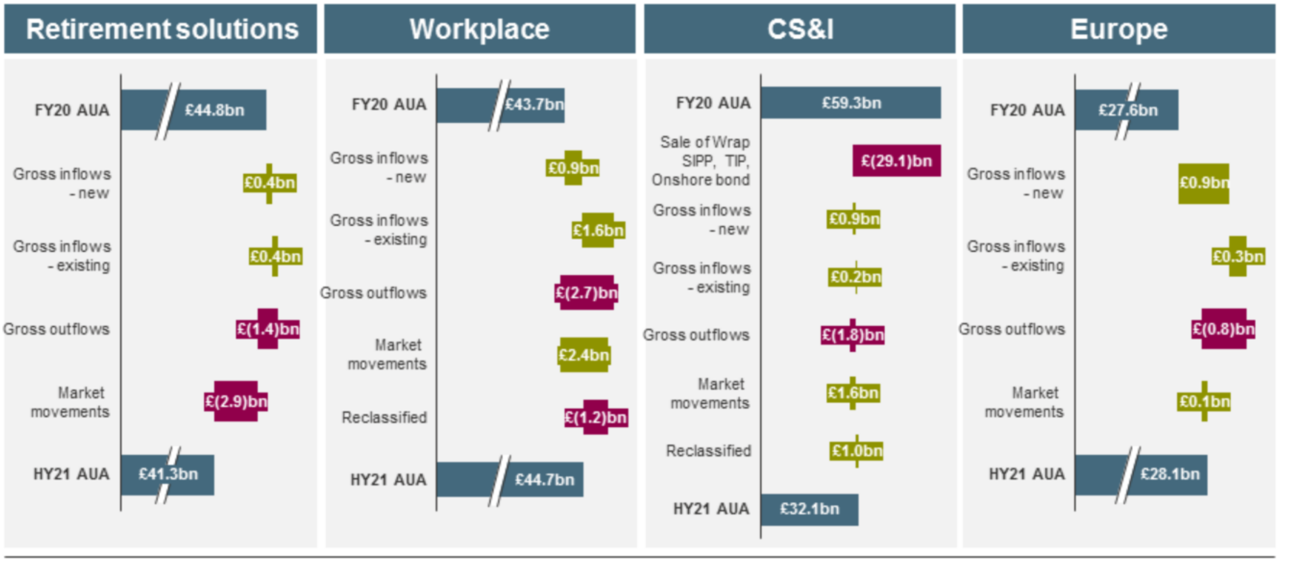
(1) The Unsecured Senior bond was repaid in full on its maturity date 7 July 2021. This bond was subsequently delisted on 12 July 2021
(2) First call date
(3) First reset date

Appendix III: Movement in assets under administration

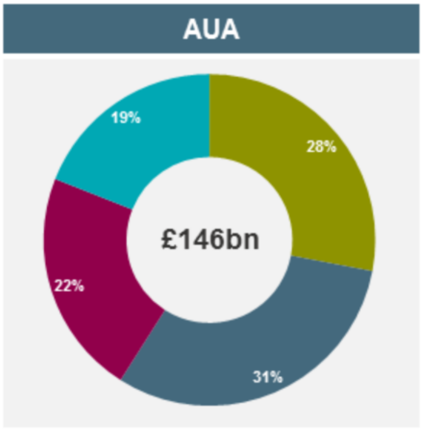


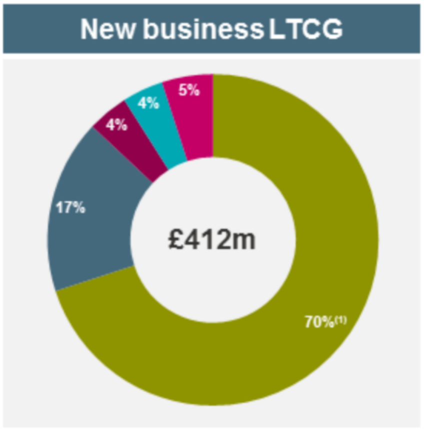
1) HY 2021 SunLife gross inflows of £0.1 billion offset by gross outflows of £0.1 billion

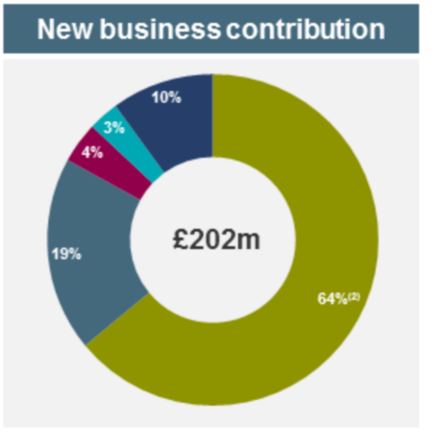
Appendix IV: Open business segments movement in assets under administration



Appendix V: Breakdown of Open business segments as at 30 June 2021



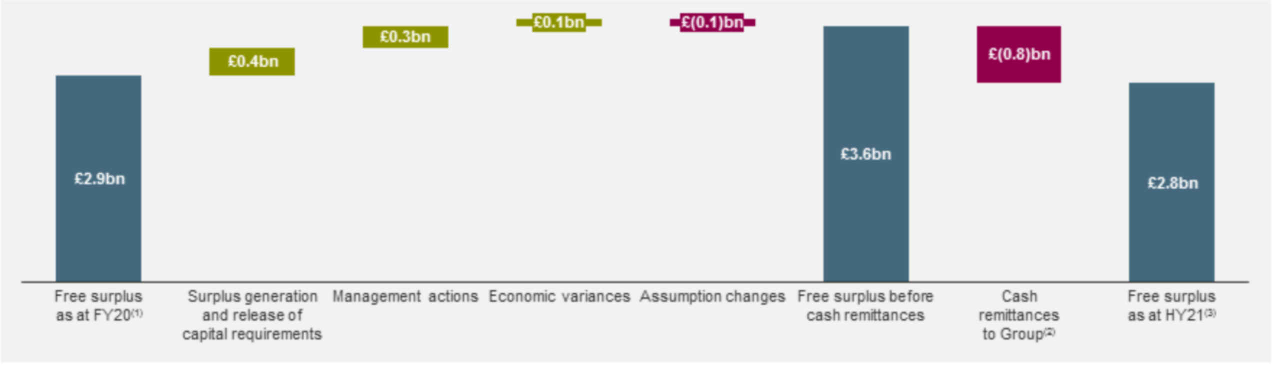




1) H1 2021 incremental new business long-term cash generation adjusted to include £206 million completed in July through an additional c. £1 billion buy-in tranche of the Pearl Pension Scheme
2) H1 2021 new business contribution adjusted to include £93 million completed in July through an additional c. £1 billion buy-in tranche of the Pearl Pension Scheme

Appendix VI: Change in Life Company Free Surplus

Change in Life Company Free Surplus in H1 2021



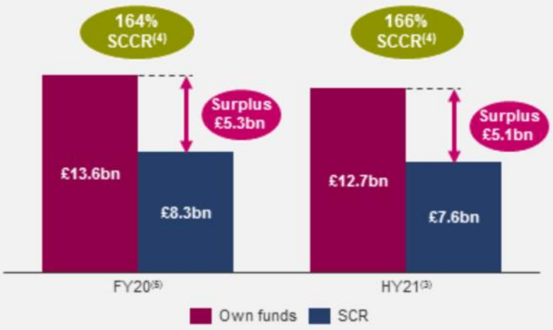
(1) 31 December 2020 Life Company Free Surplus is an estimated position and reflects a dynamic recalculation of transitionals for the Group's Life companies. Had the dynamic recalculation not been assumed, the Life Company Free Surplus would decrease by £0.1 billion

(2) Cash remitted excludes tax relief payments to Group

(3) 30 June 2021 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 £0.2 billion

Appendix VII: PGH Shareholder Capital Position and proxy to shareholder value

PGH Shareholder Capital Position



- £241 million 2021 interim dividend deducted from HY21 own funds
- £2.8 billion of surplus in unsupported with-profit funds and staff pension schemes is unrecognised

Proxy to shareholder value

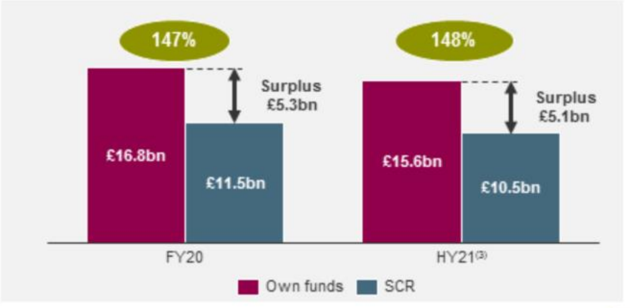
	£bn
Shareholder own funds	**12.7**
Less: Tier 2 and Tier 3 debt[27]	(3.5)
Less: Restricted Tier 1 debt[27]	(1.0)
Unrestricted Tier 1	**8.2**
Add: contract boundaries	0.1
Add: Shareholders share of with-profit estate	0.3
Proxy to shareholder value	**8.6**

Shareholder value per share: £8.61

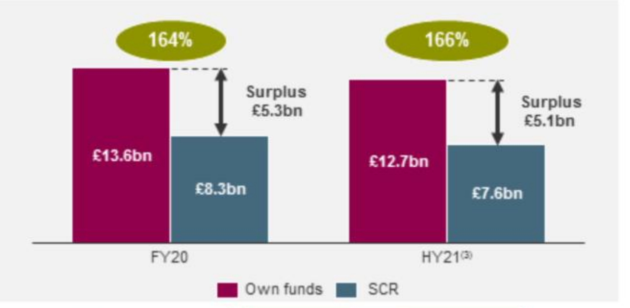
See Appendix XVI for footnotes

Appendix VIII: PGH Solvency II surplus and coverage ratios

PGH Solvency II coverage ratio



PGH Shareholder Capital Coverage Ratio(4)

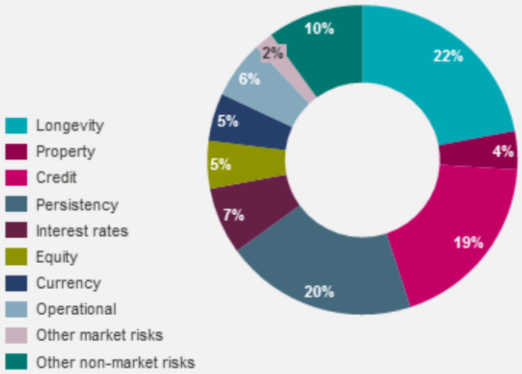


£bn	HY21	FY20
PGH Solvency II own funds	15.6	16.8
Less: Unsupported with-profit funds	(2.5)	(2.9)
Less: PGL and Pearl Pension Schemes	(0.4)	(0.3)
PGH Shareholder own funds	12.7	13.6

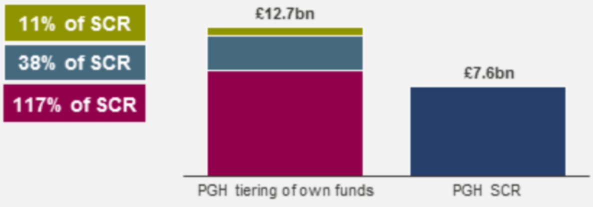
See Appendix XVI for footnotes

Appendix IX: Estimated shareholder SCR by risk type and PGH own funds tiering

Estimated HY21 SCR by risk type[1]



HY21 PGH own funds by capital tier[2]



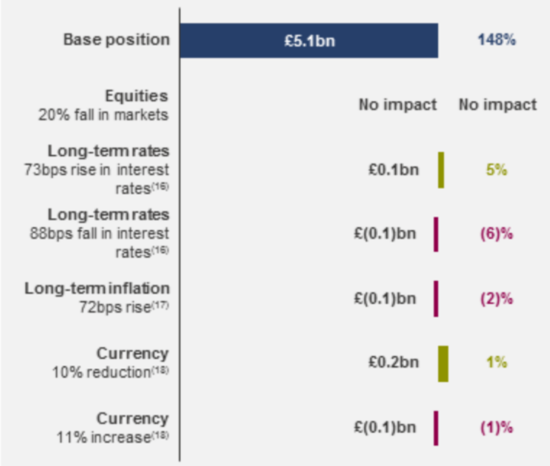
Share of SII own funds by capital tier

Own funds	£bn	%
Tier 1[3]	9.0	71
Tier 2	2.9	23
Tier 3	0.8	6
Total	**12.7**	**100**

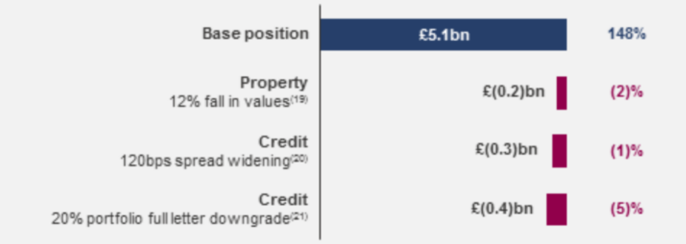
(1) Split of SCR pre diversification benefits and on a Shareholder Capital basis
(2) The Solvency II capital position is an estimated position and reflects a dynamic recalculation of transitionals as at 30 June 2021
(3) Tier 1 includes £1.1 billion of Restricted Tier 1 capital at fair value

Appendix X: PGH Solvency II Regulatory Capital Coverage Ratio sensitivities

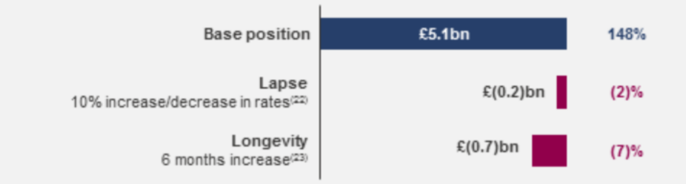
Unrewarded market risks[15]



Rewarded market risks[15]



Demographic risks[15]

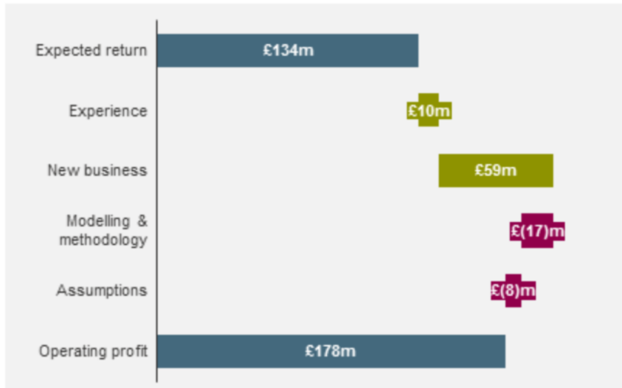


See Appendix XVI for footnotes

Appendix XI: H1 2021 operating profit drivers

Heritage

Open



Operating earnings per share:[(1)] **31.9p**

(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

Appendix XII: Diversification of illiquid asset portfolio

Infrastructure
£1.6 billion with BBB average rating

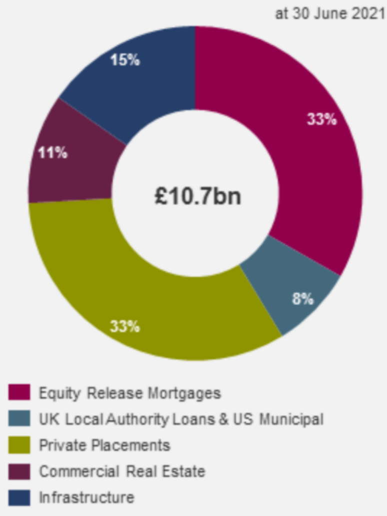
- Secured on cash flows from long-term contracts with highly rated counterparties
- 40% of portfolio backed by UK Government (directly or indirectly)

Commercial Real Estate
£1.1 billion with BBB+ average rating

- Structured with robust covenant protection, a combination of loan-to-value and interest coverage ratio
- c. 90% of portfolio LTV ≤90%

Private Placements
£3.5 billion with A average rating

- Diversified portfolio with c. 50% of exposure secured on variety of assets
- Loans across 93 different counterparties with average size of £39 million



Equity Release Mortgages
£3.6 billion with AA average rating

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

UK Local Authority Loans & US Municipal
£0.9 billion with A+ average rating

- Unsecured but with implicit support of UK Government
- Loans across 27 different counterparties with average exposure of £29 million

Appendix XIII: Credit quality by sector for shareholder debt portfolio

Average credit rating by sector (HY21 vs FY20)						
Sector	**HY21 £**	**HY21 %**	**AA**	**A**	**BBB**	**Δ vs FY20**
Industrials	£1.3bn	4%			● ●	↔
Consumer, cyclical	£1.1bn	3%		● ●		↔
Tech and Telecoms	£1.7bn	5%		● ●		↔
Consumer, non-cyclical	£2.2bn	7%		● ●		↔
Banks	£5.4bn	16%		● ●		↔
Financial Services	£0.9bn	3%		● ●		↔
Utilities	£3.2bn	10%		●	●	↓
Gilts /Sovereign/Supra/Sub-sov	£9.8bn	30%	● ●			↔
Real Estate	£3.4bn	10%		● ●		↔
Insurance	£1.1bn	3%		● ●		↔
Oil and gas	£0.6bn	2%		● ●		↔
Infrastructure	£1.6bn	5%			● ●	↔
Other	£0.6bn	2%		● ●		↔
Total	**£32.9bn**	**100%**				

Key: HY21 ● FY20 ●

Appendix XIV: Integration synergies

	Standard Life				ReAssure			
	In year	Cumulative	Target	% of target	In year	Cumulative	Target	% of target
Capital synergies (net of costs)	£45m	£765m	£720m	106%	£23m	£502m	£600m	84%
Cost synergies[28] (per annum)	£4m	£44m	£75m	58%	£2m	£24m	£50m	48%
One off cost synergies	£0m	£38m	£30m	127%	N/A	N/A	N/A	N/A
Integration costs[29] (net of tax)	£11m	£58m	£150m	39%	£9m	£12m	£50m	24%
Total value[30]	**£65m**	**£1,107m**	**£1,220m**	**91%**	**£34m**	**£730m**	**£1,050m**	**70%**

See Appendix XVI for footnotes

Appendix XV: Sustainability performance ratings

MSCI ESG RATINGS

Upgraded to 'A' from 'BBB' in August 2020 (Scale AAA to CCC)

SUSTAINALYTICS

Ranked 38th out of 275 in the insurance industry in April 2021, with a risk rating of 20.0

Tortoise

Ranked 22nd in the *Responsibility 100 Index*, now leading the life sector

FTSE4Good

A proud member of the *FTSE4Good Index Series* since July 2019

Dow Jones Sustainability Indices In collaboration with SAM

Total score increased to 45 in November 2020, above an industry average of 39

Appendix XVI: Footnotes

1) Scope 1 and Scope 2 greenhouse gas emissions from occupied premises per full-time employee intensity
2) Includes known hires where offers accepted
3) The 30 June 2021 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 interim 2021 shareholder dividend of £241 million. Had the dynamic recalculation not been assumed, the Solvency II surplus and the Shareholder Capital Coverage Ratio would decrease by £0.2 billion and 2% respectively
4) The Shareholder Capital Coverage Ratio excludes Solvency II own funds and Solvency Capital Requirements of unsupported with-profit funds and unsupported pension schemes
5) 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 shareholder dividend. Had the dynamic recalculation not been assumed, the Solvency II surplus and the Shareholder Capital Coverage Ratio would decrease by £0.1 billion and 1% respectively
6) £358 million incremental new business long-term cash generation in H1 2020 includes £12 million 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 following the announced sale in February 2021
7) H1 2021 incremental new business long-term cash generation adjusted to include £206 million completed in July through an additional c. £1 billion buy-in tranche of the Pearl Pension Scheme
8) £172 million new business contribution in H1 2020 has been restated to include £102 million from Retirement Solutions. It also includes £5 million for Wrap SIPP, Onshore Bond and TIP products, which are not included in 2021 due to the economic interest having been transferred to abrdn plc effective 01 January 2021 following the announced sale in February 2021
9) H1 2021 new business contribution adjusted to include £93 million completed in July through an additional c. £1 billion buy-in tranche of the Pearl Pension Scheme
10) £338 billion AUA at 31 December 2020 includes £29 billon for Wrap SIPP, Onshore Bond and TIP products and £2 billion for Ark Life now agreed to be sold to abrdn plc and Irish Life respectively during H1 2021
11) £1.1 billion of operating costs and interest includes: Group operating costs of c. £200 million, £33 million in relation to the Abbey Life Pension Scheme, integration costs of c. £200 million, and all interest costs on the Group's listed debt totalling c. £700 million
12) £1.5 billion dividend cost based on dividend of 48.2 pence per share and annual cost of £481 million
13) Includes all interest costs on all outstanding Group shareholder debt

Appendix XVI: Footnotes

14) Includes £(0.1) billion temporary capital strain on Group currency hedges, which is expected to unwind on implementation of the Group's harmonised Internal Model
15) Assumes stress occurs 1 July 2021
16) 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
17) Stress reflects a structural change in long-term inflation with an increase of 72bps across the curve
18) A 10% weakening/11% strengthening of GBP exchange rates against other currencies
19) Property stress represents an overall average fall in property values of 12%
20) Credit stress varies by rating and term and is equivalent to an average 120bps spread widening (full range of spread widening is 49bps to 204bps). It assumes the impact of a dynamic recalculation of transitionals (subject to PRA approval) and makes no allowance for the cost of defaults/downgrades
21) 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
22) Assumes most onerous impact of a 10% increase/decrease in lapse rates across different product groups
23) Applied to the annuity portfolio
24) All sensitivities as of 31 December 2020, sourced from company disclosure
25) c. 7% market share is calculated as £0.4 billion of Phoenix external BPA premiums in H1 2021 as a percentage of an estimated c. £6 billion of BPA market flows
26) Heritage and Open restated to move £163 million of Retirement Solutions operating profit from Heritage to Open. Europe now reflected within Open
27) Shareholder debt included at principal value in 'proxy to shareholder value' calculation
28) 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
29) Integration costs incurred to date excludes amounts provided for and reflects actual costs incurred to date
30) 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

Disclaimer and other information

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 and expectations relating to future financial conditions, 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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