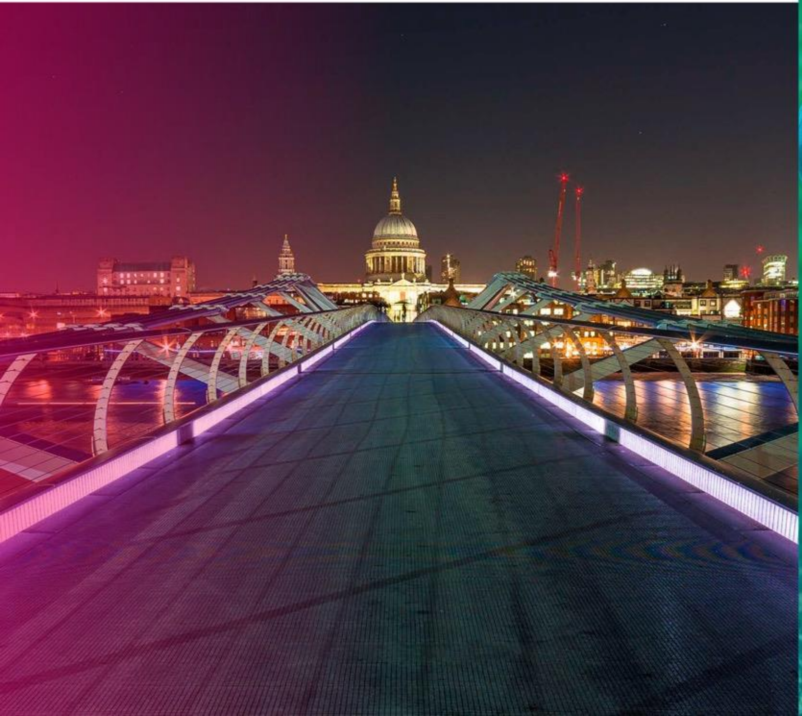
Phoenix Group
Half Year 2021 Results

11 August 2021

H1 2021 review

Andy Briggs

Group Chief Executive Officer



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)]

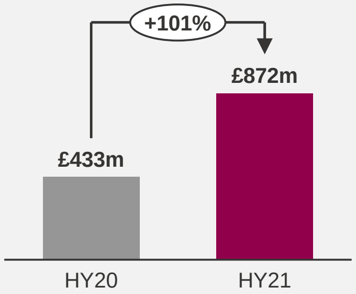
See Appendix XVI for footnotes

Phoenix continued to deliver cash, resilience and growth in H1 2021

Cash

£872 million

Cash generation



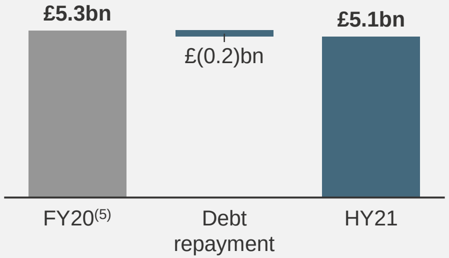
Resilience

£5.1 billion

PGH Solvency II surplus(3)

166%

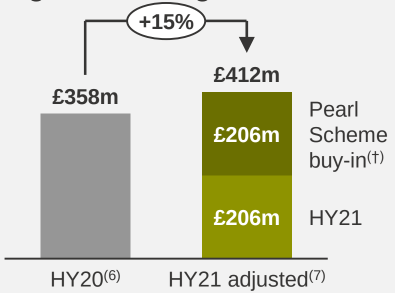
PGH Shareholder Capital Coverage Ratio(3,4)



Growth

£412 million

Incremental new business long-term cash generation



(†) Transaction completed in July 2021

See Appendix XVI for footnotes

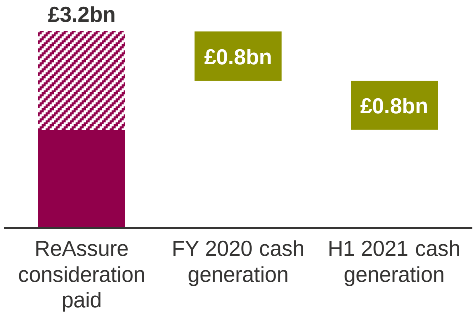
Delivering cash and resilience through a range of management actions

Cash

Delivering cash through value accretive management actions

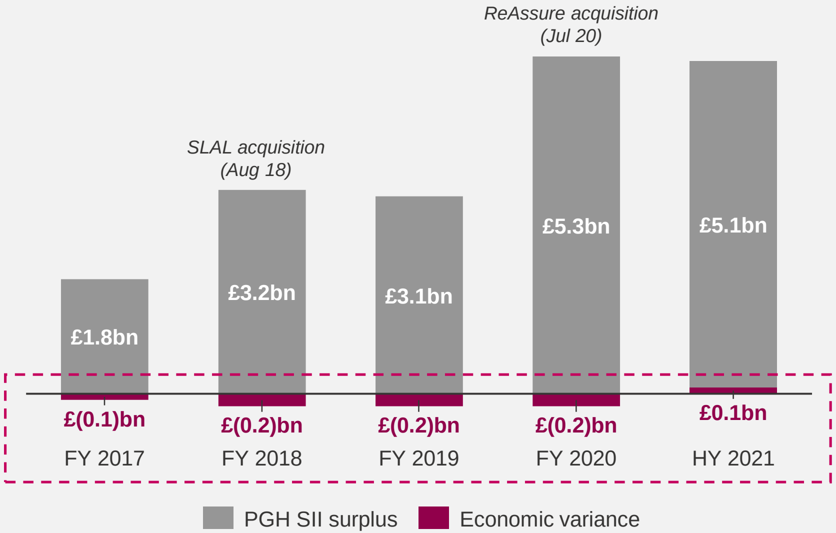
- £0.3 billion of Solvency II management actions delivered in H1 2021, including:
  - ✓ illiquid asset origination;
  - ✓ asset risk management; and
  - ✓ integration synergies

50% of ReAssure consideration returned in <12 months



Resilience

Hedging approach delivers minimal economic variance regardless of growth in company-size and market volatility



Maximising shareholder value from our European operations

European operations

Ark Life

Business sold (completion expected by early 2022)

Transaction realises shareholder value

£197 million
cash consideration

0.91x
SII own funds

Capital to be reinvested into higher return growth opportunities

- Closed-book Heritage business acquired as part of ReAssure with £1.8 billion of AUA at 31 December 2020
- Acquirer (Irish Life) already operates the policy administration and investment management via an outsourcing agreement

Maximised shareholder value

Standard Life International

Business retained

- ✓ **Improve its capital efficiency**
  Move the business from Standard Formula to a Partial Internal Model
- ✓ **Improve its cost efficiency**
  Move the business from legacy SLAL infrastructure to our modern and cost efficient TCS Diligenta platform
- ✓ **Leverage the brand**
  Leverage our ownership of the Standard Life brand to enhance and grow our customer proposition

A platform for strategic optionality

Driving our growth strategy through investment in our Open business

Further progress made in H1 2021

Enhanced BPA capability will enable us to quote on c. 90% of deals in the market by volume, up from c. 35% in 2020

Internal Model Harmonisation application submitted in March – BPA new business capital strain reduced to 6%

Good momentum in Workplace with new scheme wins in H1 and winner of Pensions Age Master Trust Offering of the Year 2021

Leveraging the brand for future growth

Acquisition of the Standard Life brand

- Trusted and well known consumer brand
- Ownership of digital channels is improving our engagement reach with customers
- Simplified operational model that we now own end-to-end

Investing for growth

- Refreshing the Standard Life brand
- Accelerating proposition innovation to drive future growth
- Investing in technology to improve customer and intermediary service and experience

Maintaining strong customer satisfaction and developing our customer proposition

Strong customer satisfaction maintained in H1 2021

91%

Combined Group customer satisfaction – telephony
Target: 90%

94%

Customer satisfaction Standard Life – digital journeys
Target: 92%

H1 2021 proposition enhancements

- **ESG passive default** fund now available to DC Master Trust workplace members and expansion of our range of self-select responsible investment funds
- **In-scheme drawdown** available to a further 1.5 million members
- Continued to **enhance mobile functionality** – 58% of digital sessions are now mobile and 34% year-on-year increase in mobile app logins
- Launched two savings tools to broaden our financial wellness offering - **HomeBuyer Hub** and **Money Mindset**
- Migrating customers to a **modern technology platform** to improve the customer experience

Phoenix is committed to addressing the challenges of climate change

Progress towards our 2050 investment portfolio net zero carbon target

To date

Dec 2020
Set net zero carbon targets

May 2021
Joined net zero asset owner alliance and Race to Zero campaign

Jun 2021
Invested £788 million in ESG assets in H1

Jul 2021
Open letter sent to asset management partners to drive change

Planned activity in H2 2021

H2 2021
Implementation of a responsible investment exclusion policy

Sep-Nov 2021
Phoenix to actively participate at COP26 events including the Green Horizon Summit

Q4 2021
Set 2025 and 2030 decarbonisation targets for our investment portfolio

Strong progress towards target of net zero carbon from operations by 2025

Operations			Suppliers
On track to reduce scope 1 and 2 emissions from occupied premises per FTE intensity by 20% in 2021	Installing UK's largest photovoltaic glazing roof at our Wythall office	On track for all of our occupied premises to use 100% renewable electricity by end of 2021	Engaged 55% of suppliers on decarbonisation plans (target: 75%)

We are investing in our people and our culture to prosper for the long-term

Our people and culture

Underpinned by our Future Ways of Working strategy

Talent and capabilities

- Empowering leaders and creating accountable business units to reflect the scale of our enlarged Group
- Supplemented existing talent with strong external hires

Diversity and Inclusion

- Innovative data capture app "Who We Are" completed by 75% of colleagues
- 29%(2) of our Top 100 leaders are women, up from 21% in 2020
- 13%(2) of our Top 100 leaders are ethnically diverse

Wellbeing and mental health

- Increased Carers leave from 5 to 10 days annually to align with best in class
- Colleague net promoter score for Health & Wellbeing support above the Financial Services benchmark

Employee and community engagement

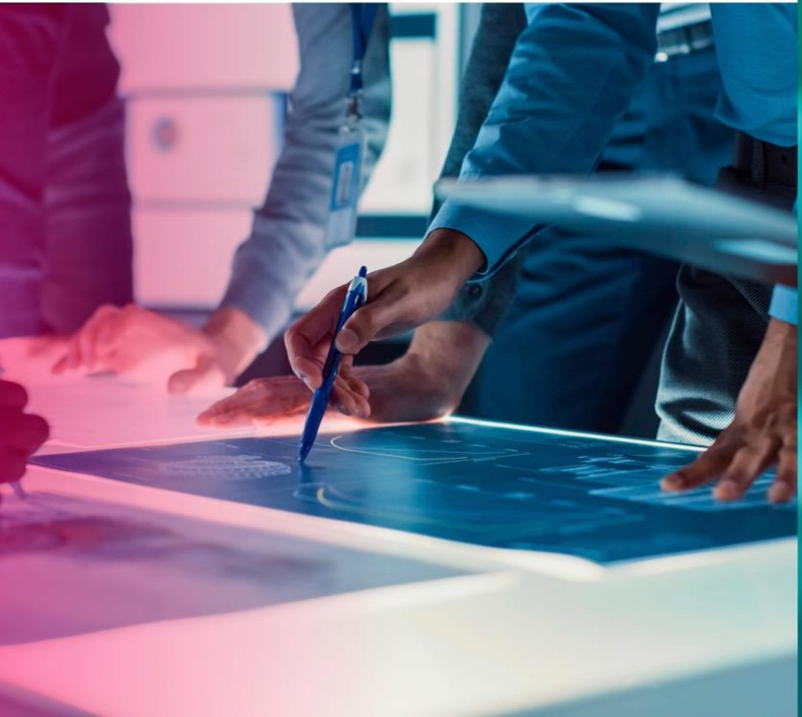
- Improved our strong employee engagement score to 79% (FY 2020: 75%)
- Launched a new two-year partnership with a mental-health charity, as voted for by our colleagues

See Appendix XVI for footnotes

H1 2021 financial results

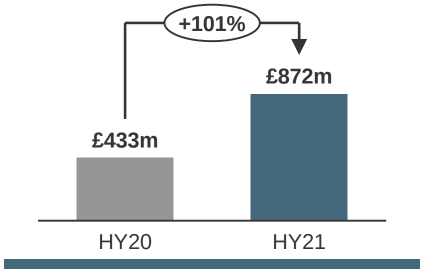
Rakesh Thakrar

Group Chief Financial Officer

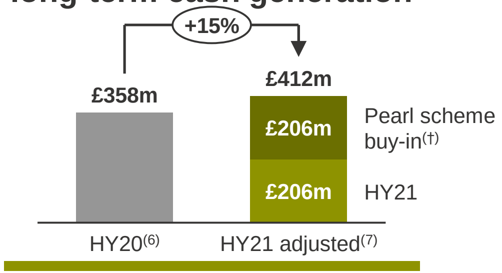


Phoenix delivered a strong H1 2021 performance

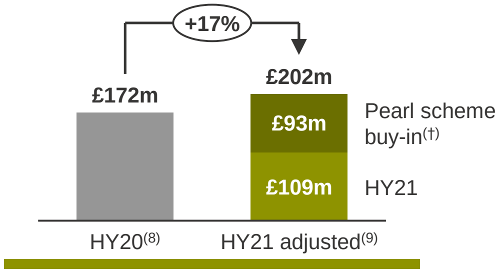
Cash generation



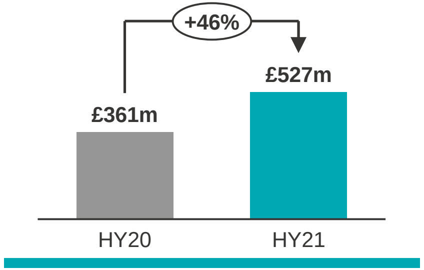
Incremental new business long-term cash generation



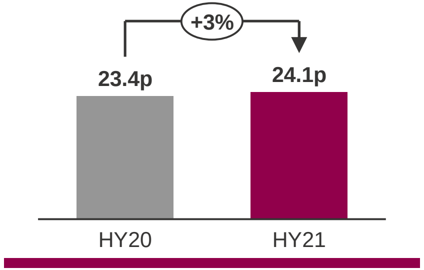
New business contribution



Operating profit before tax



Interim dividend per share

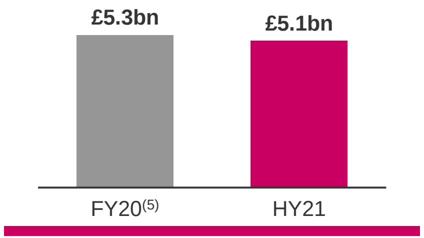


(†) Transaction completed in July 2021

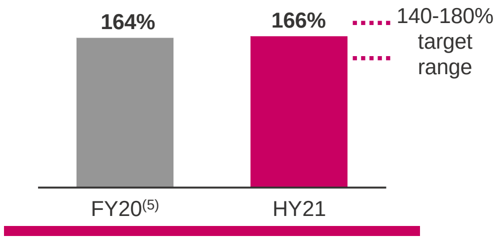
See Appendix XVI for footnotes

Phoenix maintained a resilient financial position in H1 2021

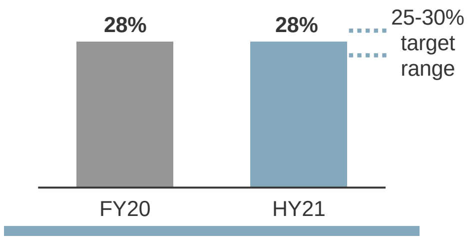
PGH Solvency II Surplus(3)



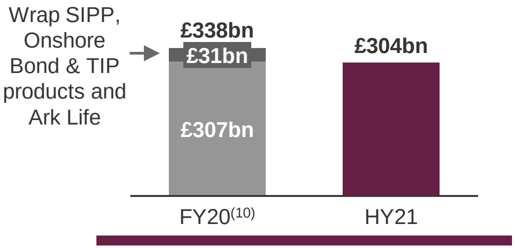
PGH Shareholder Capital Coverage Ratio(3,4)



Leverage ratio



Assets under administration



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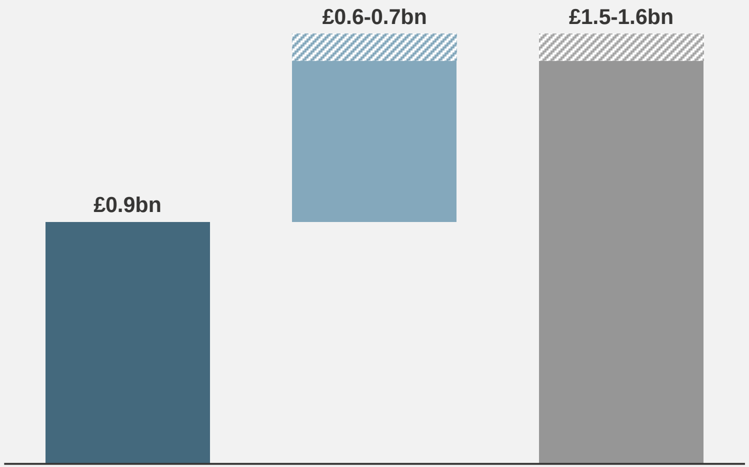
Strong cash generation in H1; now expect to be at top end of 2021 target range

Cash generation of £872 million in H1 2021



Illustrative future cash generation from in-force business as at FY20

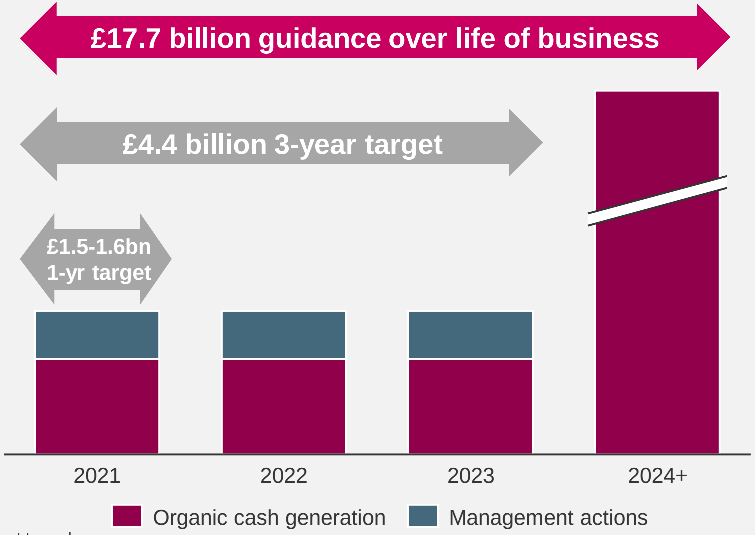
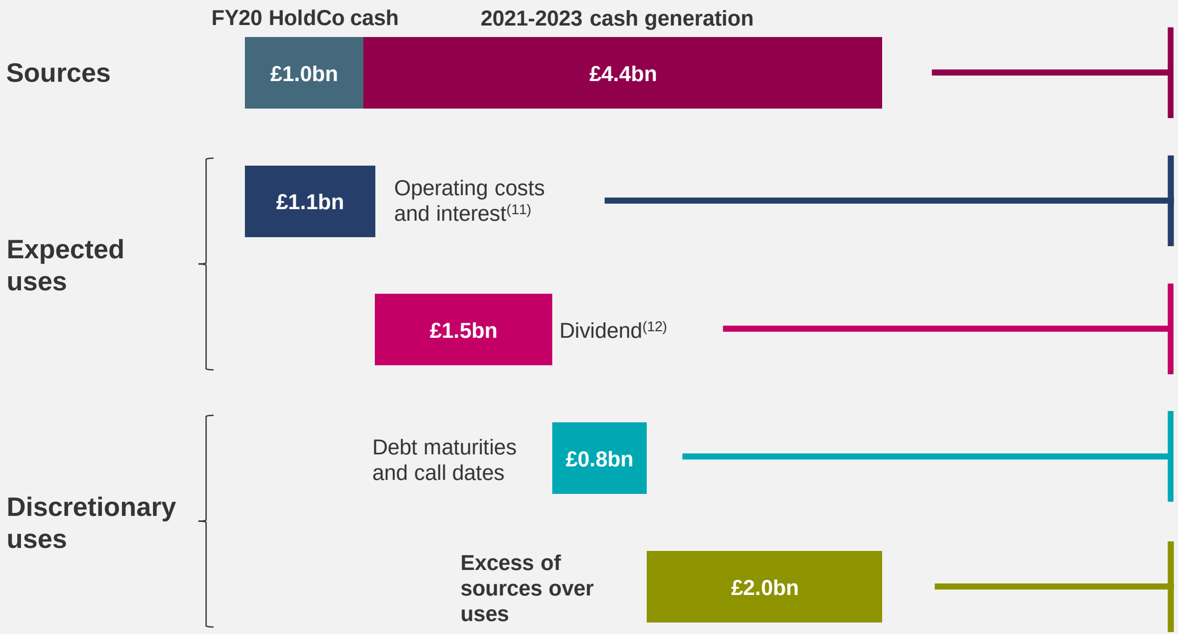


Chart not to scale

Cash generation excludes:
New business, including BPA; future M&A; and management actions in 2024+

£2.0 billion of cash to support growth options to end of 2023

Illustrative 2021-2023 HoldCo sources and uses of cash



£4.4 billion of cash generation from in-force business, plus HoldCo cash

Head office costs and debt interest utilise only 20% of £5.4 billion cash available

Available cash covers current dividend 3.6x

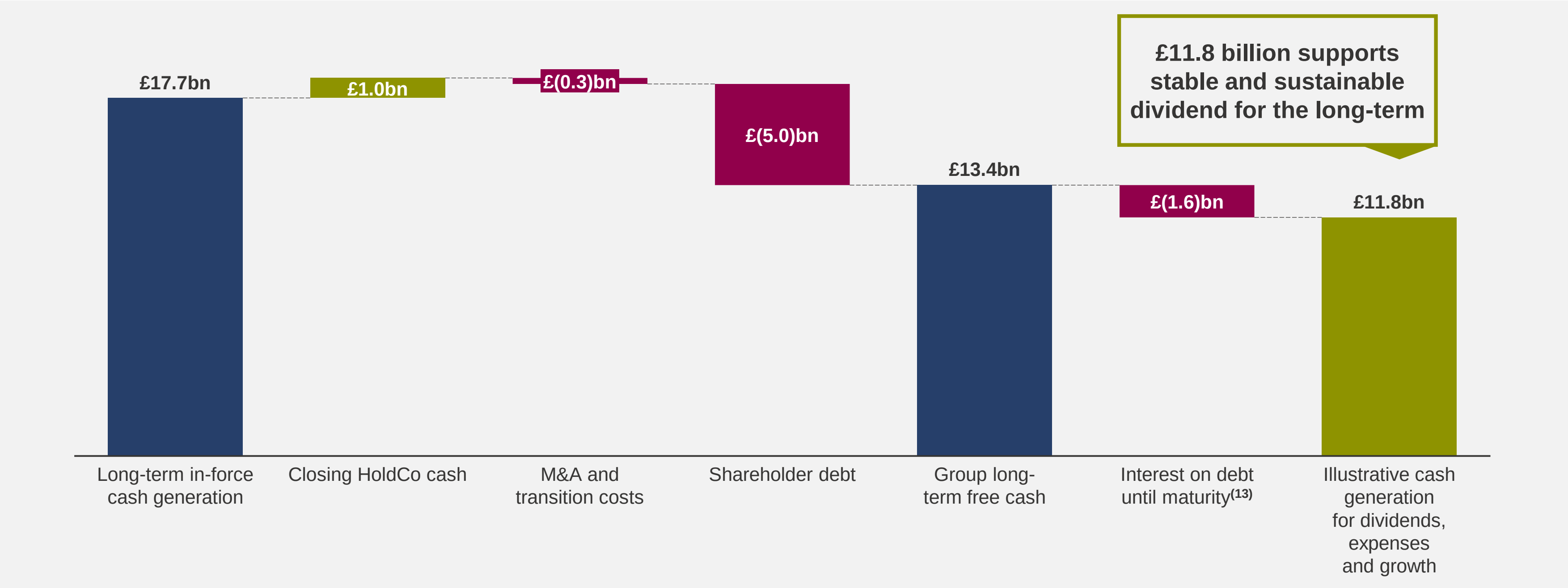
£0.8 billion of debt instruments have maturity and call dates in the period

£2.0 billion of cash available for growth

See Appendix XVI for footnotes

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

Group long-term free cash as at FY20



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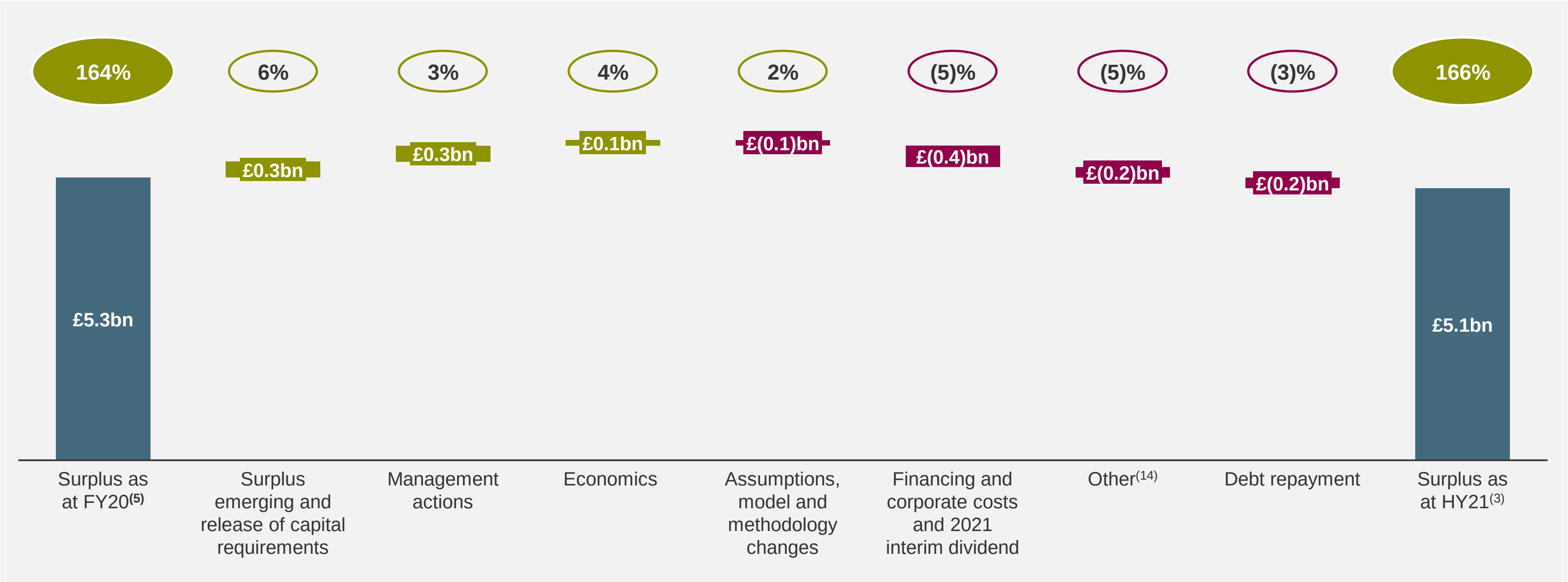
Phoenix's strong capital position is maintained

Change in PGH Solvency II surplus and Shareholder Capital Coverage Ratio



See Appendix XVI for footnotes

Proactive risk management ensures the Group remains resilient to risk events

Unrewarded market risks(15)

		Target range 140-180%
Base position	£5.1bn	166%
Equities 20% fall in markets	No impact	2%
Long-term rates 73bps rise in interest rates(16)	£0.1bn	5%
Long-term rates 88bps fall in interest rates(16)	£(0.1)bn	(7)%
Long-term inflation 72bps rise(17)	£(0.1)bn	(2)%
Currency 10% reduction(18)	£0.2bn	1%
Currency 11% increase(18)	£(0.1)bn	(1)%

Rewarded market risks(15)

		Target range 140-180%
Base position	£5.1bn	166%
Property 12% fall in values(19)	£(0.2)bn	(4)%
Credit 120bps spread widening(20)	£(0.3)bn	(1)%
Credit 20% portfolio full letter downgrade(21)	£(0.4)bn	(8)%

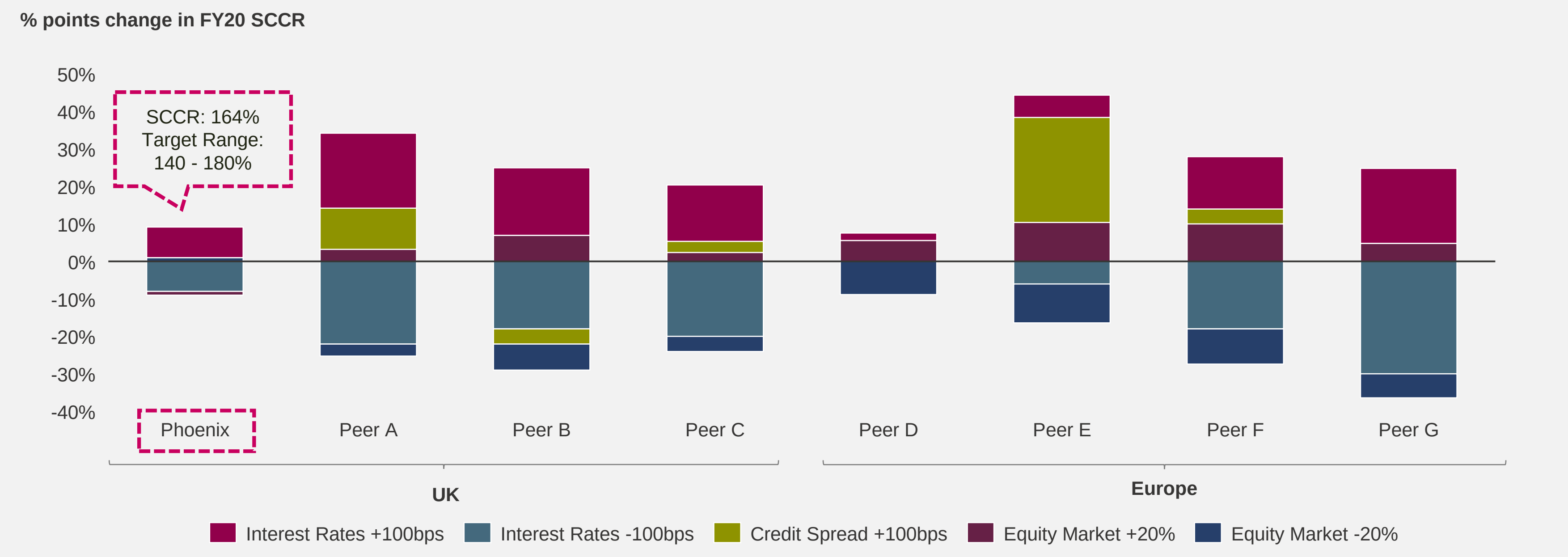
Demographic risks(15)

		Target range 140-180%
Base position	£5.1bn	166%
Lapse 10% increase/decrease in rates(22)	£(0.2)bn	(2)%
Longevity 6 months increase(23)	£(0.7)bn	(10)%

See Appendix XVI for footnotes

Phoenix's hedging approach makes us more resilient to market risks

FY20 Phoenix Shareholder Capital Coverage Ratio (SCCR) sensitivities relative to Life peers(24)



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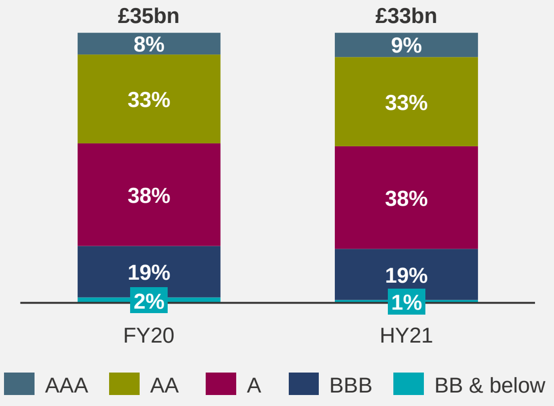
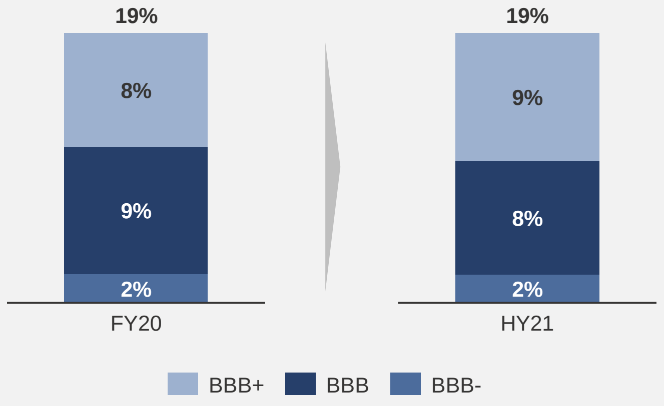
Our £33 billion debt portfolio is defensively positioned and proactively managed

High credit quality debt portfolio



- ✓ Actively managed credit quality of portfolio, with limited downgrades in H1 2021
- ✓ 99.9% of cash flows paid on bonds (100% paid on liquid and 99.7% on illiquid)

Maintained prudent BBB exposure

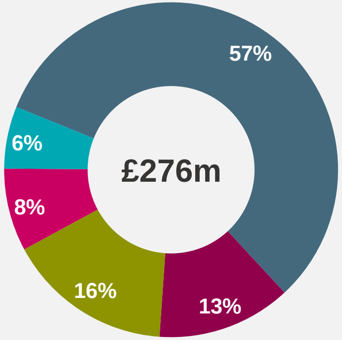


- ✓ Manage to a Group risk appetite for <20% of BBB rated assets and seek to minimise our BBB- exposure
- ✓ Actively manage portfolio by de-risking and diversifying into higher rated assets and across different geographies

£276 million of Solvency II management actions delivered in H1 2021 primarily through BAU activity

H1 2021 Solvency II management actions

Other actions
Including methodology changes and other balance sheet efficiency actions



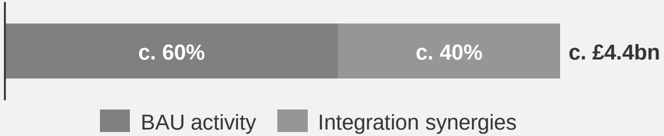
Illiquid asset origination
Sourcing assets to deliver closer matching of cash flows in our annuity books (28% of annuity portfolio now backed by illiquids)

ReAssure synergies
Benefit from VAT release on L&G investment mandates

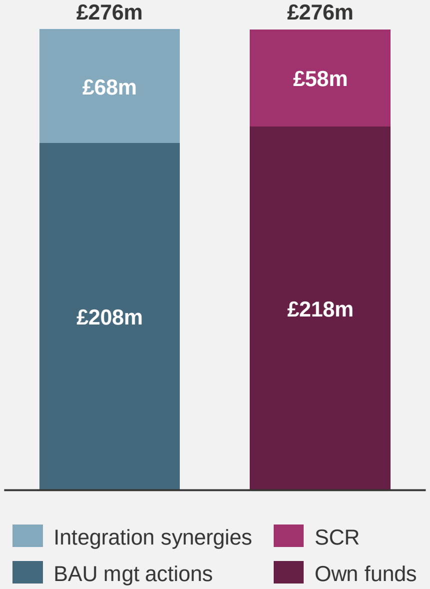
Asset risk management
Benefits include no-negative-equity guarantee hedging

Standard Life synergies
Primarily synergies from further migration to MG ALFA

Phoenix has delivered c. £4.4 billion of SII management actions since 1 Jan 2016:



Creating value

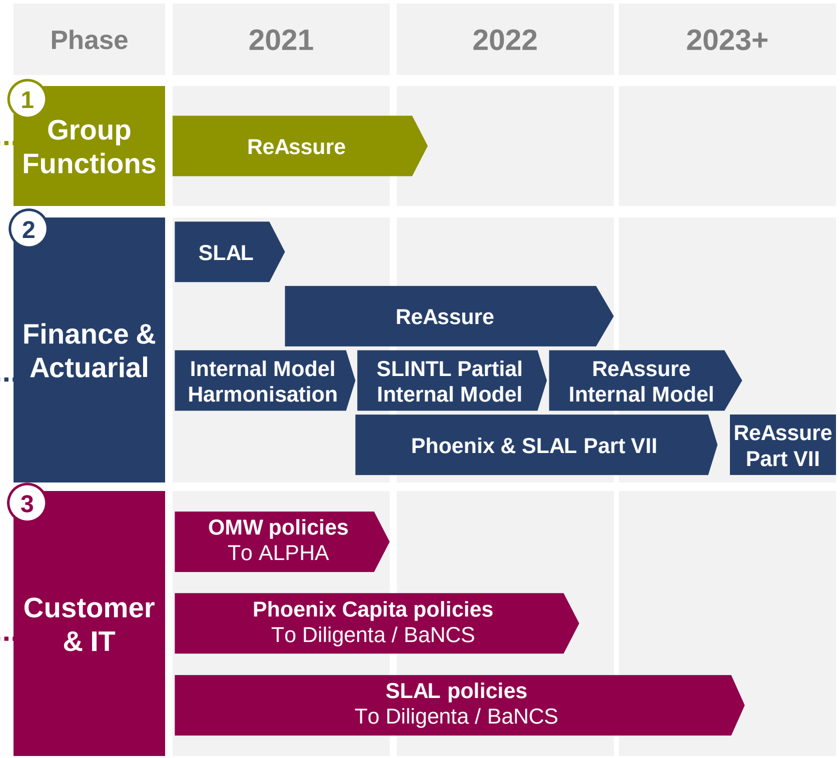


Further integration progress in 2021 with significant synergies still to be delivered

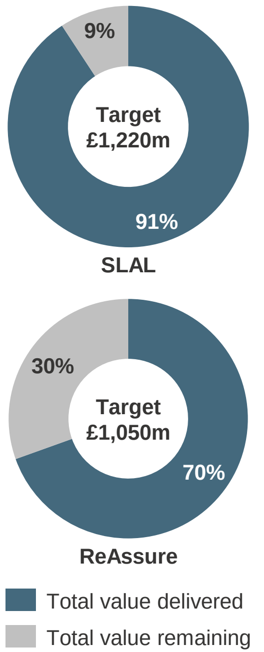
✓
- Ongoing integration of ReAssure Group Functions delivers cost savings
- Completion of ReAssure Group Functions integration in early 2022 frees up capacity for future M&A integration

✓
- SLAL integration completed June 2021
- ReAssure Phase 2 integration underway with cost synergies expected to materialise from 2022

✓
- Significant progress on digital build to enable migration of SLAL policies alongside new operating model
- Next tranche of Capita legacy policies due to migrate in Q3 2021



Integration synergies delivered to date



Internal Model Harmonisation is a key enabler for delivering future value

Internal Model Harmonisation delivers incremental benefits

		SII surplus	Cash
Group diversification	Realisation of material diversification between the legacy Phoenix and legacy Standard Life entities	£0.2bn	-
Improved modelling	Release of prudence through improved modelling of credit risk and diversification of risks within the life companies	£0.1bn	£0.1bn
Release of temporary strain	Reduced capital requirements for Group currency hedges	£0.1bn	-
	Estimated future impact	**£0.4bn**	**£0.1bn**

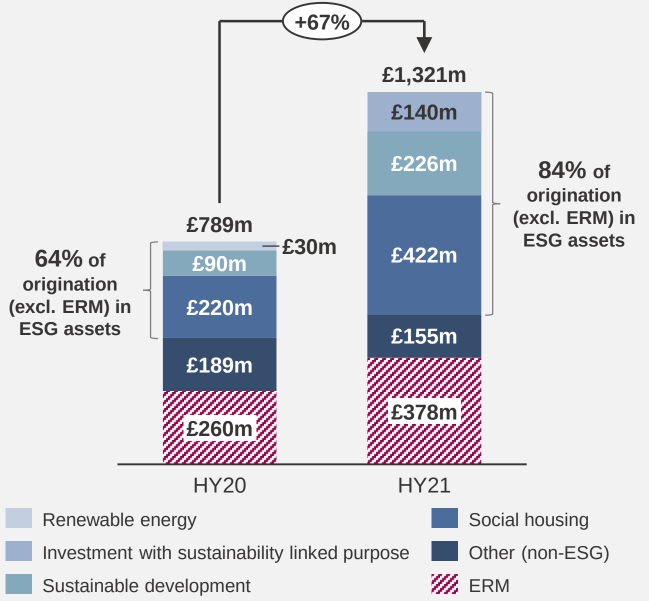
Unlocks a pipeline of management actions

- ✓ More sophisticated model, enabling us to better understand and manage our risks
- ✓ Supports new business BPA target capital strain of 5%
- ✓ Scope to make further improvements to credit risk modelling capabilities supporting illiquid asset origination
- ✓ Unlocks future Part VIIs and other management actions
- ✓ Provides foundation to bring ReAssure onto the harmonised Internal Model
- ✓ Supports future M&A

Final PRA decision for the Internal Model Harmonisation application is expected by the end of September 2021

67% increase in illiquid asset origination to £1.3 billion in H1 2021

Total illiquid asset origination



H1 2021 average credit rating of A

Impactful investment in a range of sustainable assets

Heylo Housing

£67 million
25-year loan

- ✓ Enfranchising would-be homeowners and improving affordability of homes
- ✓ Geographically diverse - key regions including North West (30%), South West (15%) and Yorkshire (12%)

Bruntwood

£50 million
15-year loan

- ✓ Phoenix's first sustainability-linked commercial real estate loan
- ✓ Three sustainability targets in loan terms to incentivise borrower to improve environmental impact of portfolio

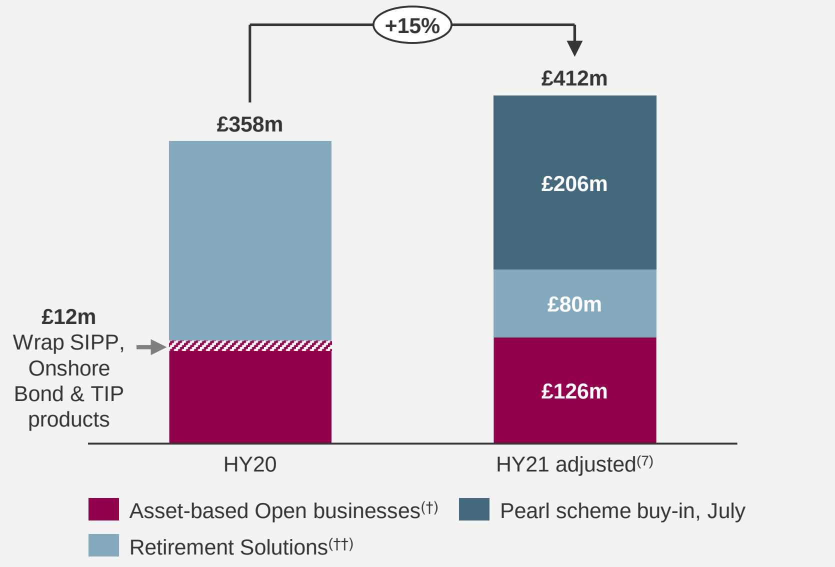
Equitix

£24 million
15-year loan

- ✓ Loan comprises 50 core social infrastructure assets
- ✓ UK public-private partnerships, such as healthcare, education and social housing

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

Phoenix maintained its market share in a slow BPA market and reduced capital strain to 6%

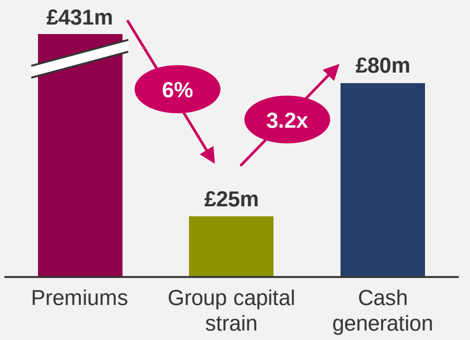
H1 2021 highlights

✓ Phoenix market share maintained at c. 7%[25] in a slow first half external BPA market

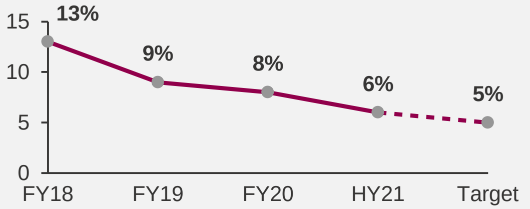
✓ Pricing reflects harmonised Internal Model, driving significant improvement in capital strain to 6% (2020: 8%)

✓ Continue to execute deals with existing clients, with one follow-on transaction completed in H1 2021

External deal economics



Reduction in capital strain



H2 2021 outlook

- Improved pipeline of transactions being quoted on for H2 2021
- Now have capability to price deals of all sizes and compete for schemes with deferred members and buy-outs
- Improved capability will allow us to quote on circa 90% of deals in the market
- Disciplined approach prioritises value over volume; current capital allocation of up to £200 million p.a.

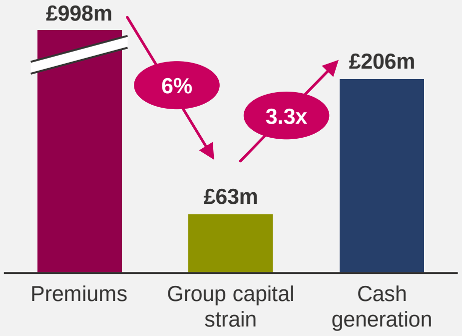
See Appendix XVI for footnotes

Pearl Scheme transaction completed in July 2021 will deliver £206 million of incremental long-term cash generation

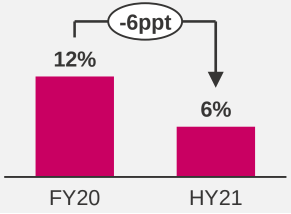
Pearl Scheme transaction

- ✓ Executed a further c. £1 billion Pearl Pension Scheme buy-in during July 2021
- ✓ c. 60% of the c. £3 billion committed buy-in has now been executed
- ✓ Agreement demonstrates Phoenix is a responsible pension scheme owner

Pearl Scheme deal economics



Reduction in capital strain



Reflects expected Internal Model Harmonisation efficiencies

Future Pearl Scheme activity

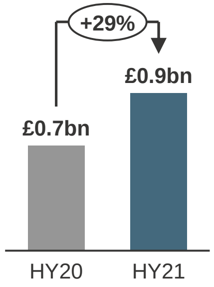
- Committed to buy-in of the remaining c. 40% of pension scheme liabilities no later than 2023
- Future buy-ins will contribute incremental new business long-term cash generation
- Timing and size of future tranches to be agreed with pension trustee

Investment in proposition is driving momentum in new business

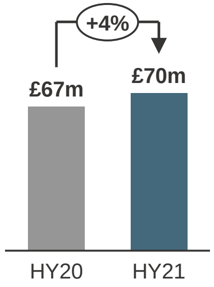
Workplace

- Increased inflows and LTCG evidences building momentum in the business
- 29% increase in gross inflows on new business is driven by improved pricing and proposition enhancements
- New scheme wins are a growth platform

Gross inflows on new business



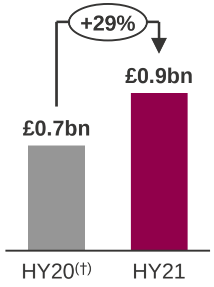
Long-term cash generation



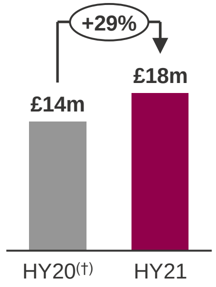
Customer Savings & Investments

- Focus on building retail proposition now to drive long-term success
- Performance reflects proposition enhancements, including drawdown option now available to heritage Phoenix Life customers

Gross inflows on new business



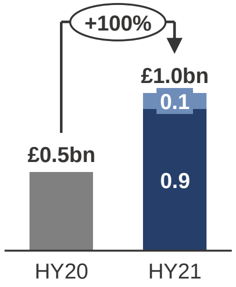
Long-term cash generation



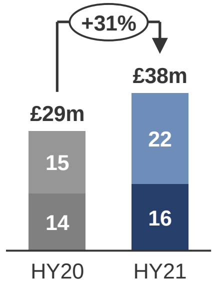
Europe & SunLife

- Increased gross inflows on new business in Europe due to stronger sales in Ireland
- 47% increase in SunLife LTCG reflects higher new business volumes

Gross inflows on new business



Long-term cash generation



Europe SunLife

(†) CS&I HY20 gross inflows on new business and long-term cash generation pro-forma to reflect agreed sale of Wrap SIPP, Onshore Bond and TIP products to abrdn

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

Phoenix is maintaining the resilience and sustainability of its dividend

Stable and sustainable dividend policy delivers resilience and predictability

The Board will **only consider** an increase in dividend if the **business grows**

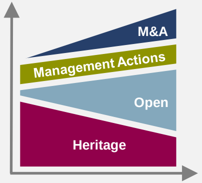
Any increase must maintain dividend **sustainability over the long-term**

An increased dividend then establishes a new **stable and sustainable** level

Further increases will be dependent on delivering **further growth**

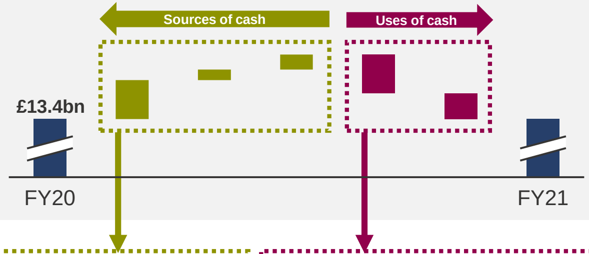
A clear framework for considering a dividend increase

Condition 1: Organic offset more than achieved



>£800m of Open new business LTCG

Condition 2: Recurring sources of cash exceed uses of cash



Recurring sources of cash, principally:
- New business LTCG
- Over-delivery of management actions in year
- Additional year(s) of management actions

Recurring uses of cash:
- Operating costs, interest and dividend
- BPA funding

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'

Outlook

Andy Briggs

Group Chief Executive Officer

Phoenix is a sustainable and growing business, helping people secure a life of possibilities

Optimise in-force business	Deepen customer relationships	Customer acquisition
We manage our in force business to deliver **resilient cash generation** and management actions, including cost and capital synergies	By **engaging** with our customers and meeting their broader needs, we will **retain** our customers and they will **consolidate** towards us as they journey to and through retirement	**Acquire customers** and **grow our in-force business** by leveraging the industry drivers of change

HERITAGE	OPEN	M&A & INTEGRATION
Market leader	**Strong foundation**	**Market leader**
Bedrock of our business	**Unique advantages from operating alongside Heritage**	**Differentiated capabilities**

…our strategy delivers cash, resilience and growth.

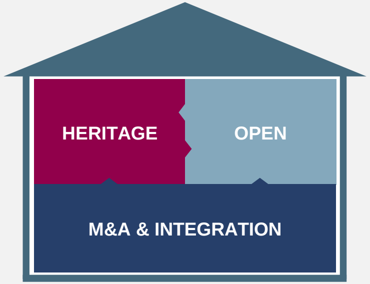
Phoenix has a unique set of competitive advantages to generate value

Phoenix's strategy delivers unique advantages…

Our unique risk management framework delivers **resilience** across all of our in-force business

We deliver high levels of dependable **cash** generation which supports our dividend over the long-term

We generate surplus capital with excess cash to invest in **growth** options which are aligned to the industry drivers of change



…and the whole is greater than the sum of the parts

Optimised operating model delivers superior customer experience and market leading **cost efficiency** across both Heritage and Open

Diversified business drives **capital efficiency** across both Heritage and Open

Scale as the UK's largest long-term savings and retirement provider with c. 13 million customers

Phoenix is delivering its purpose of helping people secure a life of possibilities

Customers
Customer obsessed, focused on outcomes that matter to them

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

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

Phoenix Insights
Think tank launching Q4 2021

High impact research and public engagement
'For better longer lives'

- Commissioning analysis from leading thinkers and partners
- Building public awareness and debate
- Making proposals for action from business, government & society

Expert advisory committee in place, chaired by Andy Briggs


Lord Victor Adebowale


Baroness Camilla Cavendish


Professor Lynda Gratton


Professor Sarah Harper


Baroness Ruby McGregor-Smith


Amber Rudd

Phoenix will continue to execute against its strategic priorities in H2 2021

CASH & RESILIENCE

- Deliver top end of **cash generation target** and maintain **resilience**
- PRA decision on **Internal Model Harmonisation** application expected in September 2021
- Deliver on our pipeline of **management actions** and **progress integration** programmes

GROWTH

- Deliver **incremental new business** long-term cash generation
- Continue to **build Open business** propositions and capabilities
- Refresh the **Standard Life brand**
- Continue to assess **value-accretive M&A** opportunities

CUSTOMERS

- Maintain our **>90% customer satisfaction scores**
- Invest in our **digital retirement journeys**
- Continue **migration of customers** to our modern platforms

SUSTAINABILITY

- Set **2025 and 2030** decarbonisation **targets** for our investment portfolio
- **Expand ESG fund coverage** across other defaults and managed funds
- Deliver **20% reduction in Scope 1 and 2 emissions**(1)

OUR PEOPLE

- Embed **Future Ways of Working**
- **Set broader D&I targets**, including for ethnic diversity, using data from our innovative “Who We Are” app
- Continue to **build our talent** and capability

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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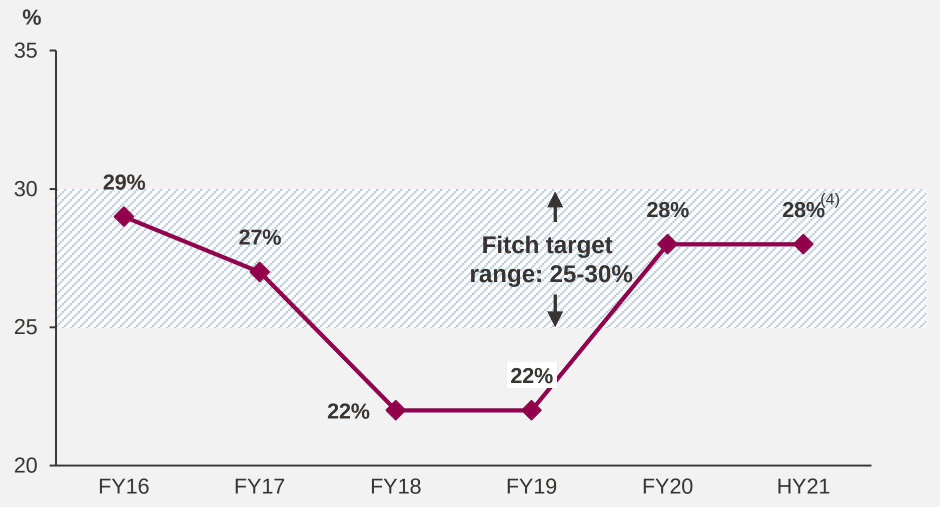
Appendices

Appendix I: Leverage ratios

Fitch leverage ratio[1]



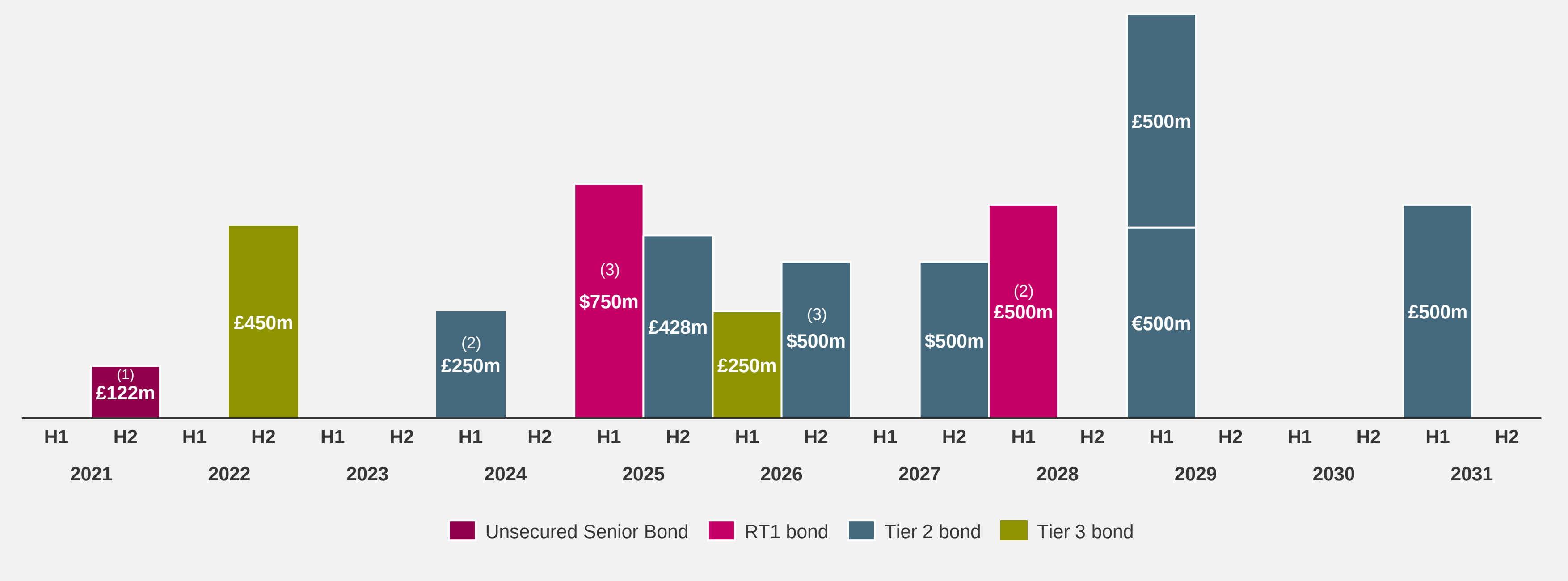
HY21 leverage ratios

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

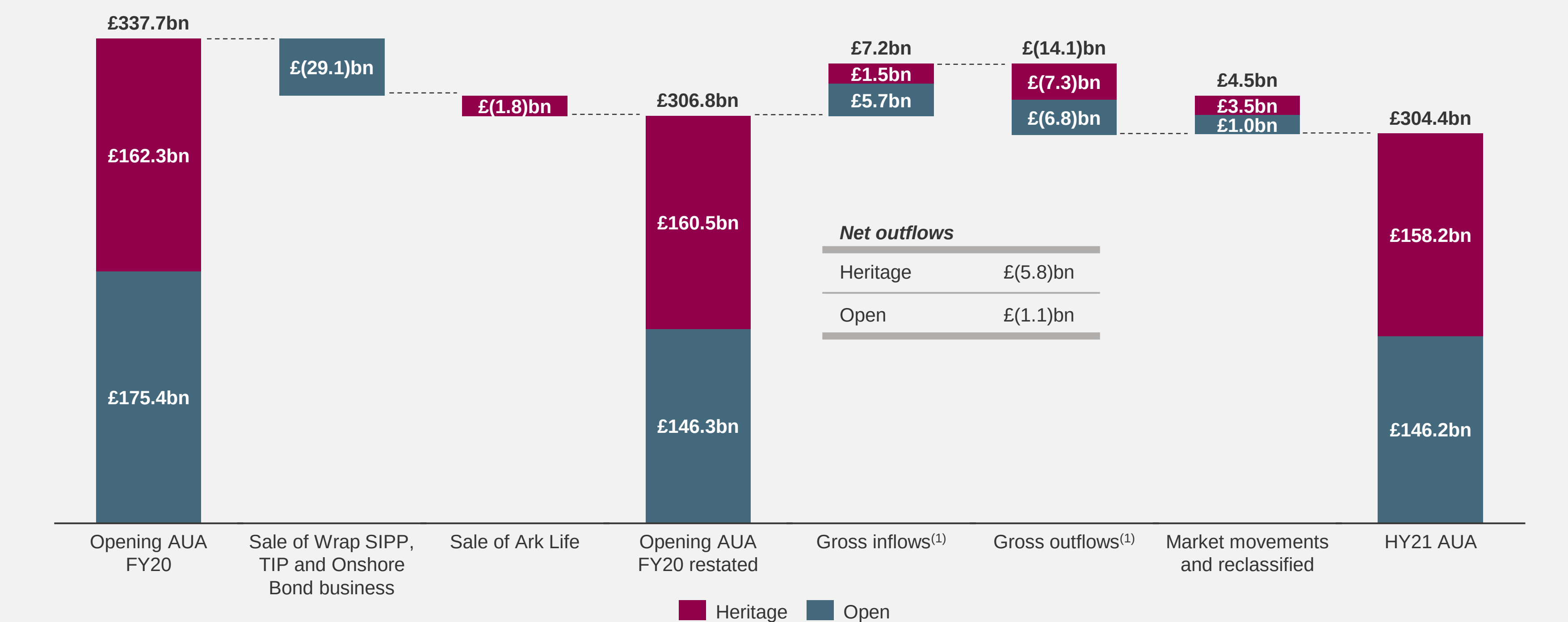
(1) The Fitch leverage calculation = debt (senior debt + RCF + T2 bonds + T3 bonds) / debt + equity (Shareholder equity + Unallocated surplus + RT1)
(2) IFRS leverage calculation = debt (all debt including RT1) / debt + equity (Shareholder equity only)
(3) SII leverage calculation = debt (all debt including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



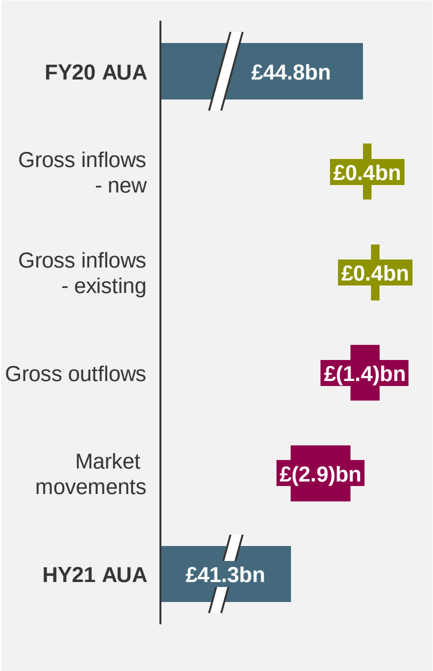
Net outflows	
Heritage	£(5.8)bn
Open	£(1.1)bn

Chart not to scale

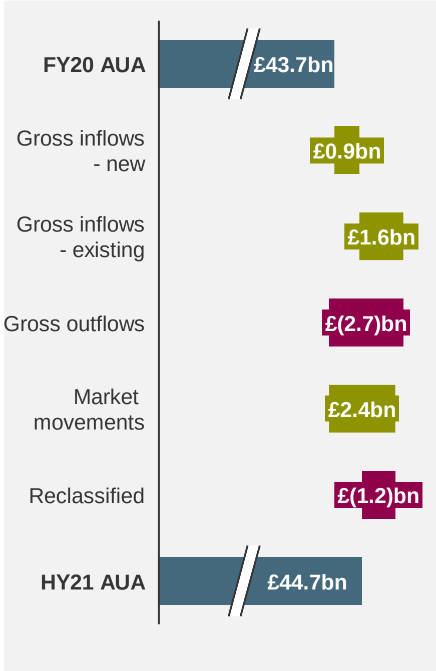
1) HY 2021 SunLife gross inflows of £0.1 billion offset by gross outflows of £0.1 billion

Appendix IV: Open business segments movement in assets under administration

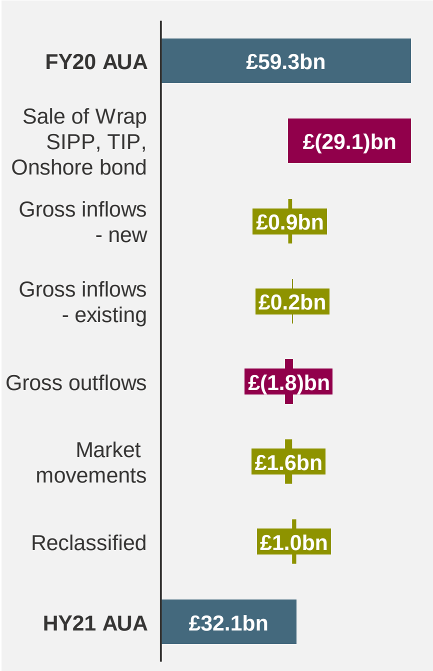
Retirement solutions



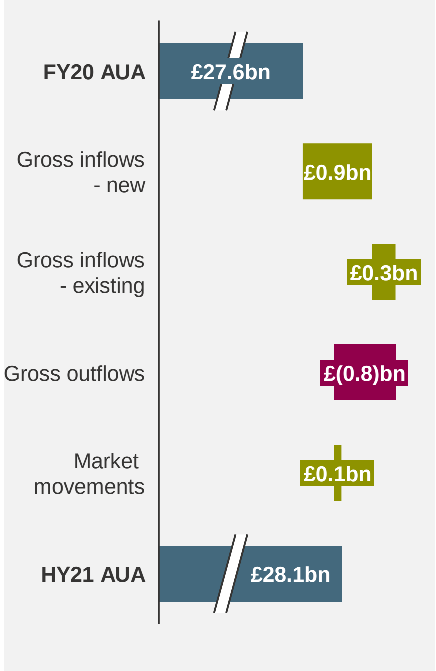
Workplace



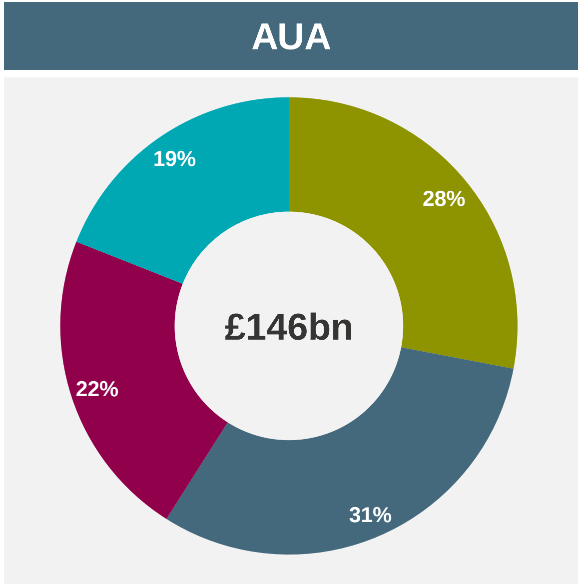
CS&I

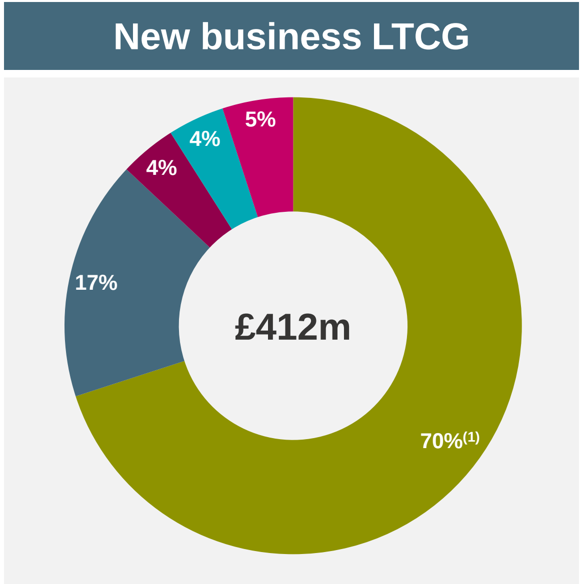


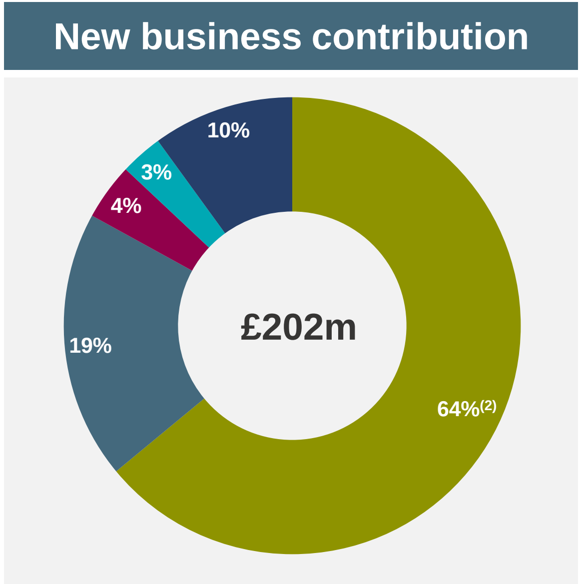
Europe



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



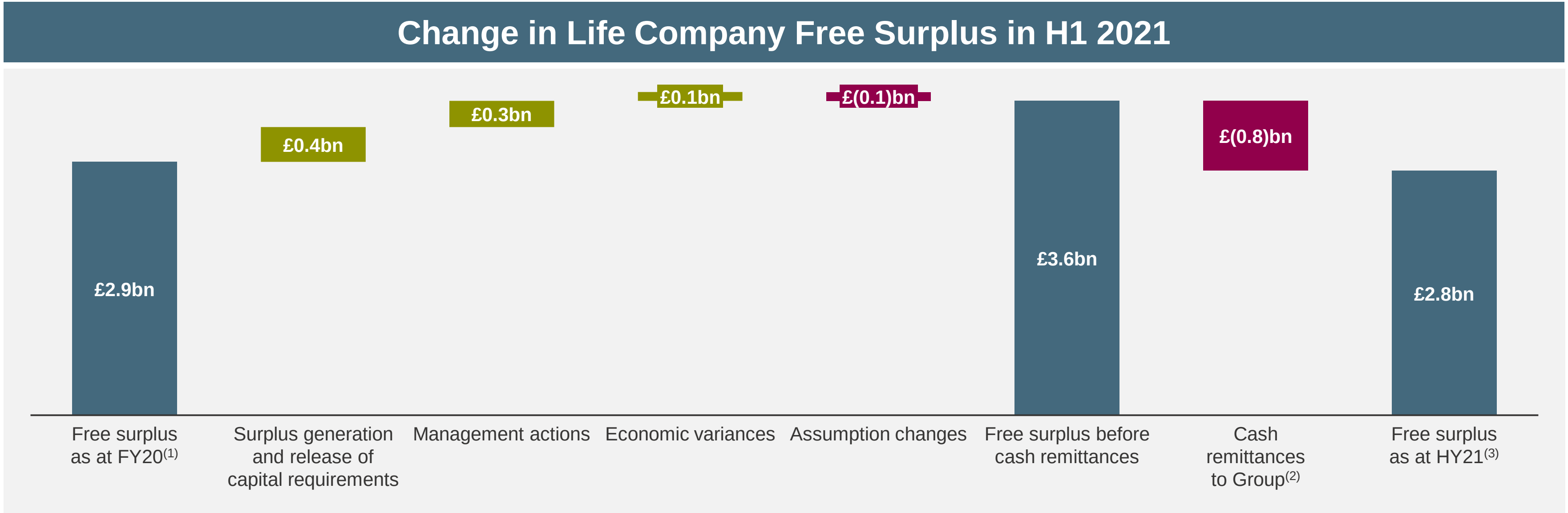




Retirement Solutions | Workplace | CS&I | Europe | SunLife

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



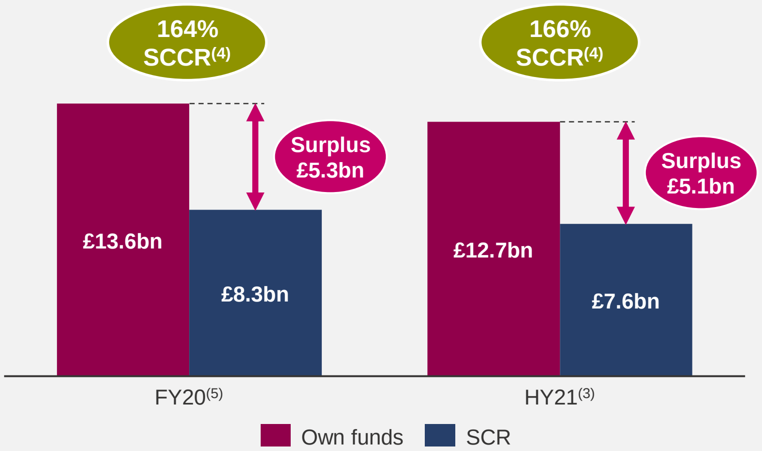
(1) 31 December 2020 Life Company Free Surplus is an estimated position and reflects a dynamic recalculation of transitionals for the Group's Life companies. Had the dynamic recalculation not been assumed, the Life Company Free Surplus would decrease by £0.1 billion

(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

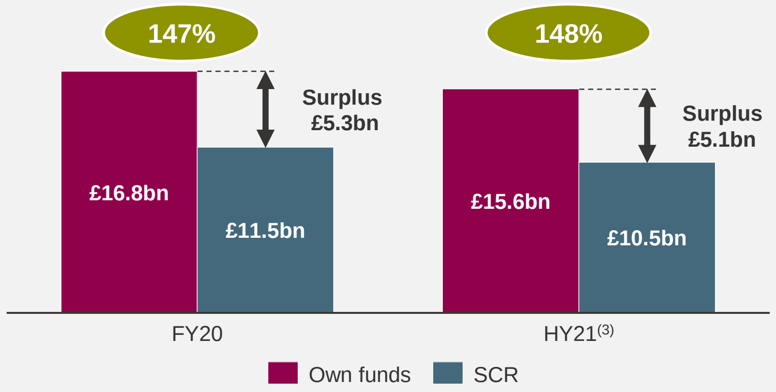
	£bn
Shareholder own funds	**12.7**
Less: Tier 2 and Tier 3 debt[27]	(3.5)
Less: Restricted Tier 1 debt[27]	(1.0)
Unrestricted Tier 1	**8.2**
Add: contract boundaries	0.1
Add: Shareholders share of with-profit estate	0.3
Proxy to shareholder value	**8.6**

Shareholder value per share: £8.61

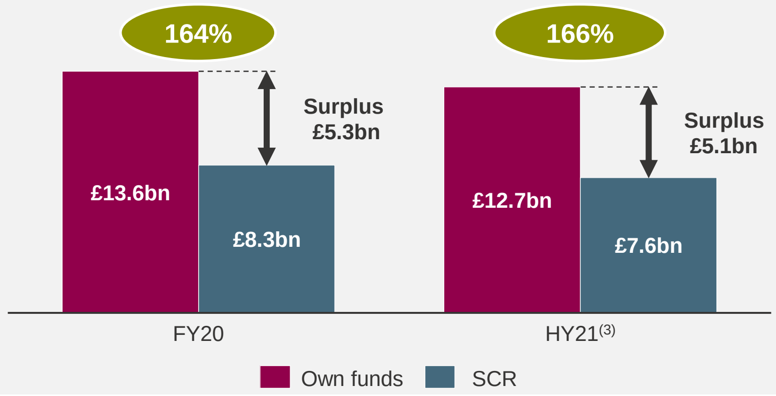
See Appendix XVI for footnotes

Appendix VIII: PGH Solvency II surplus and coverage ratios

PGH Solvency II coverage ratio



PGH Shareholder Capital Coverage Ratio[4]

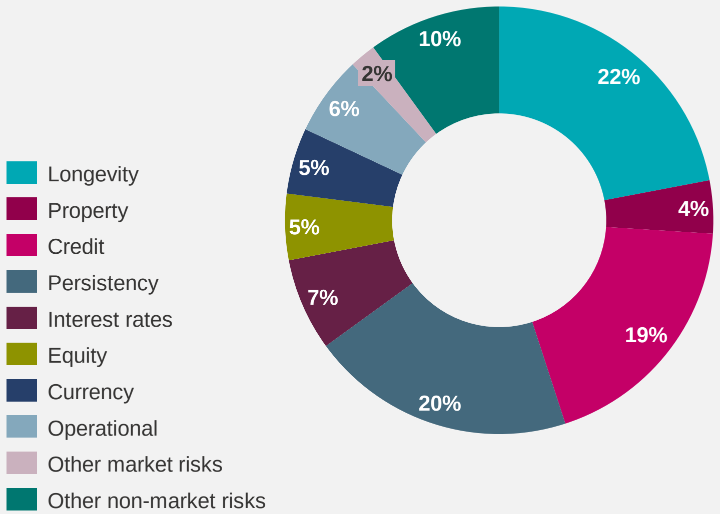


£bn	HY21	FY20
PGH Solvency II own funds	15.6	16.8
Less: Unsupported with-profit funds	(2.5)	(2.9)
Less: PGL and Pearl Pension Schemes	(0.4)	(0.3)
PGH Shareholder own funds	12.7	13.6

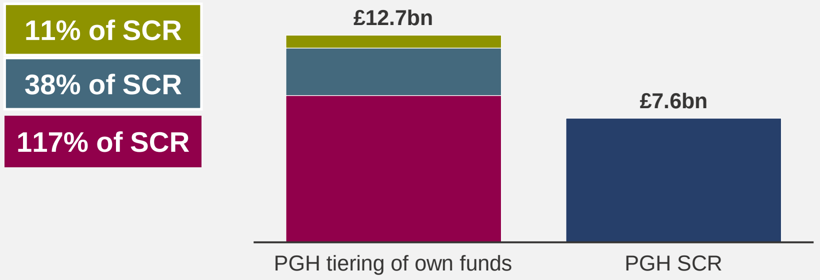
See Appendix XVI for footnotes

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)

Base position	£5.1bn	148%
Equities 20% fall in markets	No impact	No impact
Long-term rates 73bps rise in interest rates(16)	£0.1bn	5%
Long-term rates 88bps fall in interest rates(16)	£(0.1)bn	(6)%
Long-term inflation 72bps rise(17)	£(0.1)bn	(2)%
Currency 10% reduction(18)	£0.2bn	1%
Currency 11% increase(18)	£(0.1)bn	(1)%

Rewarded market risks(15)

Base position	£5.1bn	148%
Property 12% fall in values(19)	£(0.2)bn	(2)%
Credit 120bps spread widening(20)	£(0.3)bn	(1)%
Credit 20% portfolio full letter downgrade(21)	£(0.4)bn	(5)%

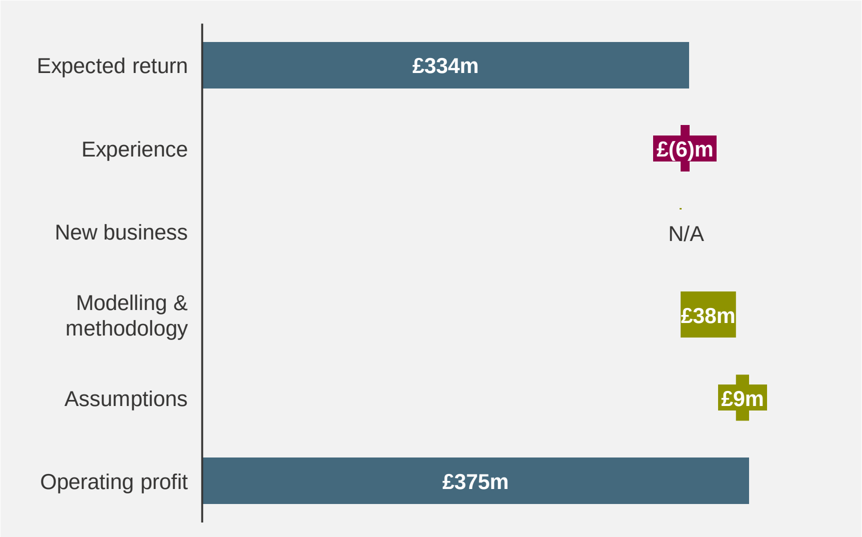
Demographic risks(15)

Base position	£5.1bn	148%
Lapse 10% increase/decrease in rates(22)	£(0.2)bn	(2)%
Longevity 6 months increase(23)	£(0.7)bn	(7)%

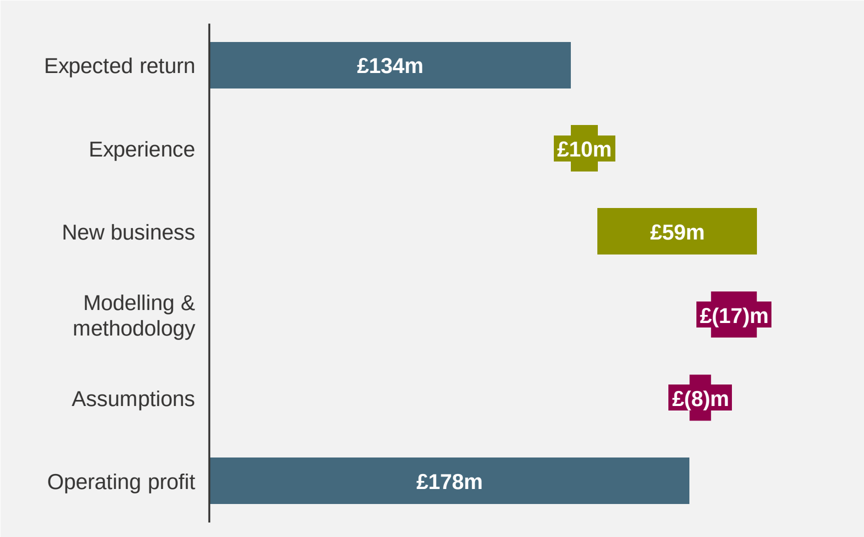
See Appendix XVI for footnotes

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)

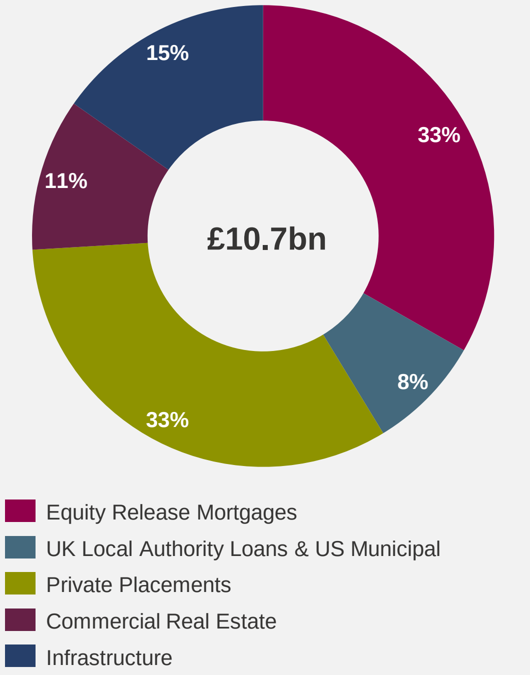
Commercial Real Estate
£1.1 billion with BBB+ average rating

- 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

at 30 June 2021



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

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

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

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

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

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

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