Phoenix

Full year 2021 results

Phoenix Group Holdings plc

14 March 2022

2021 review

Andy Briggs
Group Chief Executive Officer

Phoenix

Introducing our new brand

Phoenix

We are embracing our role in society

Customers
Customer obsessed, focused on the outcomes that matter to our c.13m customers

Colleagues
The best talent, with differentiated capability, diverse and highly engaged

Wider society
We are focused on delivering better outcomes for all of our stakeholders, with sustainability considerations fully embedded into all of our business activities

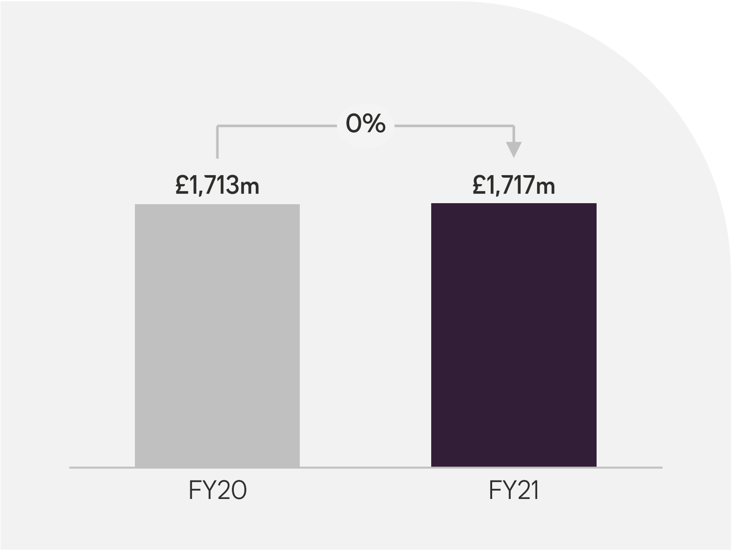
Investors
Allocate resources to the most attractive opportunities, where we have competitive strengths, with clear performance hurdles

Record cash, resilience and growth delivered in 2021

Cash

£1,717 million

Cash generation



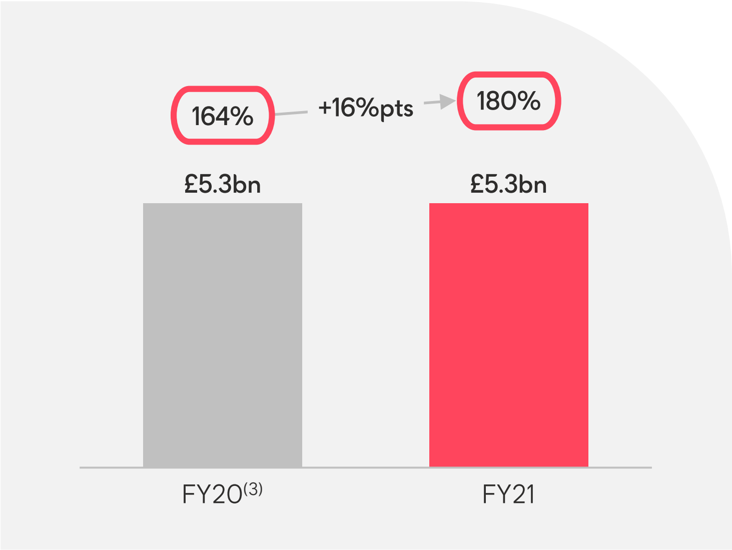
Resilience

£5.3 billion

PGH Solvency II surplus[1]

180%

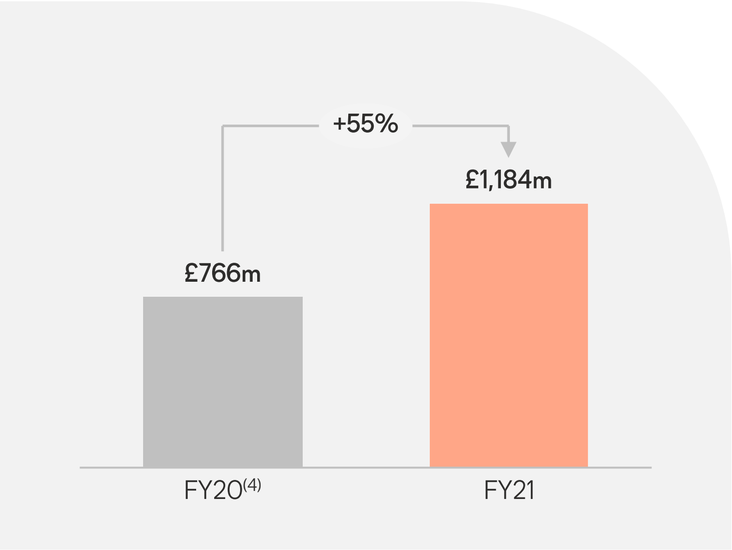
PGH Shareholder Capital Coverage Ratio[1,2]



Growth

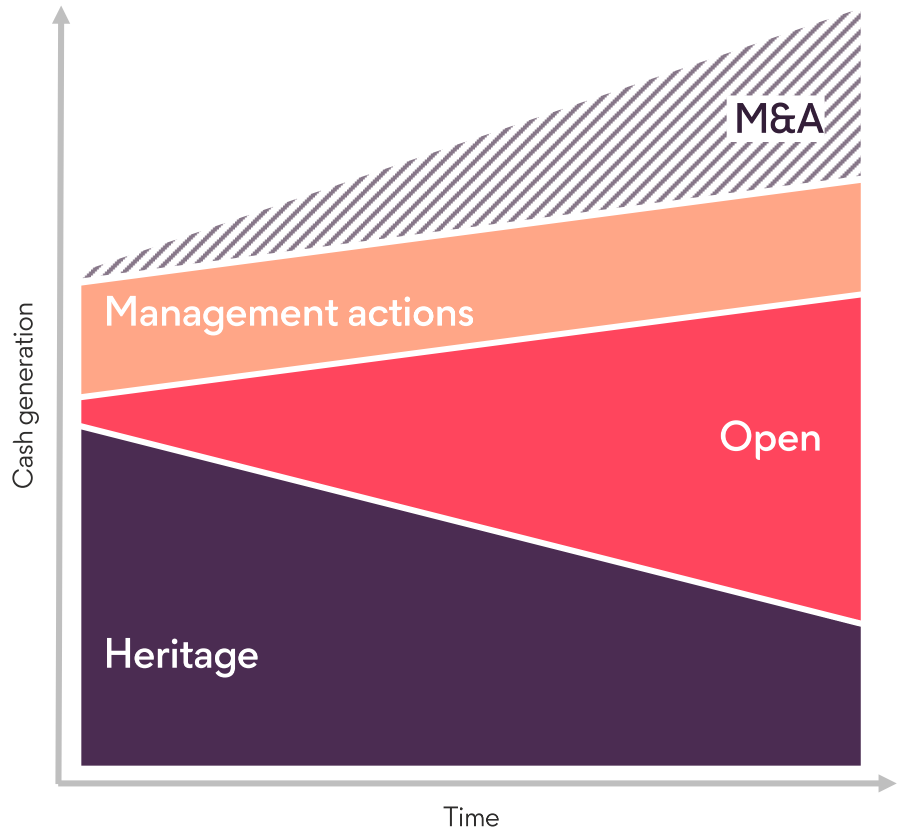
£1,184 million

Incremental new business long-term cash generation



See Appendix 18 for footnotes

We have proven 'the wedge' in 2021…



Proving 'the wedge' is a pivotal moment for Phoenix Group

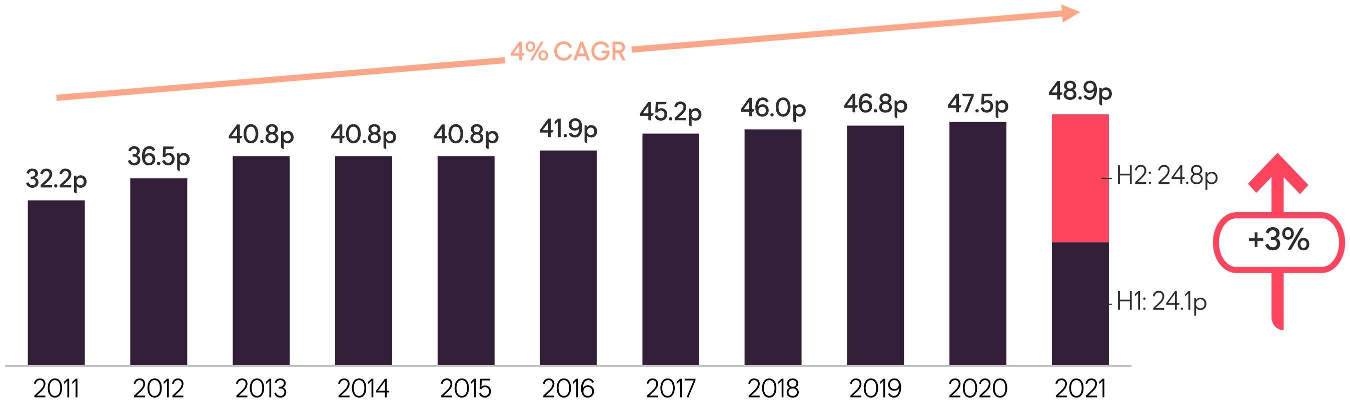
- c.£1.2bn of new business long-term cash generation from our Open business has more than offset the Heritage run-off (currently c.£800m)
- We are investing in our Open business and are confident of ongoing organic growth more than offsetting the Heritage run-off
- Further cash will be generated through our unique expertise in delivering management actions and our market-leading capabilities in executing M&A
- Phoenix is now a growing, sustainable business

…and are delighted to announce our first ever organic dividend increase of 3%

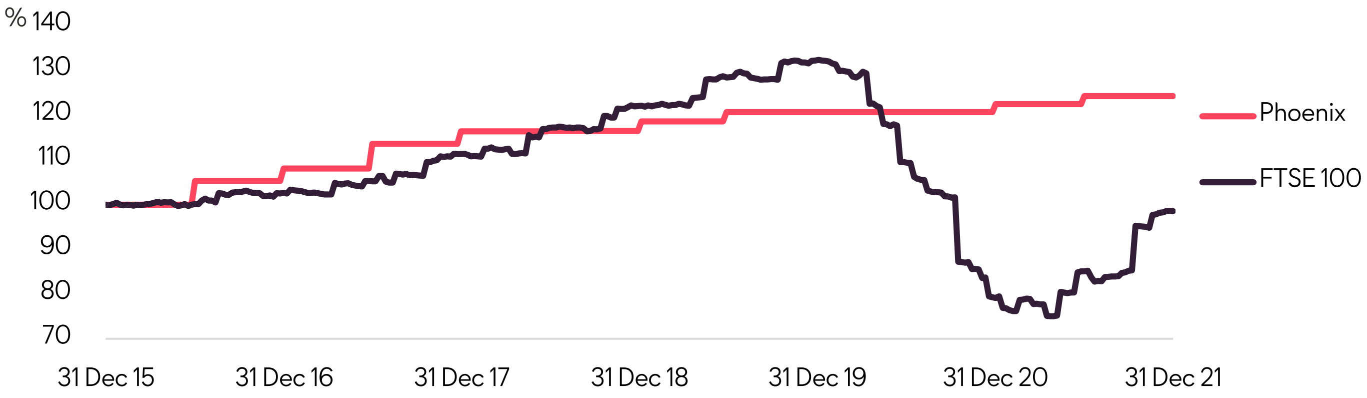
Our increased dividend is sustainable and funded by organic growth

- Phoenix Group met its two conditions for organic dividend growth, with a strong outperformance in the year
- The Board has therefore recommended an organic dividend increase of 3%
- The Group's new baseline increased dividend level remains just as sustainable over the long term
- We have two sources of potential future dividend increases; organic business growth and inorganic M&A execution

Continuing our strong dividend track record(5)



Phoenix v FTSE 100 historic dividend growth

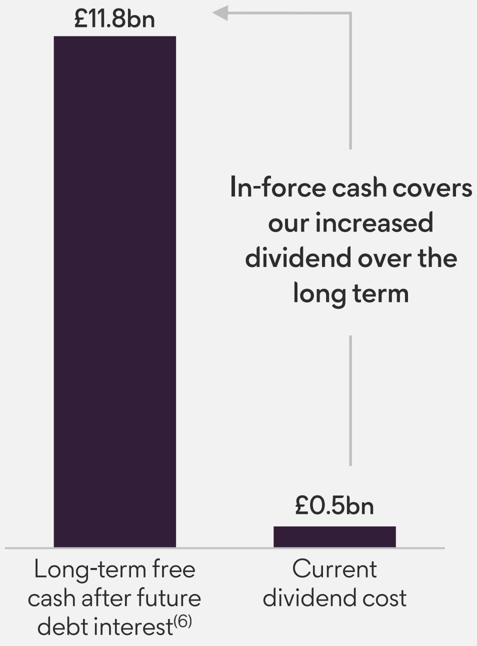


See Appendix 18 for footnotes

Sustainability and resilience of our dividend differentiates us from peers

Cash

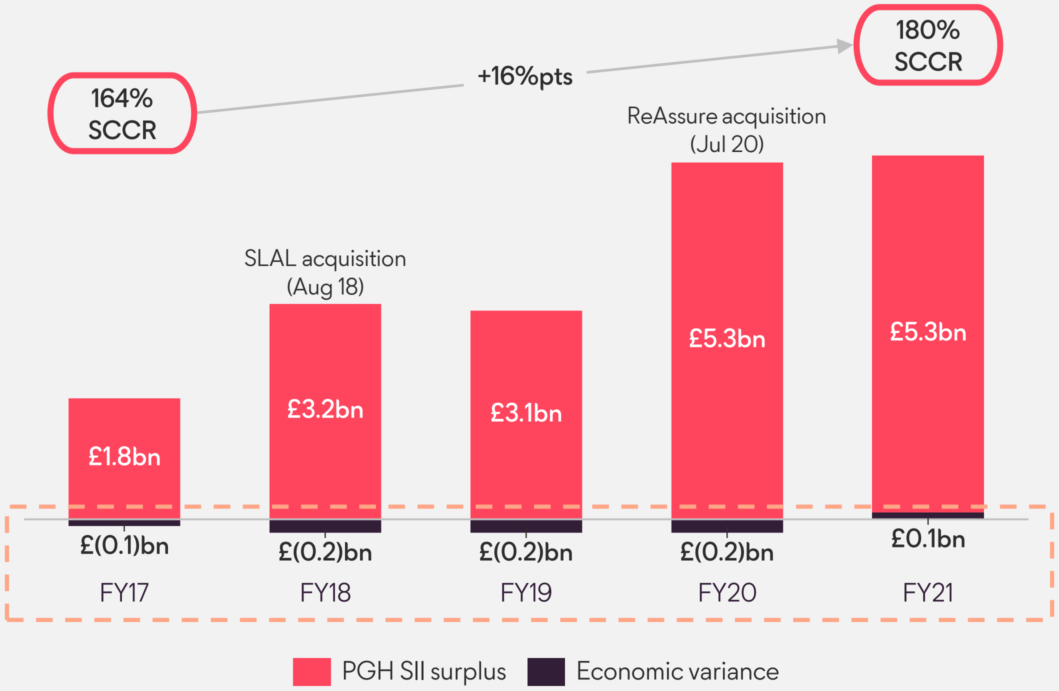
Dependable dividend



+

Resilience

Our hedging approach delivers unique resilience regardless of market volatility



+

Growth

Cash now growing both organically and inorganically

+£3.0bn

Organic incremental long-term cash generation from our Open business since 2018

+£12.5bn

Inorganic long-term cash generation added through the Standard Life and ReAssure acquisitions

See Appendix 18 for footnotes

Our strategic priorities support us in delivering on our purpose and strategy

1. **Optimise** our in-force business

2. **Enhance** our operating model and culture

3. **Grow** our business to support both new and existing customers

4. **Innovate** to provide our customers with better financial futures

5. **Invest** in a sustainable future

Optimising our in-force business

Optimise

Enhancing our capital efficiency

£1.5bn management actions delivered
including the UK's first internal model harmonisation of two legacy models, delivering capital benefits of c.£550m

Investment in Asset Management

£3.0bn of illiquid assets originated
at an illiquidity premium of c.70bps in 2021, demonstrating the capability of our growing Asset Management function

Market leader in managing in-force business

Value accretive portfolio optimisation

Disposed of Ark Life for £198m
to accelerate the cash release from this business and redeploy the capital into higher return growth opportunities

Proactive risk management

+£0.1bn economic variance
as our unique dynamic hedging approach continues to protect the balance sheet and deliver dependable cash generation

Delivers cash and resilience which underpins our sustainable dividend

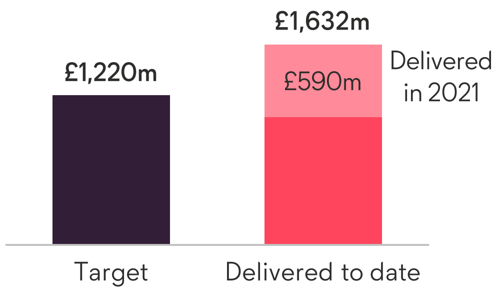
Enhancing our operating model and culture

Enhance

Unique integration capability creates significant value

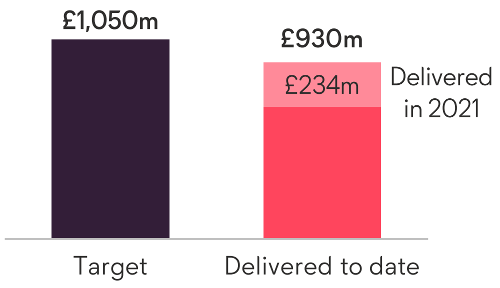
Standard Life synergies

134% of target delivered to date



ReAssure synergies

89% of target delivered in 18 months



Experts in delivering multiple integrations concurrently

In-house ALPHA platform

- Migrated c.170,000 Old Mutual Wealth customers in 2021

Outsourced TCS /Diligenta platform

- Moving Phoenix customers from Capita to Diligenta with **c.1.1m (60%)** moved to date

Aspiring to be the best place our colleagues have ever worked

- Supplemented our strong internal talent with market-leading external hires
- Female representation in Top 100 leadership positions increased to 31[(7)] as we improve our gender equality (FY20: 21 females)
- Colleague engagement has further improved during 2021 with an average colleague engagement score of 7.5 out of 10 (FY20: 7.3 out of 10)

See Appendix 18 for footnotes

Growing our business to support both new and existing customers

Grow

Standard Life
Part of Phoenix Group

Retirement Solutions (BPA, ERM and individual annuities)	Asset-based businesses (Workplace, CS&I, Europe and SunLife)
Building a strong BPA and ERM proposition through our investment into people, processes and technology	Investment into our Workplace proposition is now reigniting our reputation with EBCs and advisers
Delivering growth with £5.6bn of BPA premiums written; capital strain reduced from 9% to 6.5% in 2021	2021 is the first year we have seen meaningful growth in Workplace client numbers with 41 new scheme wins

Investing for Growth

Ongoing investment is delivering continued high levels of customer satisfaction

92%

Combined Group customer satisfaction – telephony

Target: 90%

95%

Customer satisfaction Standard Life - digital journeys

Target: 92%

Innovating to provide our customers with better financial futures

Innovate

Empowering better financial decision making

- ✓ 16% increase in customer logins across Standard Life platforms
- ✓ Launched three key initiatives to improve financial understanding and engagement

Enhancing our fund and product offering

- ✓ Developed a roadmap to transition 1.5m customers and over £15bn of assets into a sustainable default in 2022
- ✓ Launched a range of Lifetime Mortgage products under Standard Life Home Finance

Advocating for change

- ✓ Menopause and Employment report produced and taskforce set up
- ✓ Partnered with International Longevity Centre to understand problems and possible policy solutions needed to support Generation X retirement poverty

Creating a national conversation

- ✓ Launch of Phoenix Insights - a new think tank set up to inform, debate and catalyse actions across society through public engagement and high-impact research

Phoenix Insights

"For better longer lives"

Focussing on the interconnected issues that enable a healthy and fulfilling longer life:

- Financial security
- Work
- Learning and skills
- Health and care
- Homes and communities

Ensuring the ideas and solutions we advocate for also contribute to a sustainable future.

Investing in a sustainable future

Invest

Integrating sustainability considerations into our investment decision making process	• Integrate ESG factors into our investment decision making process • Supported by best-in-class data analytics and capabilities	**2021 success:** Open letter sent to our asset management partners
Investing responsibly	Three key actions: • Design net zero aligned portfolios • Implement active stewardship and engagement • Increase our investment in sustainable assets	**2021 success:** Invested c.£1.3bn into sustainable assets
Decarbonising our investment portfolio	**By 2025:** 25% reduction in carbon emission intensity of c.£160bn of our investments[8] **By 2030:** ≥50% reduction in carbon emission intensity of c.£250bn of our investments[9] **By 2050:** Net zero carbon across our entire investment portfolio	**2021 success:** Baselined our emissions and set carbon reduction pathways
Reducing our environmental impact	• Committed to being net zero carbon across our own operations by 2025 • Committed to halving emissions from our supply chain by 2030	**2021 success:** 34% reduction in Scope 1 and 2 emission intensity from occupied premises per FTE[10]

High-impact sustainable asset investments

c.£1.3bn

£542m Affordable housing	**£220m** Positive environmental impact
£364m Healthcare & education	**£168m** Other sustainable investments

See Appendix 18 for footnotes

Phoenix is a growing, sustainable business

Key takeaways

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

2021 financial results

Rakesh Thakrar
Group Chief Financial Officer

We have delivered a strong financial performance in 2021

Cash Resilience Growth

Key financial metrics:

		FY20	FY21	YOY change
Cash	Cash generation	£1,713m	£1,717m	+0%
Solvency II Capital	PGH Solvency II Surplus[1,3]	£5.3bn	£5.3bn	-
	PGH Shareholder Capital Coverage Ratio ('SCCR') [1,2,3]	164%	180%	+16%pts
New Business	Incremental new business long-term cash generation	£766m[4]	£1,184m	+55%
Dividends	Total dividend per share	47.5p	48.9p	+3%
	of which: Final dividend per share	24.1p	24.8p	+3%

Other financial metrics:

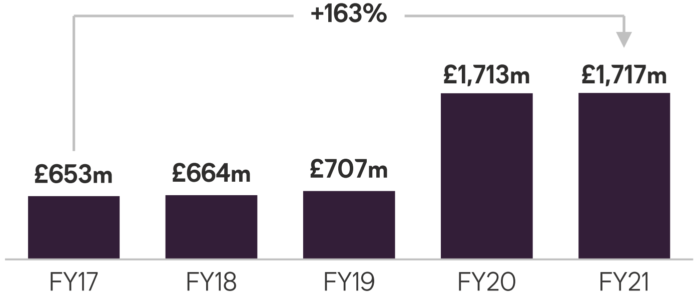
		FY20	FY21	YOY change
Assets	Assets under administration	£307bn[11]	£310bn	+1%
Leverage	Fitch leverage ratio	28%	28%	-
IFRS	Operating profit before tax	£1,199m	£1,230m	+3%

See Appendix 18 for footnotes

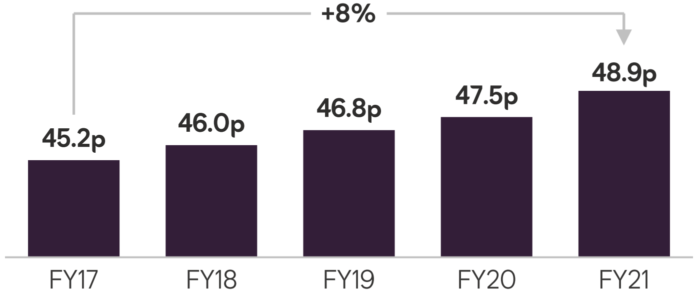
Strong 2021 results reinforce our consistent track record of cash, resilience and growth

Cash

Cash generation

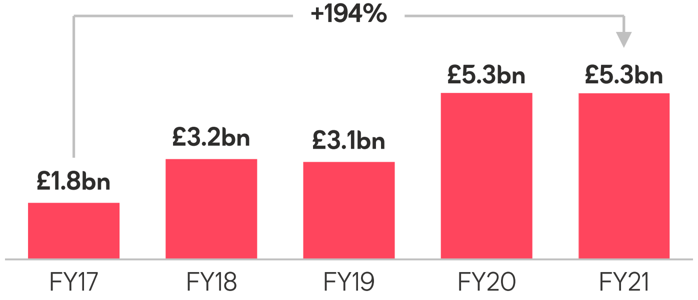


Total dividend per share

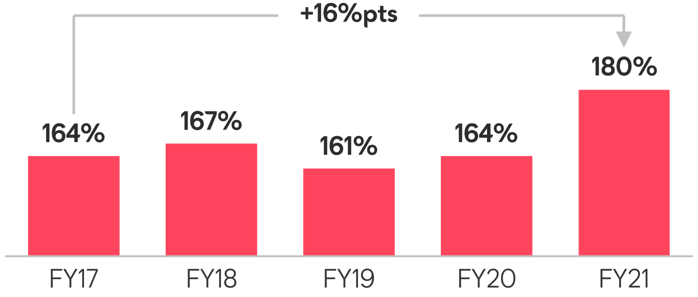


Resilience

PGH Solvency II Surplus[1,3]

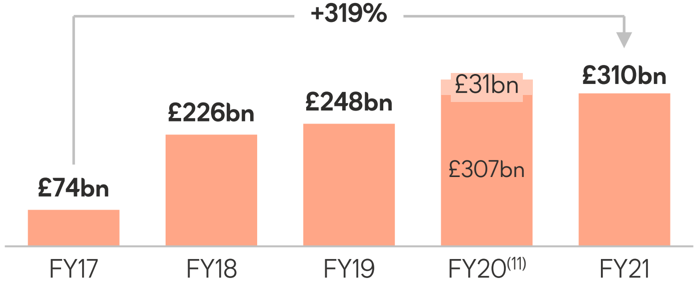


PGH Shareholder Capital Coverage Ratio[1,2,3]

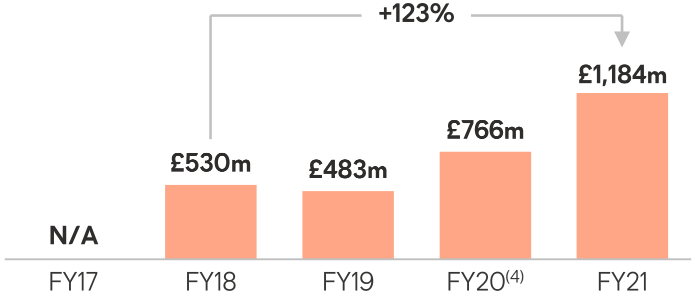


Growth

Assets under administration



Incremental new business LTCG

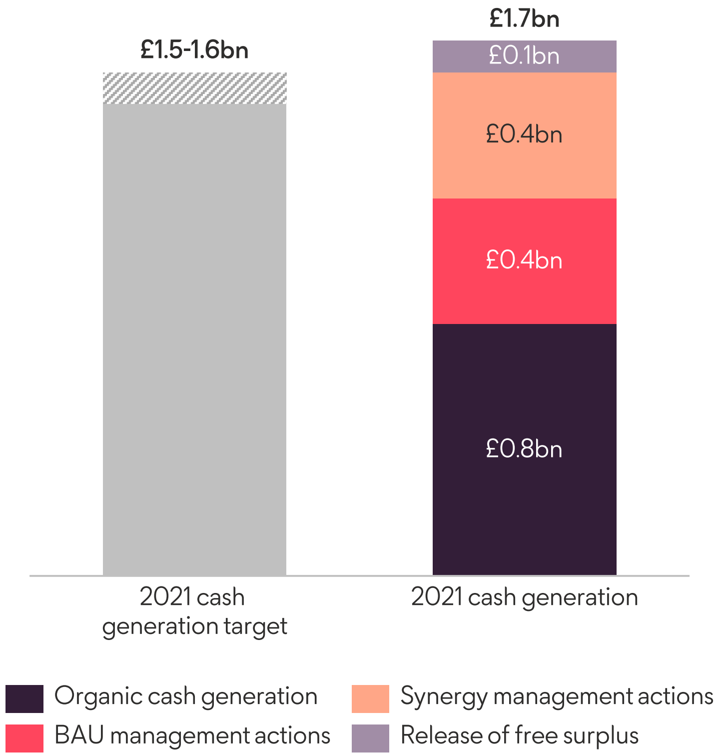


See Appendix 18 for footnotes

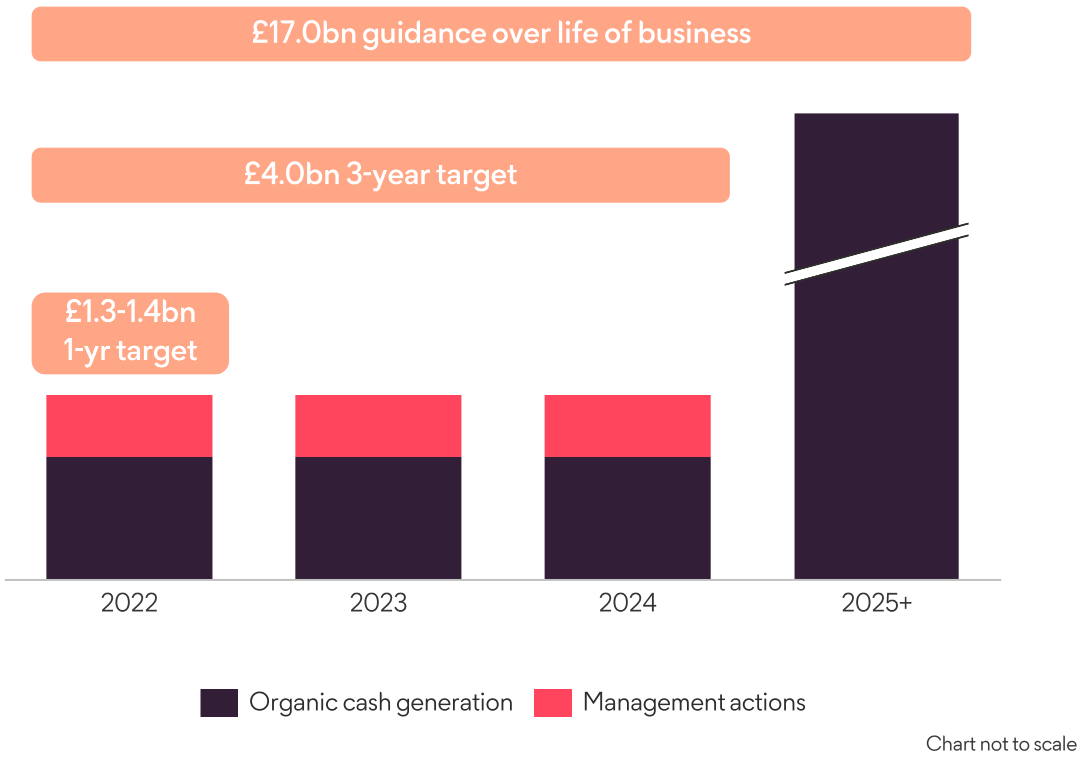
Cash generation of £1.7 billion exceeds top-end of our target range

Cash

Record cash generation of £1.7bn in 2021



New 1-year and 3-year in-force cash generation targets set

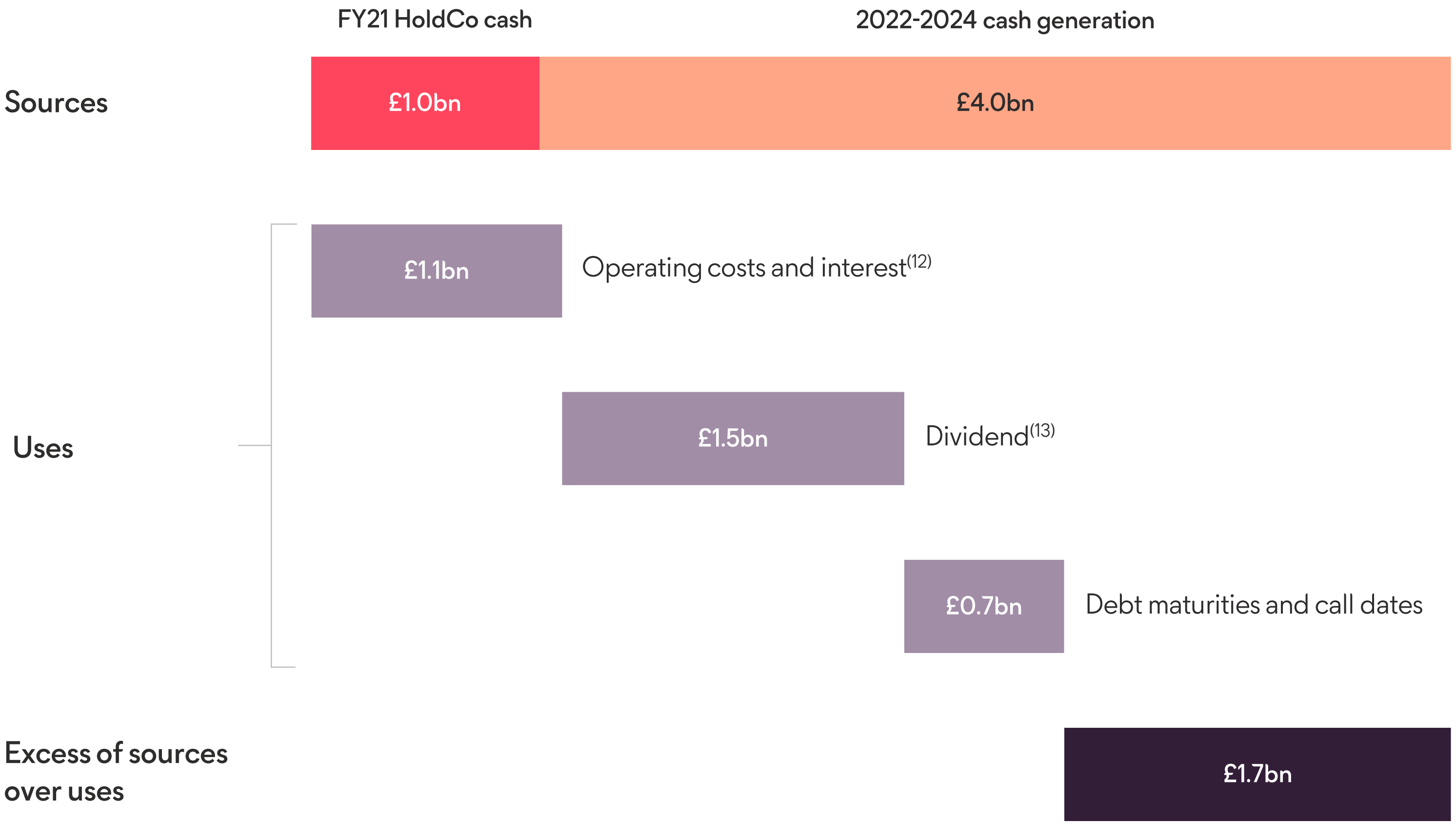


Cash generation excludes:
Future new business, future M&A, and management actions in 2025+

We have £1.7 billion of surplus cash for reinvestment into growth to the end of 2024

Cash

Illustrative 2022-2024 HoldCo sources and uses of cash



£5.0bn of cash available from future in-force business cash generation plus HoldCo cash at FY21

Head office costs and debt interest utilise only 22% of £5.0bn cash available

Reflects annual dividend cost of c.£0.5bn

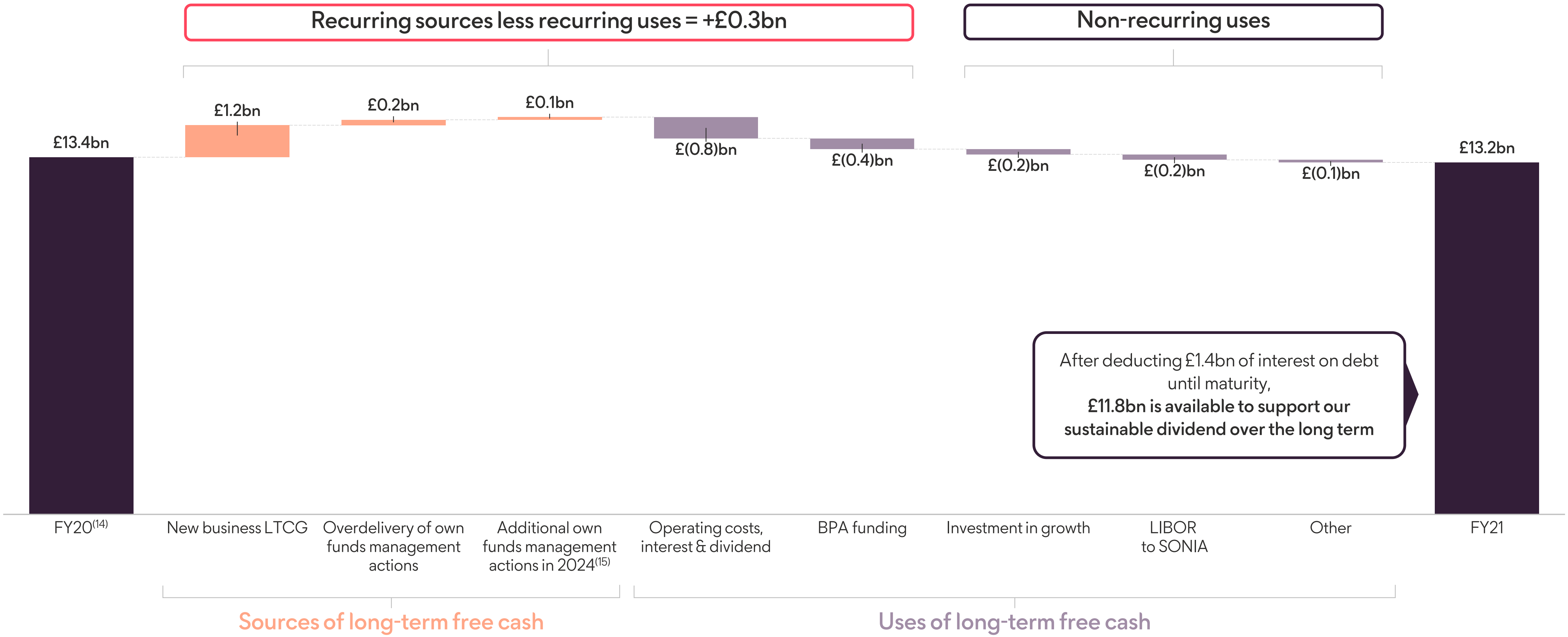
£0.7bn of debt instruments have maturity and call dates in the period - £450m Tier 3 in July 2022 and a £250m Tier 2 in 2024

£1.7bn of cash available for reinvestment into growth

See Appendix 18 for footnotes

£13.2 billion of Group long-term free cash supports the sustainability of our increased dividend over the long term

Cash



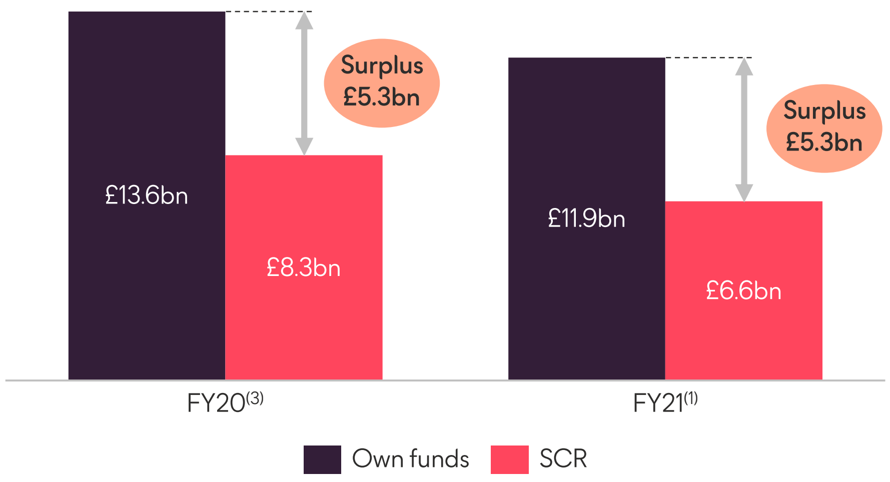
See Appendix 18 for footnotes

Phoenix

We maintained our resilient Solvency II balance sheet

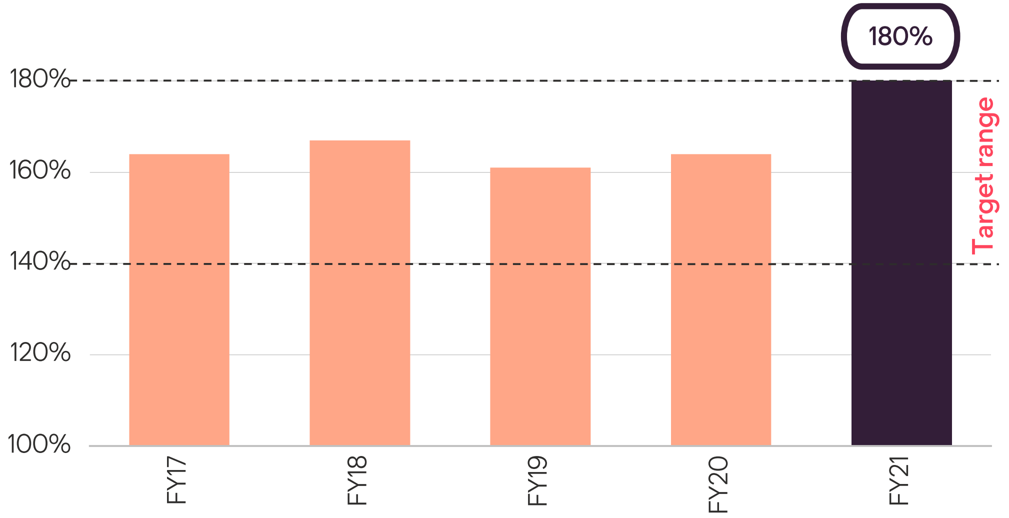
Resilience

£5.3bn Shareholder Solvency II surplus



- £248m foreseeable 2021 final dividend deducted from FY21 Own Funds
- Additional resilience provided by £3.2bn of unrecognised surplus in unsupported with-profit funds and staff pension schemes

180% Shareholder Capital Coverage Ratio[1,2,3]

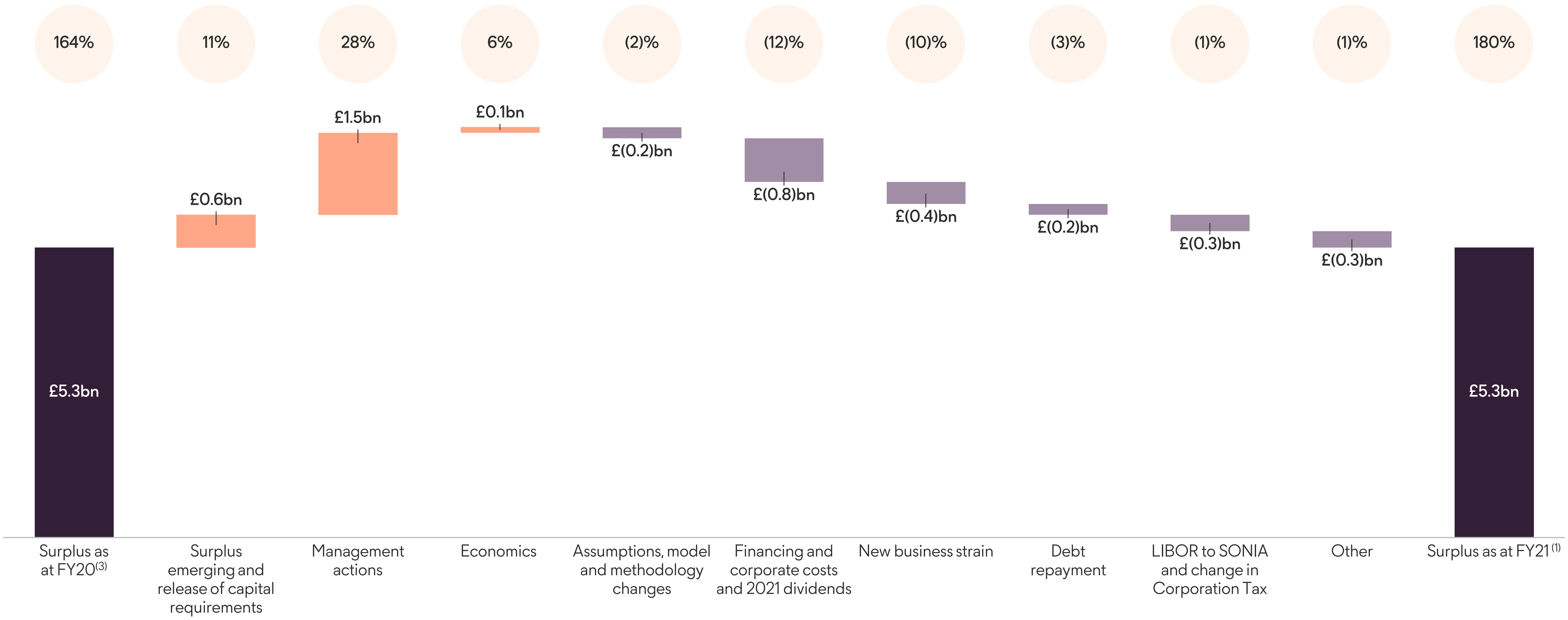


- We have consistently operated within our 140-180% target range, due to our hedging approach which minimises volatility
- With our ratio at the top-end of our target range, we have significant capacity to invest into organic and inorganic growth opportunities

See Appendix 18 for footnotes

Solvency II surplus generation provides capacity for investment in growth

Resilience



See Appendix 18 for footnotes

We hedge the majority of our market risks to deliver resilience and protect our dividend sustainability

Resilience

	Base position	Unrewarded market risks[16]						Demographic risks[16]		Rewarded market risks[16]		
		Equities 20% fall in markets	**Long-term rates** 80bps rise in interest rates[17]	**Long-term rates** 70bps fall in interest rates[17]	**Long-term inflation** 70bps rise[18]	**Currency** 15% reduction[19]	**Currency** 10% increase[19]	**Lapse** 10% increase/ decrease in rates[20]	**Longevity** 6 months increase[21]	**Property** 12% fall in values[22]	**Credit** 150bps spread widening[23]	**Credit** 20% portfolio full letter downgrade[24]
Impact on Solvency II surplus	£5.3bn	£0.1bn	£(0.2)bn	£0.2bn	No impact	£0.2bn	£(0.1)bn	£(0.2)bn	£(0.7)bn	£(0.2)bn	£(0.4)bn	£(0.4)bn
Impact on SCCR (Target range: 140%-180%)	180%	4%	3%	(3)%	(1)%	1%	0%	(1)%	(11)%	(3)%	(4)%	(10)%

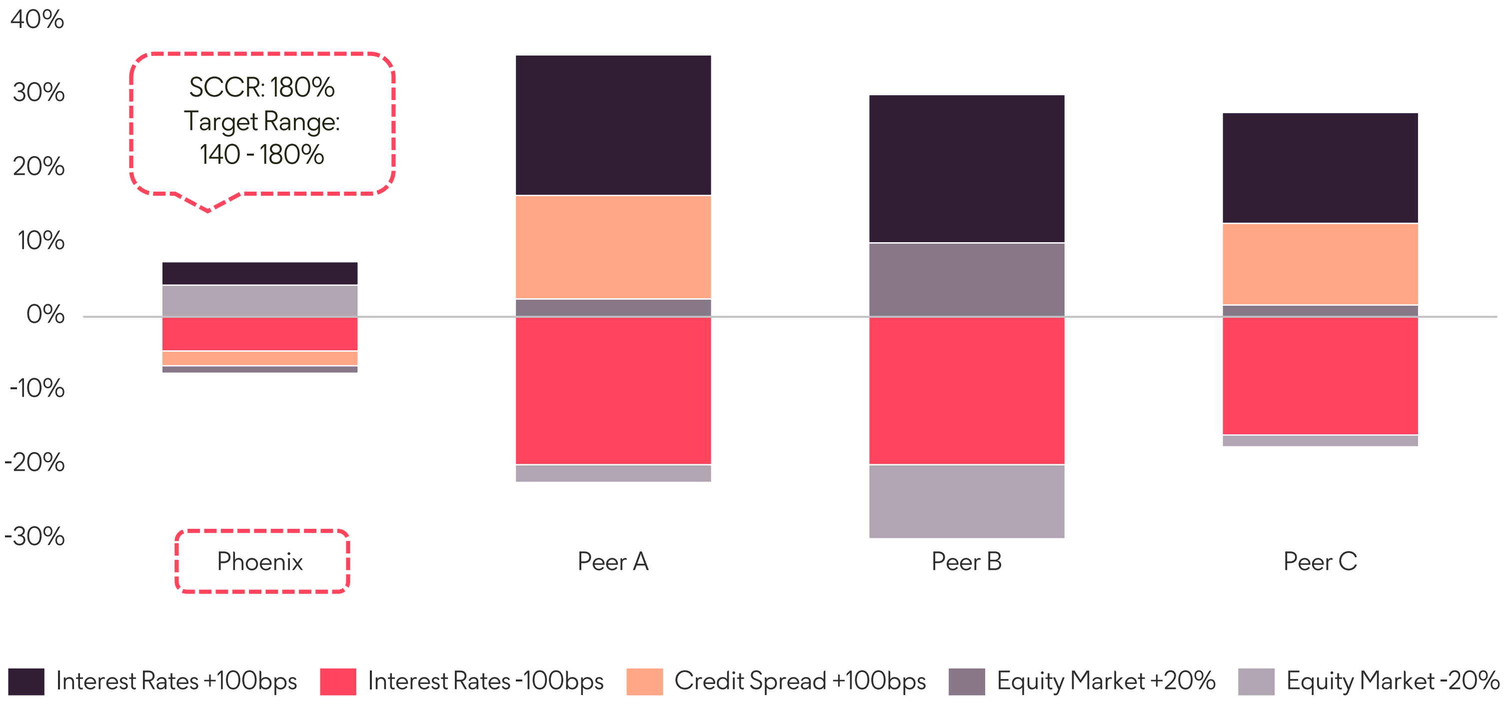
See Appendix 18 for footnotes

Our unique hedging approach differentiates us to our UK peers

Resilience

FY21 Phoenix Group Shareholder Capital Coverage Ratio (SCCR) sensitivities relative to UK life peers(25)

% points change in FY21 SCCR



See Appendix 18 for footnotes

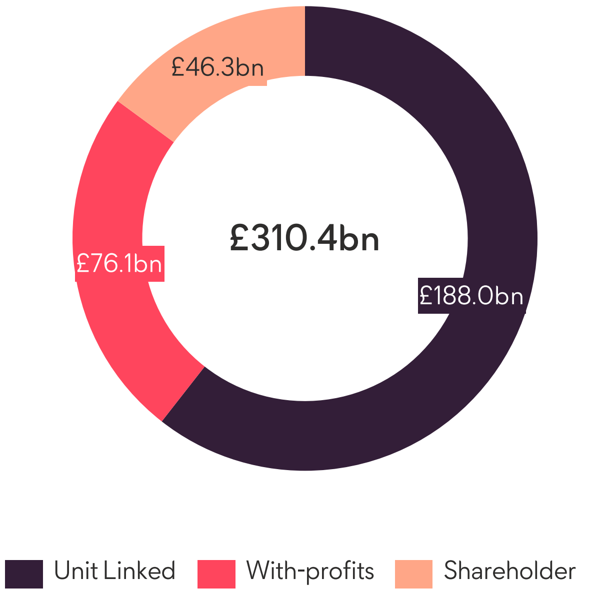
Key messages

- Our unique hedging approach makes us far more resilient to the major market risks than our UK peers
- Resilience in volatile markets remains a key differentiator for Phoenix
- Low market risk sensitivity enables us to operate within a conservative 140%-180% target range

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

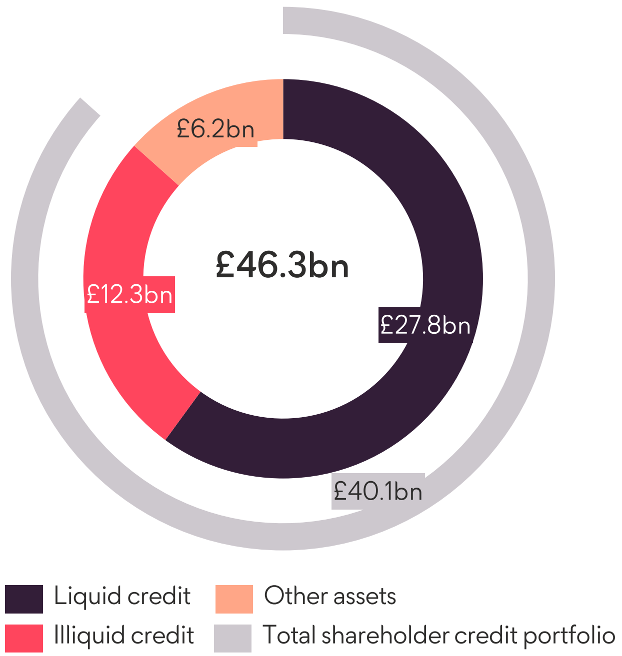
Resilience

Assets under administration



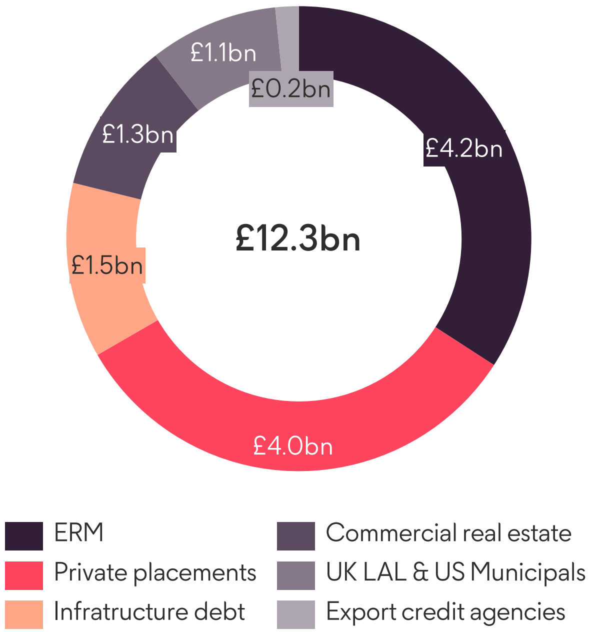
- Our Asset Management team leverages benefits of in-house expertise balanced with global strategic partnerships to deliver optimal investment outcomes
- Partner with ten asset managers to manage our portfolio and to source new assets to support growth aspirations

Shareholder asset portfolio



- Well diversified and actively managed portfolio
- 100% of cash flows paid on liquid credit and 99.8% paid on illiquid credit
- Expertise of our core strategic partner, abrdn, underpins the strong performance of our portfolio

Shareholder illiquid credit portfolio

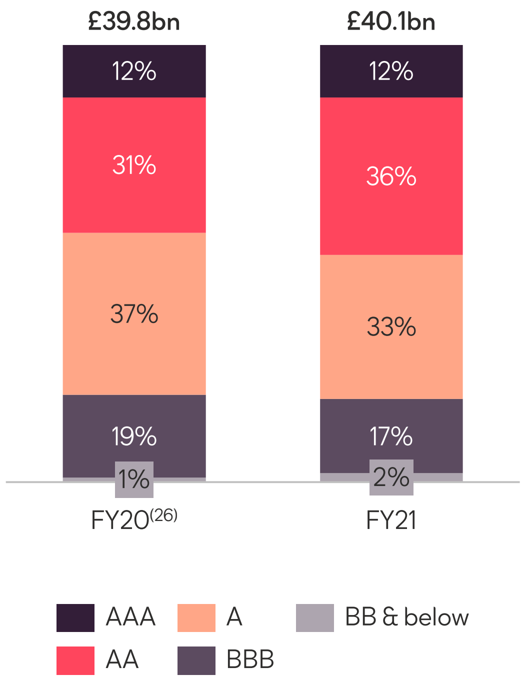


- Diverse illiquid credit portfolio with no concentrations
- 29% of our annuity portfolio is currently backed by illiquids, with a target of 40% over time
- Average credit rating of A across the portfolio

We actively manage a conservatively positioned shareholder credit portfolio

Resilience

Total shareholder credit portfolio



BBB split

Disciplined approach maintained

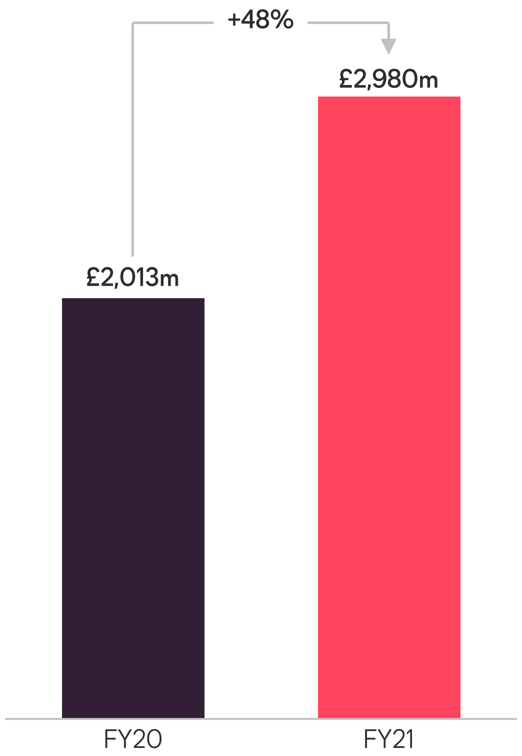
- We actively manage our sector exposures to minimise risk and our portfolio has remained resilient throughout recent market volatility
- Reduced our BBB exposure to 17% as we continue to operate within our conservative risk appetite
- There have been no defaults in the year
- Fully divested our immaterial shareholder credit exposure to Russia/Ukraine in March 2022, with no exposure to sanctioned banks[27]

See Appendix 18 for footnotes

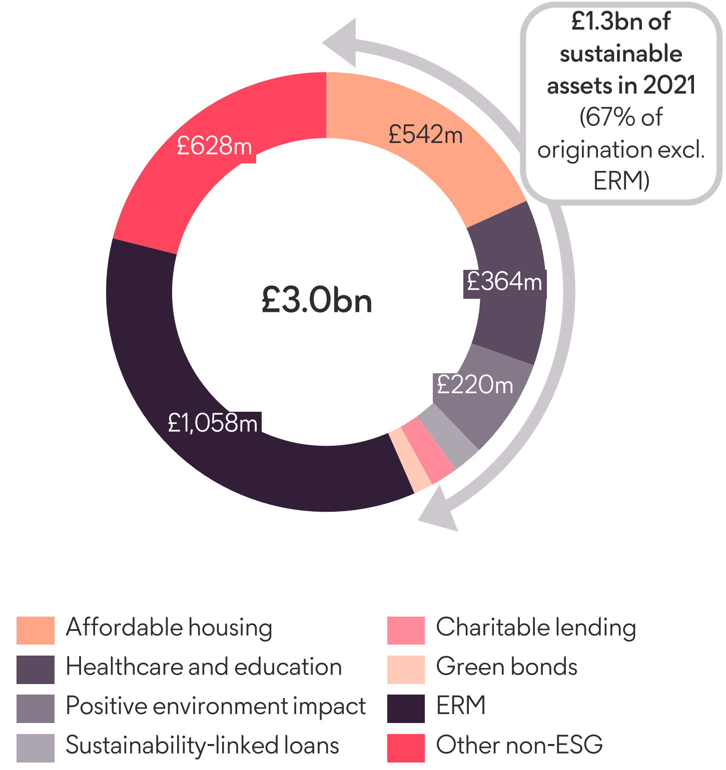
£3.0 billion of new illiquid assets sourced in 2021, demonstrating our strong capability

Resilience

Total illiquid asset origination



2021 illiquid assets by type



2021 average credit rating of A

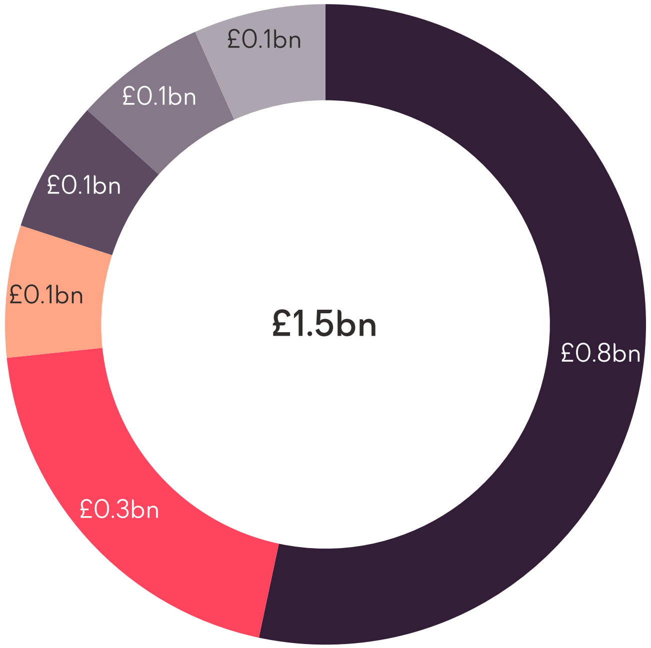
Disciplined approach maintained

- Originated £3.0bn of illiquid assets at an illiquidity premium of c.70bps in 2021
- Utilised the experience of 10 different asset management partners to originate £2bn of non-ERM illiquid assets
- Expanded asset management capabilities with key hires who are experts in their sectors
- Diversification of assets means diversification of risk - we invest dynamically and remain disciplined

We delivered record management actions of £1.5 billion in 2021

Resilience

2021 Solvency II management actions



Integration synergies
Includes c.£550m benefit from internal model harmonisation and associated actions

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

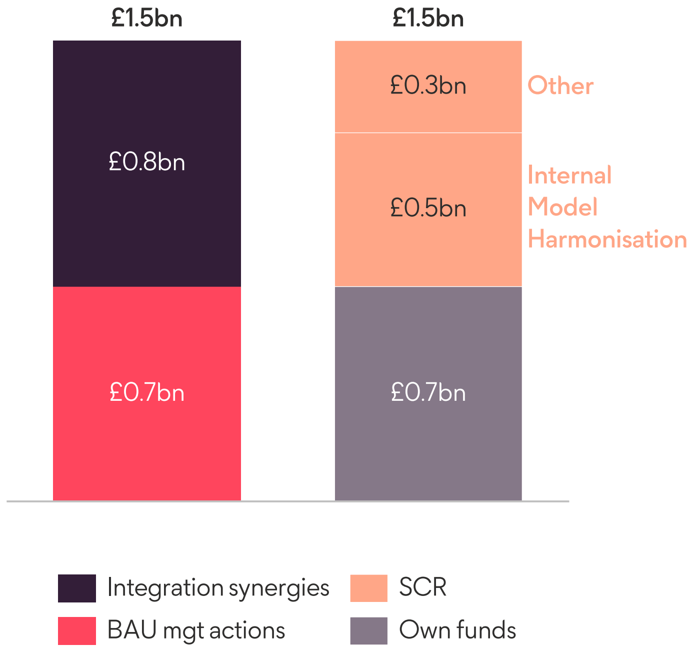
Asset risk management
Benefits include no-negative-equity guarantee hedging and credit risk management actions

Credit rating upgrade
Reduction in SLIntl counterparty default risk exposure to SLAL following Phoenix Group Fitch credit rating upgrade in July 2021

ERM securitisation
Securitisation of ERM into an SPV to allow inclusion in matching adjustment fund

Other actions
Including methodology changes and other balance sheet efficiency actions

Creating value



£2.5 billion of synergies realised to date on Standard Life and ReAssure integrations

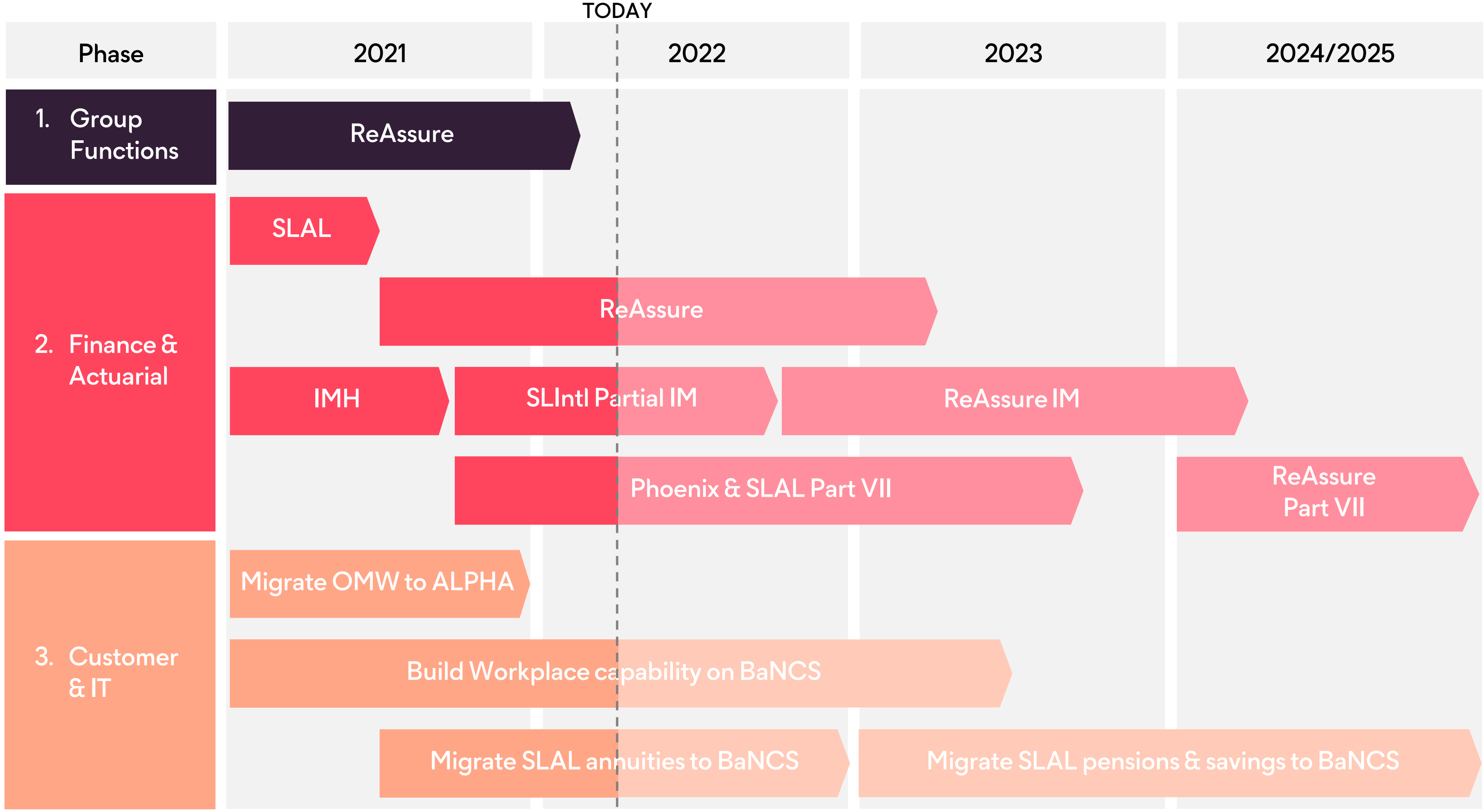
Resilience

Integration synergies delivered to date

	Standard Life	ReAssure
Original target	£720m	£800m
Revised target	£1,220m	£1,050m
Delivered in 2021	£590m	£234m
Delivered to date	£1,632m	£930m
% of revised target delivered	134%	89%

- ✓ Delivered £1,277m of capital synergies from Standard Life (177% of revised target)
- ✓ Delivered £688m of capital synergies from ReAssure to date (115% of revised target)

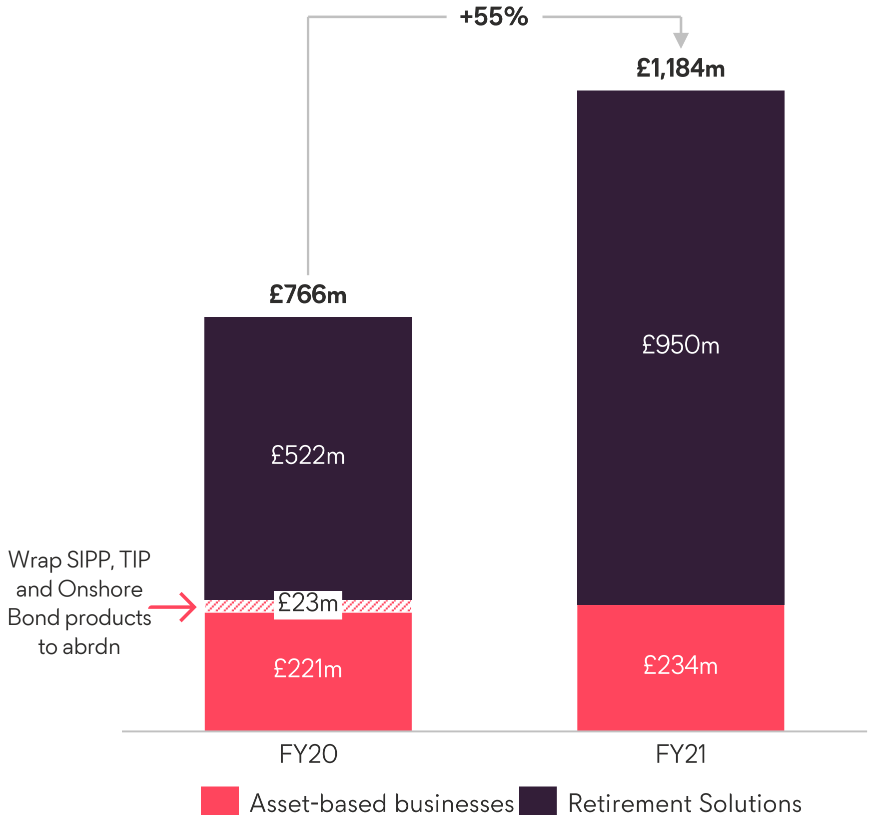
Integration progress



Our Open business delivered record incremental new business long-term cash generation of £1.2 billion in 2021

Growth

Incremental new business long-term cash generation ('LTCG')



Key messages

Retirement Solutions: £950m

- 82% year-on-year increase in LTCG reflects £5.6bn of BPA premiums written in 2021

Asset-based businesses: £234m

Workplace: £139m

- LTCG broadly stable on prior year (FY20: £140m), with positive net flows of £0.6bn during 2021 and 41 new schemes won

Customer Savings & Investments: £29m

- Decrease in LTCG primarily due to impact of tax rate change and assumption changes (pro forma FY20: £33m)

Europe: £31m

- 24% increase in LTCG in 2021 reflects a marked increase in Offshore Bond sales in the Irish business (FY20: £25m)

SunLife: £35m

- 52% increase in LTCG in 2021 reflecting strong new business in the year (FY20: £23m)

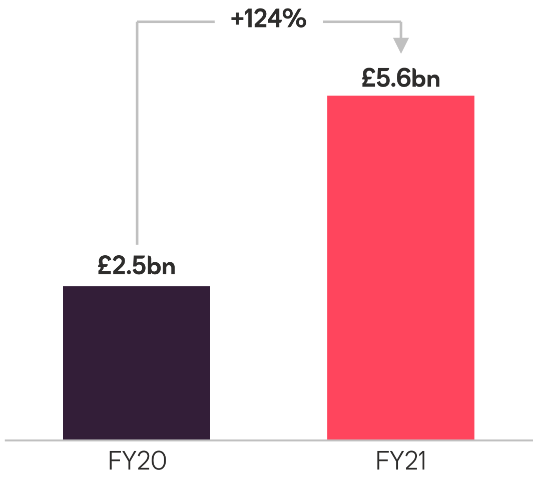
The investment in our BPA proposition delivered £5.6 billion of premiums in 2021

Growth

Significant progress in 2021

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

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



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

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

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

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

Cash Resilience Growth

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

See Appendix 18 for footnotes

Key messages

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

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

Cash Resilience Growth

Our dividend approach has evolved

- The Board will continue to prioritise maintaining Phoenix Group's dividend sustainability over the long term
- Phoenix Group can grow both organically through its Open business and inorganically through M&A
- The Board will now assess annually whether business growth can fund a dividend increase that is sustainable over the long term

Future dividend approach

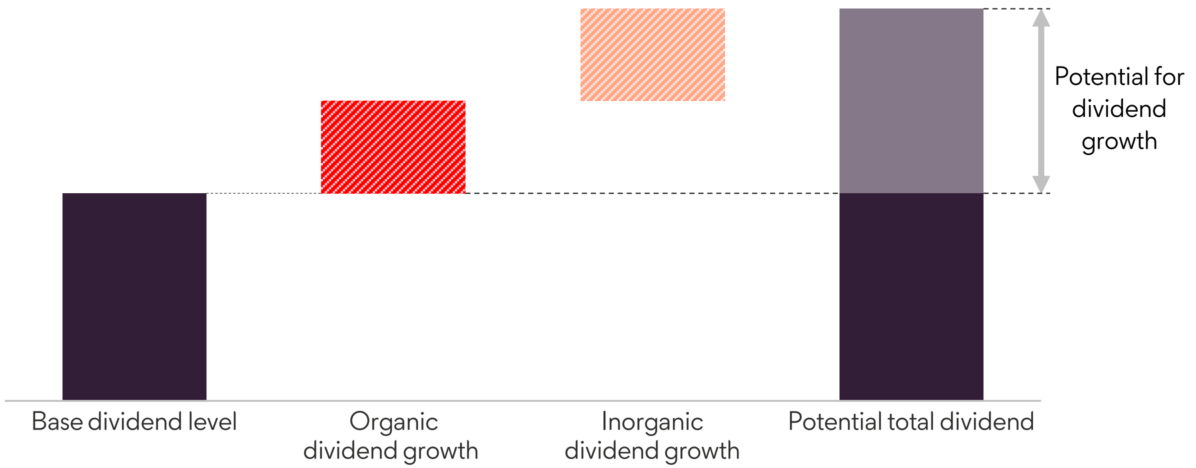


Chart not to scale

Phoenix Group's new dividend policy

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

Phoenix is a growing, sustainable business

Cash Resilience Growth

Record 2021 results	
Cash	• Record cash generation of over £1.7bn exceeded target range • First ever organic dividend increase of 3%
Resilience	• £5.3bn SII surplus and 180% SII Shareholder Capital Coverage Ratio • 28% Fitch leverage ratio
Growth	• Phoenix has proven 'the wedge' • Record incremental new business long-term cash generation of £1.2bn

Clear 2022 targets	
Cash	• Deliver £1.3bn-£1.4bn of cash generation in 2022 • Deliver £4.0bn of cash generation across 2022-24
Resilience	• Maintain SII SCCR within 140%-180% target range • Manage Fitch leverage ratio within 25%-30% target range
Growth	• Prove 'the wedge' with incremental new business long-term cash generation >£800m • Complete value accretive M&A

Outlook

Andy Briggs
Group Chief Executive Officer

Phoenix

There are clear market trends that offer significant growth opportunities

Market trends	Flows	Growth opportunities for Phoenix Group
Insurers are disposing of their Heritage portfolios via M&A	c.£480bn market	As the market leader in Heritage **M&A** we have the capability and scale to unlock significant synergies to create shareholder value
Corporates are de-risking through BPAs	c.£40bn p.a	We are now established as a major participant in a **BPA** market estimated to total >£2 trillion
Auto-enrolment is driving strong Workplace growth	c.£40bn p.a	By leveraging our Standard Life brand and investing into our proposition we can grow our **Workplace** assets significantly over time
Individuals now need to take responsibility for their own retirement planning	c.£40bn p.a	By engaging our customers and developing the savings and retirement solutions they need our **CS&I** business can access this growing market

We have a clear and differentiated strategy which creates shareholder value

Further in-force

Further in-force

ORGANIC GROWTH

OPEN

- Acquire new customers through our multiple Open business channels primarily under the Standard Life brand

IN-FORCE BUSINESS

HERITAGE

- Market leader in optimising in-force business for cash and resilience
- Generates surplus cash to reinvest into growth opportunities

INORGANIC GROWTH

M&A

- Market leader in UK Heritage M&A
- Integrate onto Phoenix Group's platform to unlock cost and capital synergies

Reinvest surplus cash

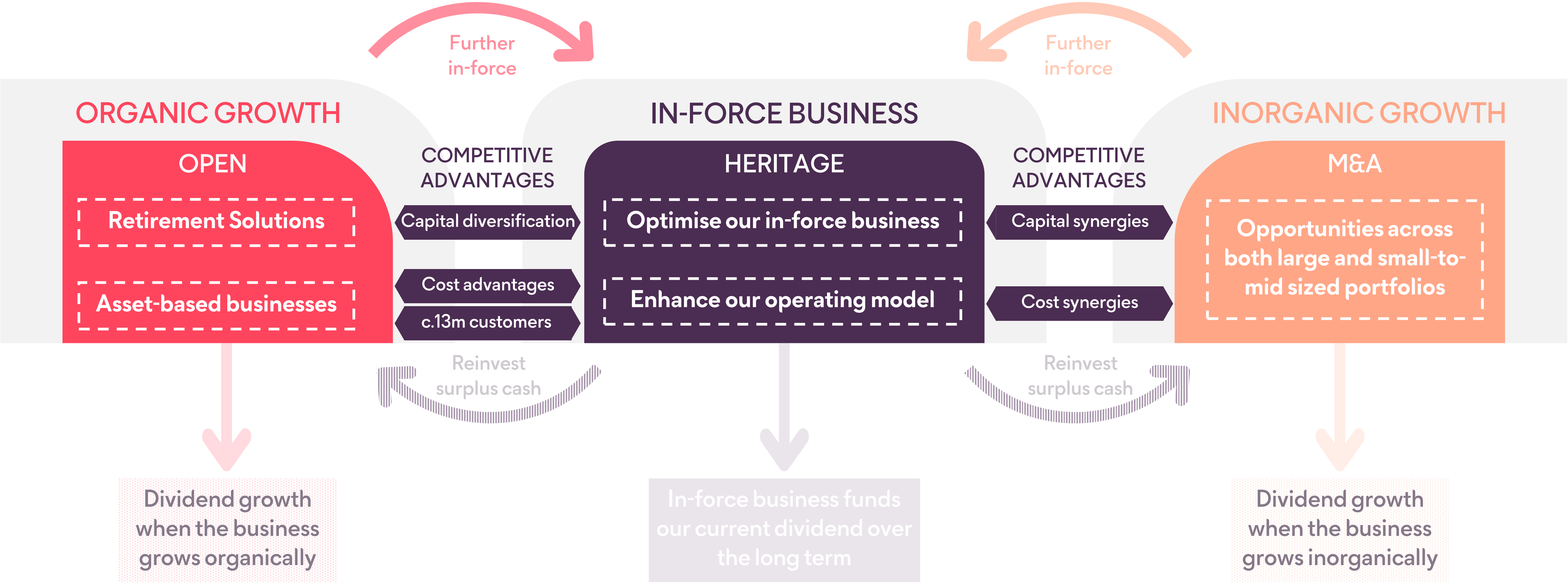
Reinvest surplus cash

Dividend growth when the business grows organically

In-force business funds our current dividend over the long term

Dividend growth when the business grows inorganically

Phoenix Group – the whole is greater than the sum of the parts



M&A remains a key priority and we are ready to consider transactions now

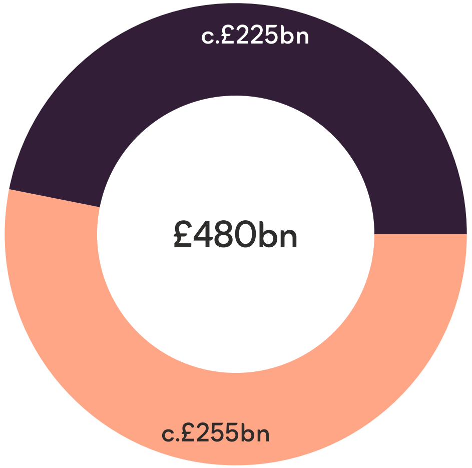
Our discussions indicate that the drivers of consolidation are increasing

- → Increasing costs of legacy IT platforms and regulatory burden
- → Insurers are looking to simplify their business models and strategies
- → Vendors are looking to unlock trapped capital to reinvest into growth

We have a clear M&A strategy that responds to this

- ✓ Phoenix is the market leader in UK Heritage M&A and integration, where we can realise significant cost and capital synergies
- ✓ Phoenix is a trusted counterparty for vendors and their customers
- ✓ We stand ready to do M&A enabled by our scalable platforms and £1.3bn of firepower

Significant M&A opportunities available to us



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
- Can be funded from our own resources

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

Optimise our in-force business

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

Enhance our operating model and culture

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

Grow our business to support both new and existing customers

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

Innovate to provide our customers with better financial futures

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

Invest in a sustainable future

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

Phoenix is a growing, sustainable business

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

This supports Phoenix in continuing to deliver:

Cash + **Resilience** + **Growth**

Cash	Resilience	Growth
In-force business covers our dividend over very long term	Uniquely resilient capital position	Growing organically and inorganically

Q&A

Phoenix

Investor Relations activity and contacts

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

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Appendices

Appendices

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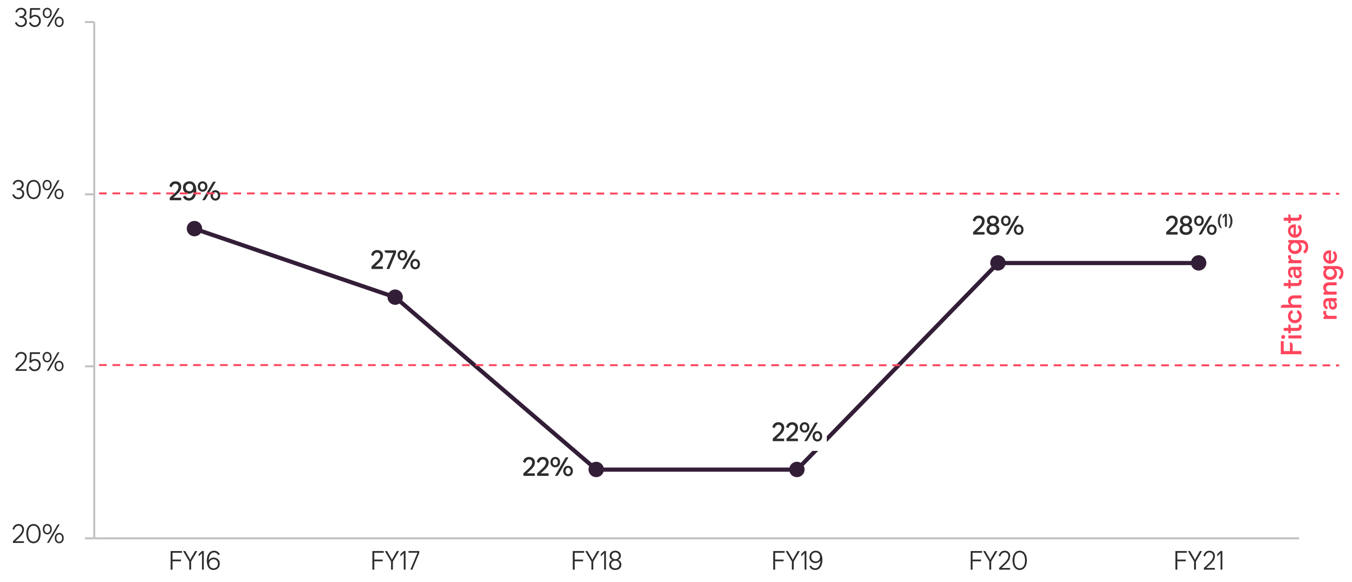
7. Estimated PGH Solvency II surplus and coverage ratios
8. Change in Solvency II Own Funds and SCR
9. Change in proxy to shareholder value
10. Additional Solvency II disclosures
11. PGH Solvency II Regulatory Capital Coverage Ratio sensitivities
12. 2021 operating profit drivers
13. Diversification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

Appendix 1: Leverage ratios

Fitch leverage ratio



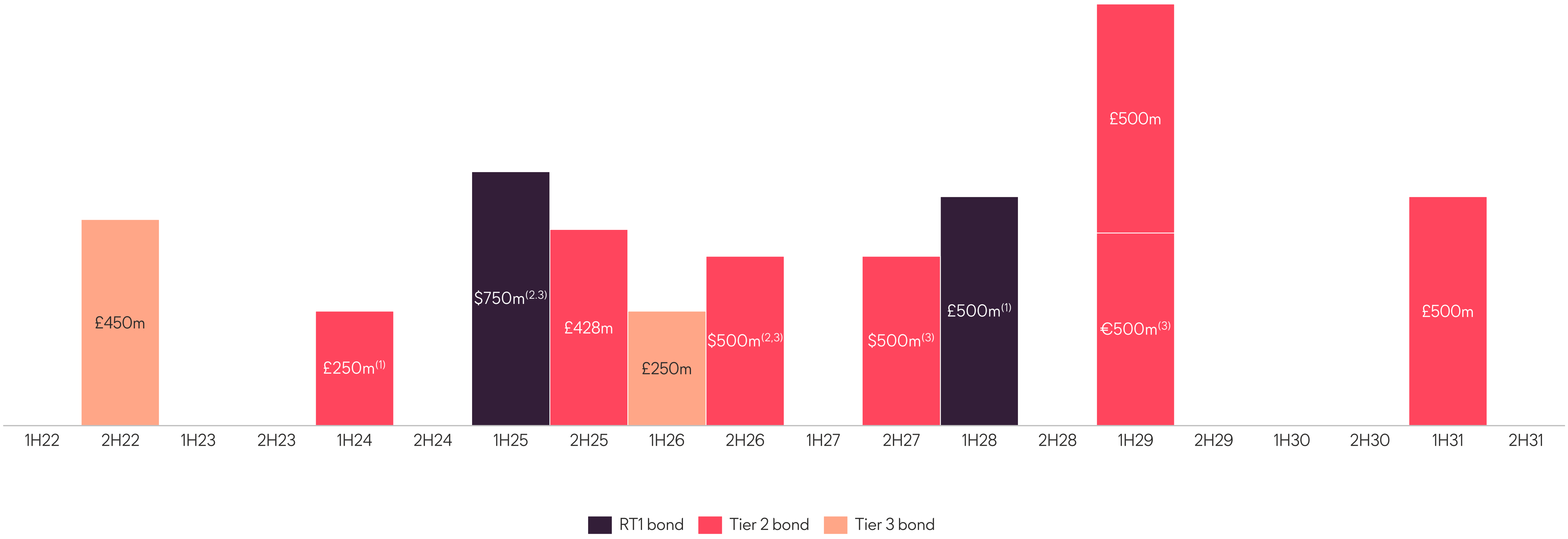
Leverage ratios

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

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

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

Appendix 2: Debt maturity profile as at 31 December 2021



(1) First call date
(2) First reset date
(3) All currency debt converted into GBP based on the closing 31 December 2021 exchange rates

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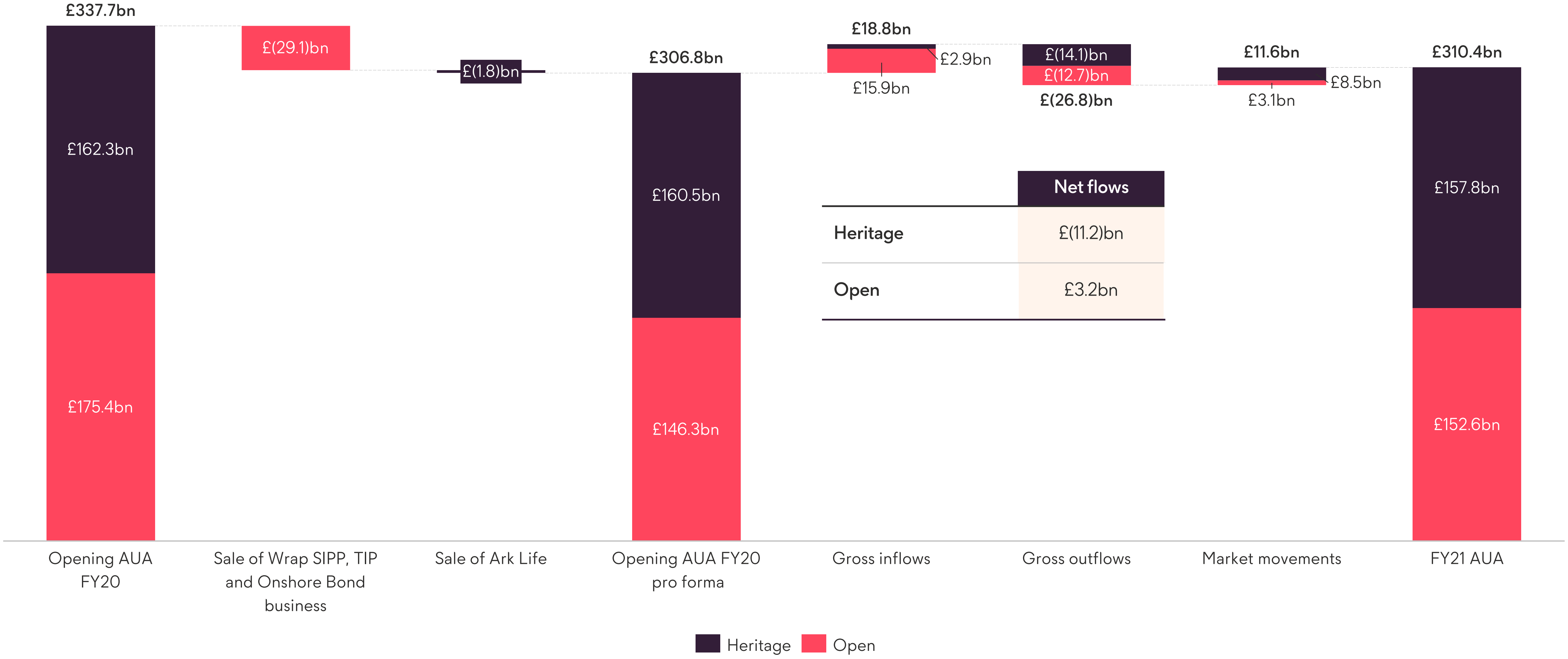
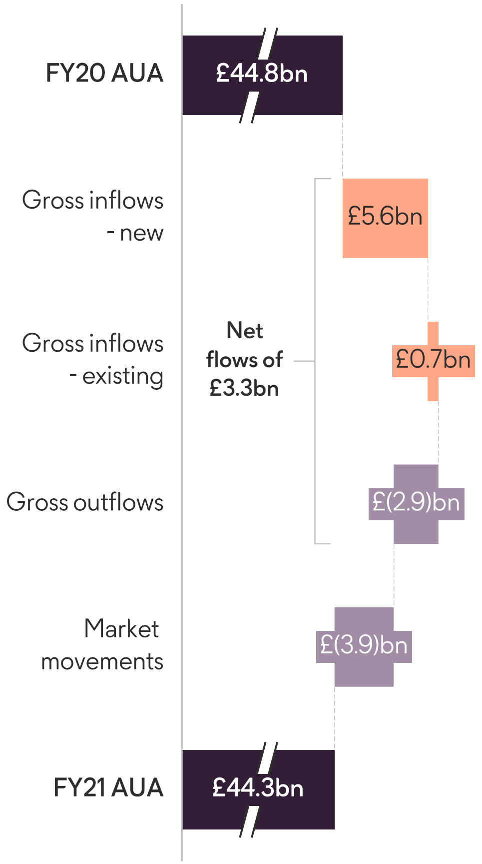
Appendix 3: Movement in assets under administration



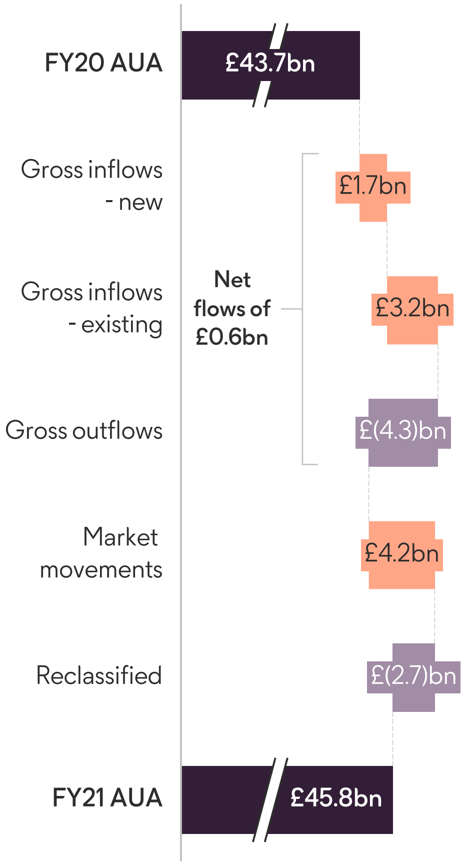
	Net flows
Heritage	£(11.2)bn
Open	£3.2bn

Appendix 4: Open business segments movement in assets under administration

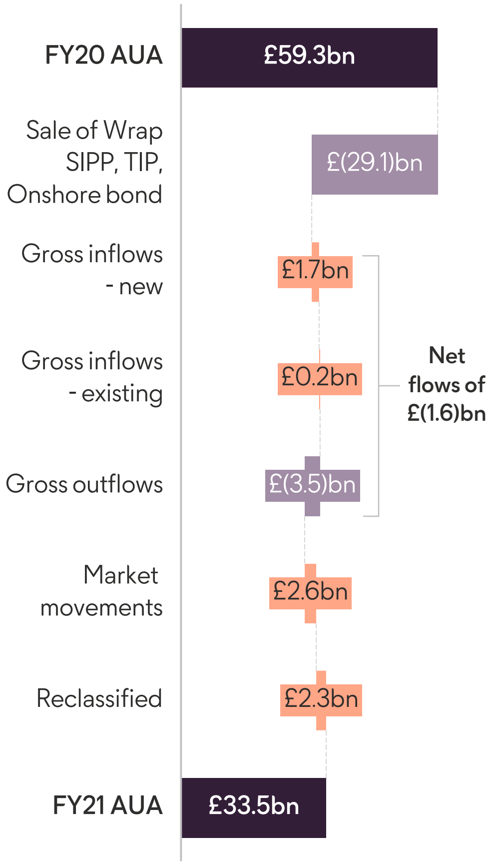
Retirement Solutions



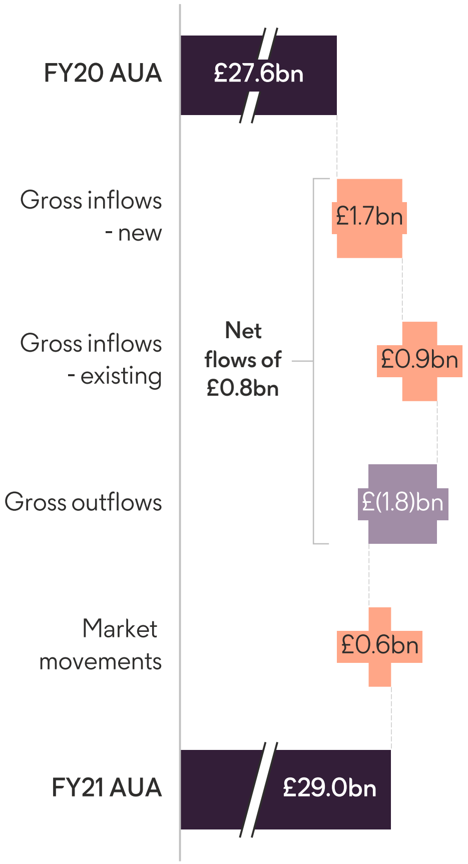
Workplace



CS&I

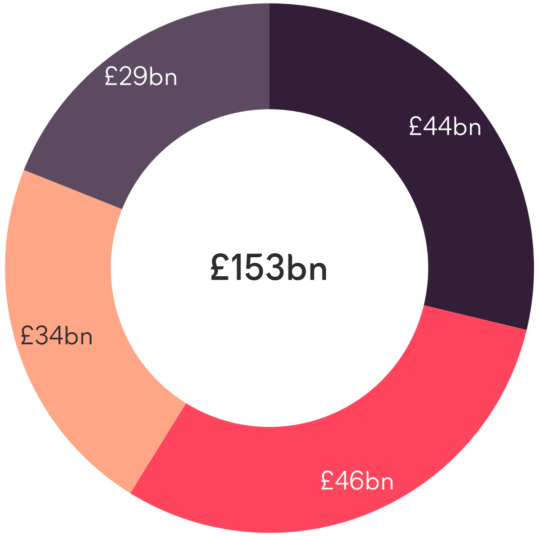


Europe

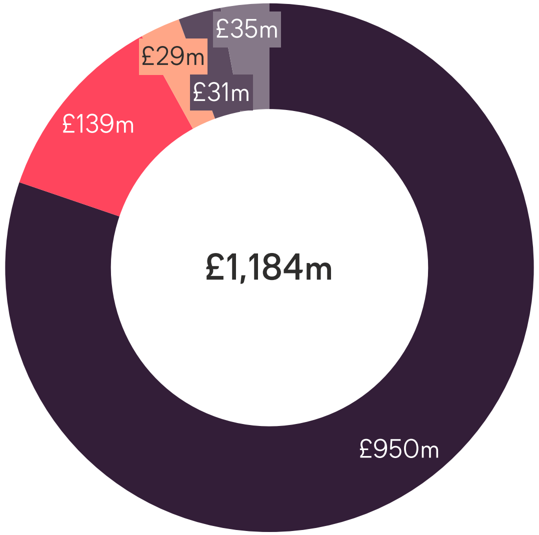


Appendix 5: Breakdown of Open business segments as at 31 December 2021

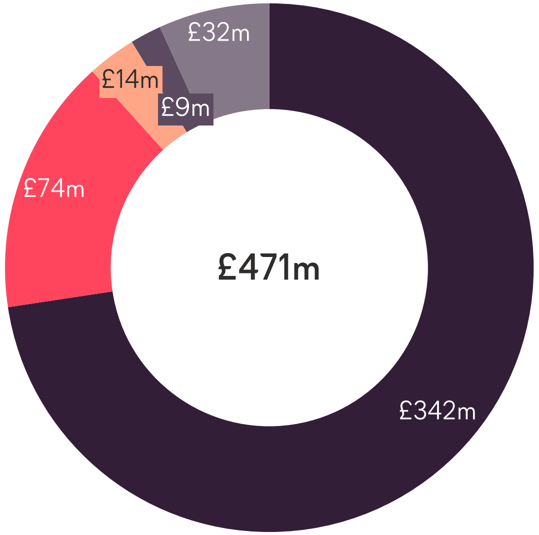
Assets under administration



New business LTCG

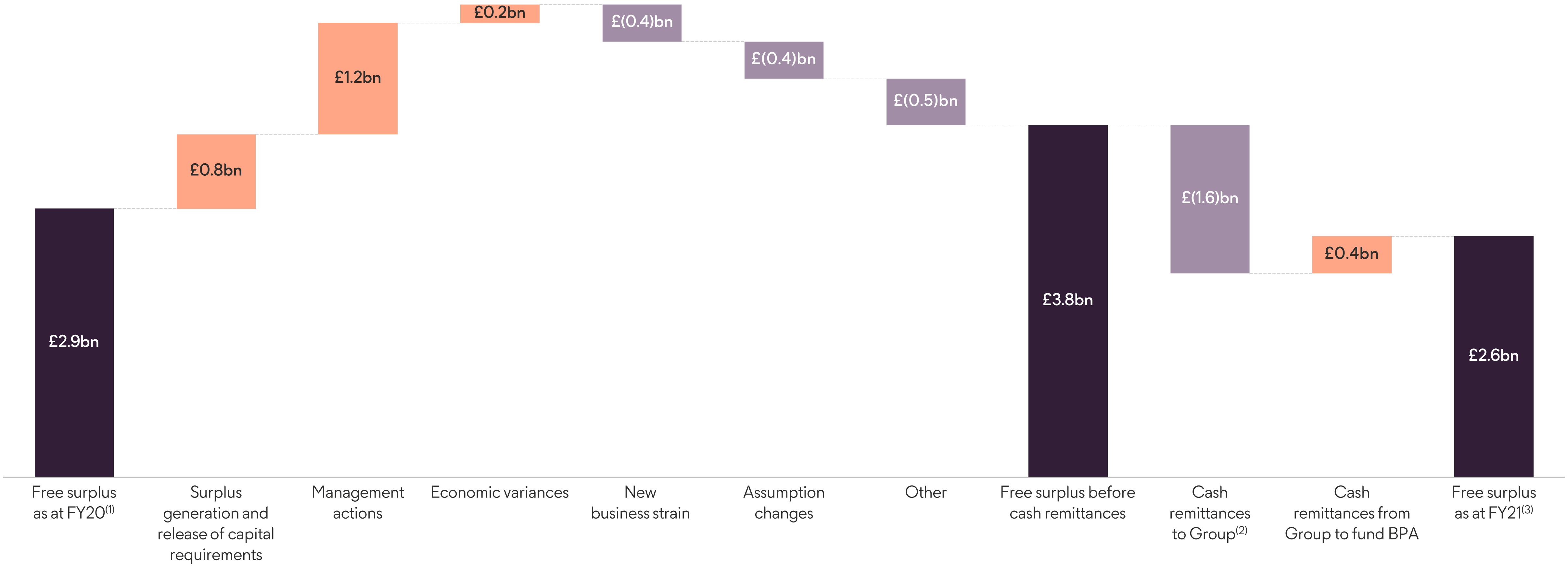


New business contribution



Retirement Solutions   Workplace   CS&I   Europe   SunLife

Appendix 6: Change in Life Company Free Surplus



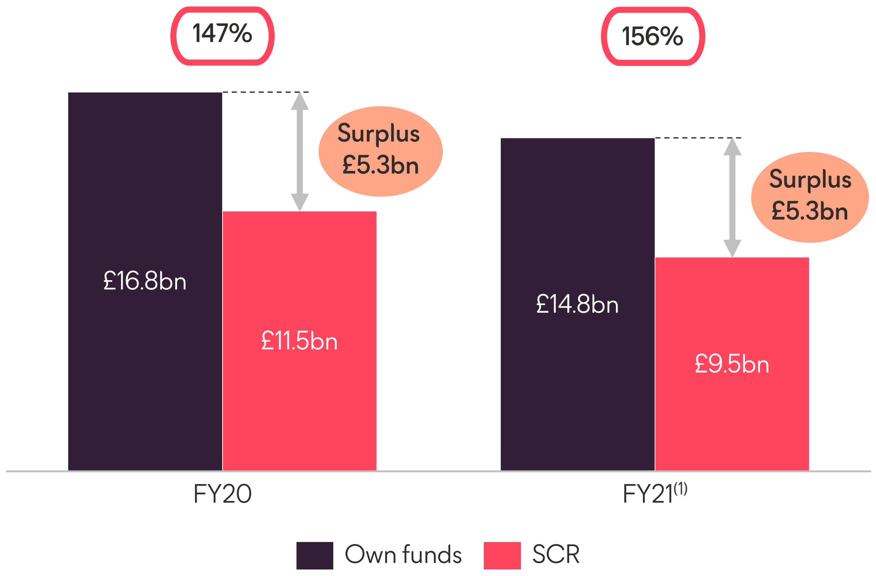
(1) 31 December 2020 Life Company Free Surplus is an estimated position and reflects a dynamic recalculation of transitionals for the Group's Life companies. Had the dynamic recalculation not been assumed, the Life Company Free Surplus would decrease by £0.1bn

(2) Cash remitted excludes tax relief payments to Group

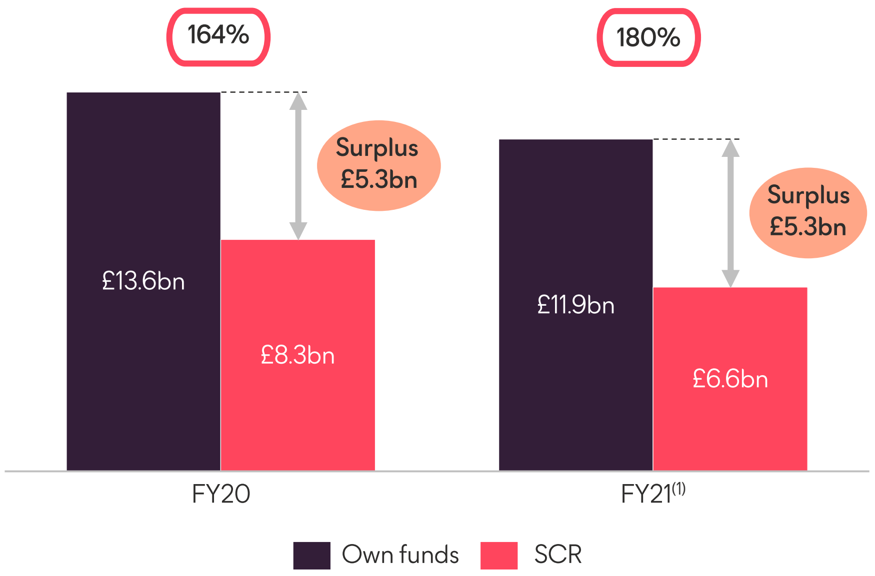
(3) 31 December 2021 Life company Free Surplus is an estimated position and reflects a regulator approved recalculation of transitionals as at 31 December 2021

Appendix 7: Estimated PGH Solvency II surplus and coverage ratios

PGH SII coverage ratio[1]



PGH Shareholder Capital Coverage Ratio[1,2]

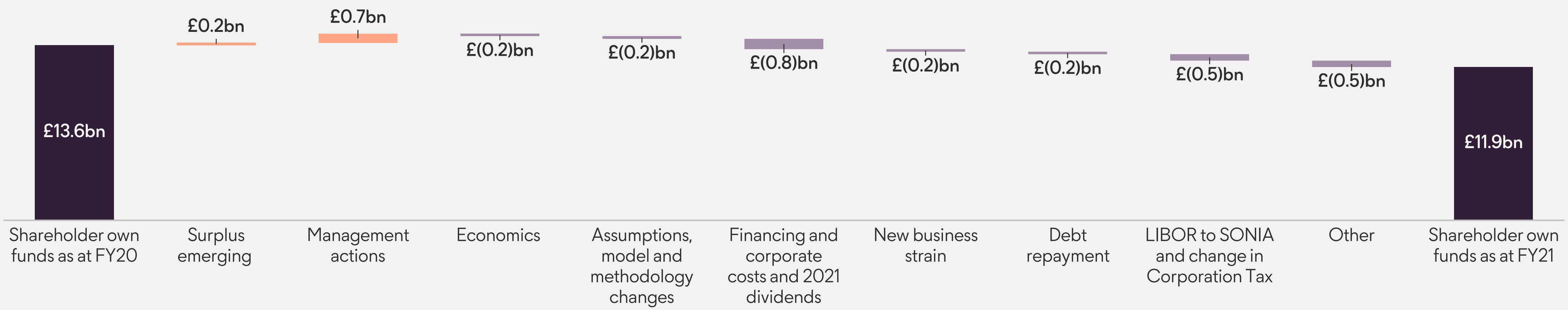


	FY20	FY21
PGH Solvency II Own Funds	£16.8bn	£14.8bn
Less: Unsupported with-profit funds	£(2.9)bn	£(3.0)bn
Adjustment for unsupported pension schemes and restrictions	£(0.3)bn	£0.1bn
PGH Shareholder Own Funds	£13.6bn	£11.9bn

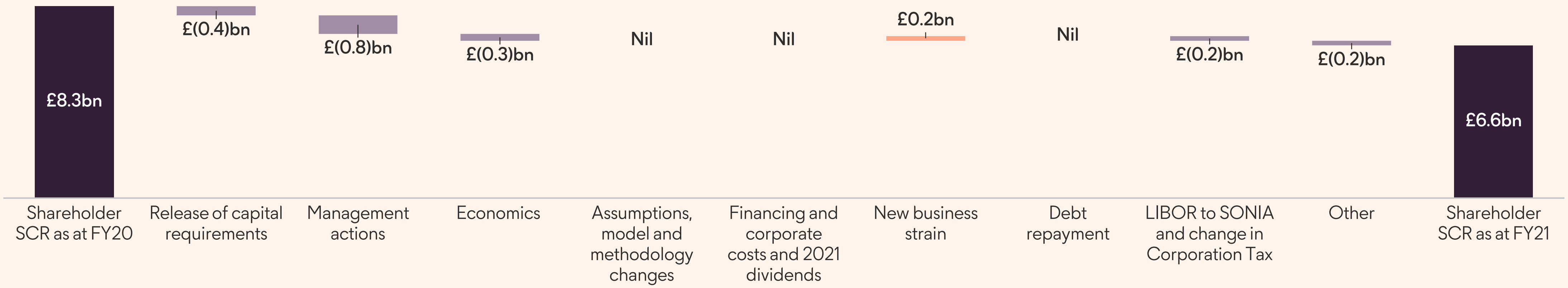
See Appendix 18 for footnotes

Appendix 8: Change in Solvency II Own Funds and SCR

Change in Own Funds



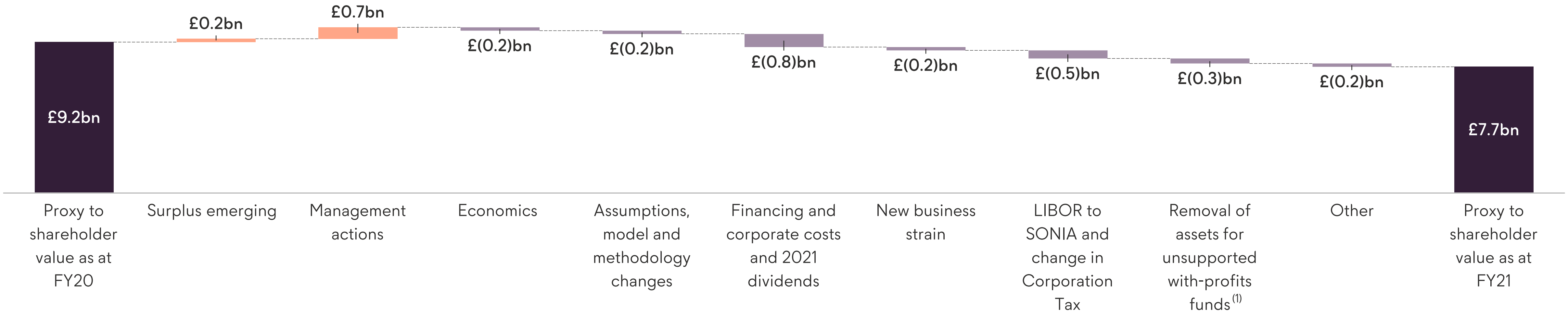
Change in SCR



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

See Appendix 18 for footnotes

Appendix 9: Change in proxy to shareholder value

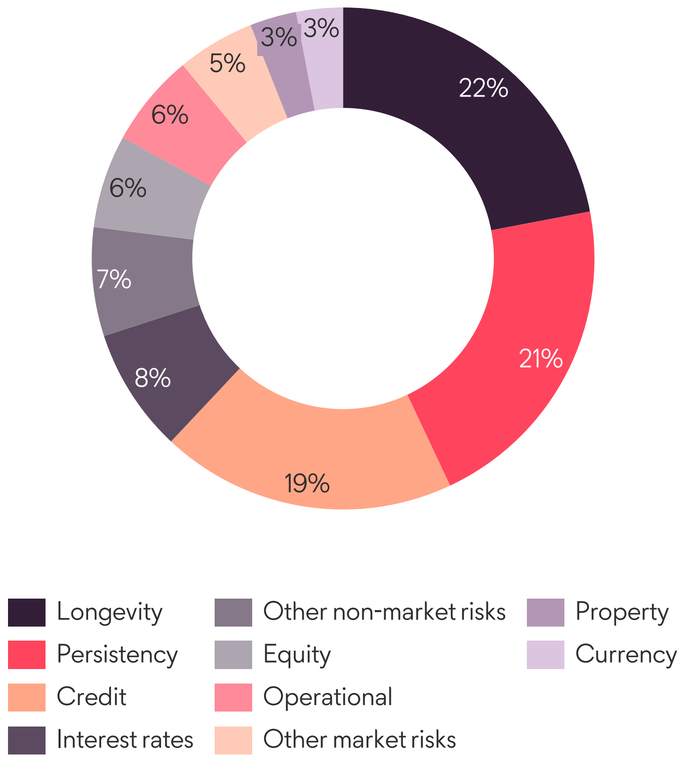


	FY20	FY21
Own Funds of shareholder and non-profit funds	£13.0bn	£11.7bn
Own Funds of supported with-profit funds	£0.6bn	£0.2bn
Shareholder Own Funds	**£13.6bn**	**£11.9bn**
Less: Tier 2 and Tier 3 debt[2]	£(3.8)bn	£(3.6)bn
Less: Restricted Tier 1 debt[2]	£(1.0)bn	£(1.1)bn
Add: SLIDAC restriction[3]	-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

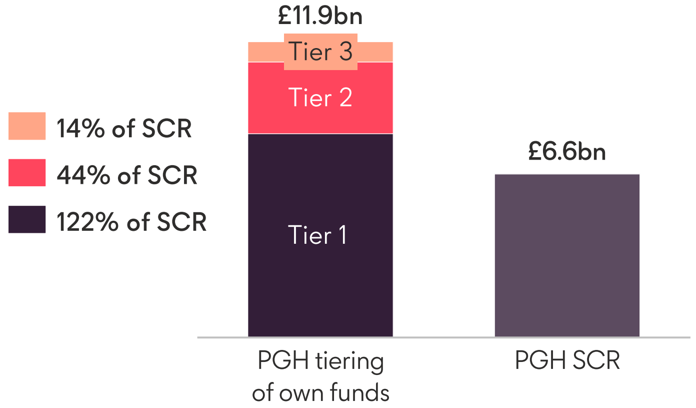
[1] Assets in respect of with-profit funds previously supported by the shareholder have been removed as they are no longer supported as at 31 December 2021
[2] Shareholder debt included at principal value in 'proxy to shareholder value' calculation
[3] Reversal of the Own Funds restriction recognised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

Appendix 10: Additional Solvency II disclosures

Estimated FY21 SCR by risk type[1]



FY21 PGH Own Funds by capital tier[2]



Share of SII Own Funds by capital tier

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

[1] Split of SCR pre diversification benefits and on a Shareholder Capital basis

[2] The Solvency II capital position is an estimated position and reflects a regulator approved recalculation of transitionals as at 31 December 2021 and recognition of the foreseeable Final 2021 shareholder dividend of £248m

[3] Tier 1 includes £1.1bn of Restricted Tier 1 capital at fair value

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Appendix 11: PGH Solvency II Regulatory Capital Coverage Ratio sensitivities

	Unrewarded market risks[16]							Demographic risks[16]		Rewarded market risks[16]		
	Base position	**Equities** 20% fall in markets	**Long-term rates** 80bps rise in interest rates[17]	**Long-term rates** 70bps fall in interest rates[17]	**Long-term inflation** 70bps rise[18]	**Currency** 15% reduction[19]	**Currency** 10% increase[19]	**Lapse** 10% increase/ decrease in rates[20]	**Longevity** 6 months increase[21]	**Property** 12% fall in values[22]	**Credit** 150bps spread widening[23]	**Credit** 20% portfolio full letter downgrade[24]
Impact on Solvency II surplus	£5.3bn	£0.1bn	£(0.2)bn	£0.2bn	No impact	£0.2bn	£(0.1)bn	£(0.2)bn	£(0.7)bn	£(0.2)bn	£(0.4)bn	£(0.4)bn
Impact on RCR	156%	2%	2%	(2)%	(1)%	1%	(1)%	(1)%	(7)%	(2)%	(3)%	(6)%

See Appendix 18 for footnotes

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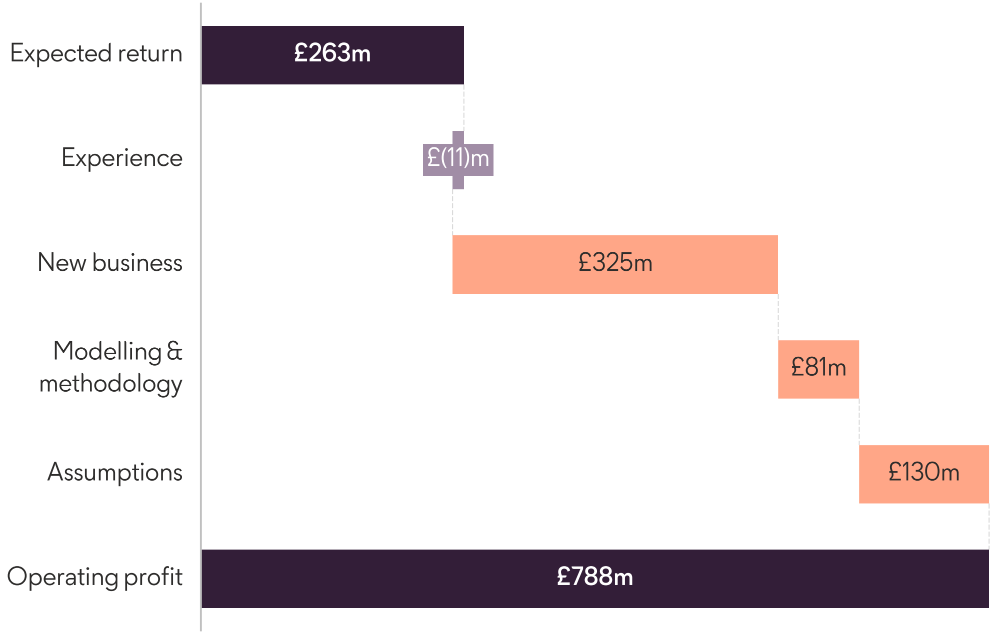
Appendix 12: 2021 operating profit drivers

Heritage

Open



Operating earnings per share[1]	79.3p

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

Appendix 13: Diversification of illiquid asset portfolio as at 31 December 2021

Equity Release Mortgages
£4.2bn with AA rating

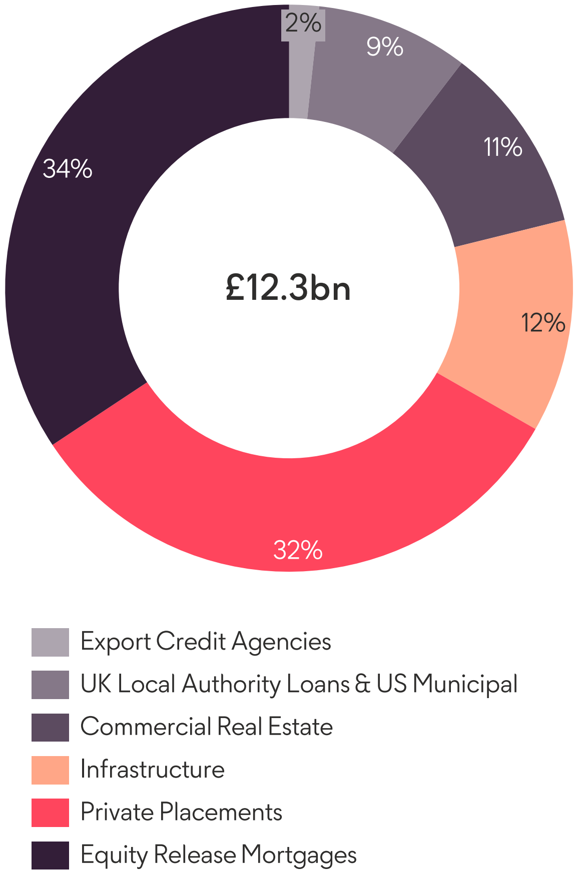
- Broad regional spread with average LTV of 31%
- Secured on property assets with average time to redemption 12 years

Private Placements
£4.0bn with A rating

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

Infrastructure
£1.5bn with BBB rating

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



Commercial Real Estate
£1.3bn with BBB rating

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

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

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

Export Credit Agencies
£0.2bn with AA- rating

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

Appendix 14: Credit quality by sector for shareholder debt portfolio

Average credit rating by sector (FY21 vs FY20)

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

● FY20 ● FY21

Appendix 15: Integration synergies

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

See Appendix 18 for footnotes

Appendix 16: ESG ratings and collaborations

ESG ratings

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

Collaborations and Commitments

Climate Action 100+

Living Wage Foundation

IIGCC The Institutional Investors Group on Climate Change

PRI Principles for Responsible Investment

PCAF Partnership for Carbon Accounting Financials

MMM Make My Money Matter

PRI UNEP Finance Initiative The Net-Zero Asset Owner Alliance

Business in the Community The Prince's Responsible Business Network

TCFD Task Force on Climate-Related Financial Disclosures

Science Based Targets Driving Ambitious Corporate Climate Action

Appendix 17: 2022 sustainability targets

Investing in a sustainable future

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

Engaging people in better financial futures

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

Building a leading responsible business

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

(1) Subject to regulatory and market conditions

Appendix 18: Footnotes

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

Appendix 18: Footnotes cont.

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

Appendix 18: Footnotes cont.

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

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

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