PHOENIX GROUP

Full Year Results 2014

18 March 2015

Agenda

Introduction	Howard Davies | Chairman
Business update	Clive Bannister | Group Chief Executive
Financial review	Jim McConville | Group Finance Director
Phoenix Life overview	Andy Moss | Chief Executive, Phoenix Life
Outlook and Q&A	Clive Bannister | Group Chief Executive

Introduction

Howard Davies

The Phoenix Journey

Private

- Pearl and Resolution I undertake a series of closed life acquisitions
- Pearl acquires Resolution I in 2008
- Acquisition by Liberty in 2009 as part of restructuring following 2008 dislocation in financial markets

Public

- Premium Listing on LSE achieved in 2010
- Board consisting of 14 Directors, with a high proportion of non-Independent NEDs
- Reliance on senior bank debt
- Restrictions on dividends
- High proportion of legacy shareholders

Today

- Streamlined Board
- Consistent delivery of financial targets
- Diversified funding structure and access to Debt Capital Markets
- Stable and sustainable dividend policy
- Normalised share register with 100% free float

Business update

Clive Bannister

2014 was a transformational year for Phoenix Group

- ✓ Divestment of Ignis Asset Management for £390 million
- ✓ Issue of £300 million senior unsecured bond
- ✓ Refinanced senior bank debt into a single £900 million facility
- ✓ Exchange of Tier 1 bonds into new subordinated notes in January 2015
- ✓ Gearing reduced to 34%

All financial targets met or exceeded

Diversified funding structure with lower cost of debt

Stable, sustainable dividend

Balance sheet now positioned to support growth ambitions

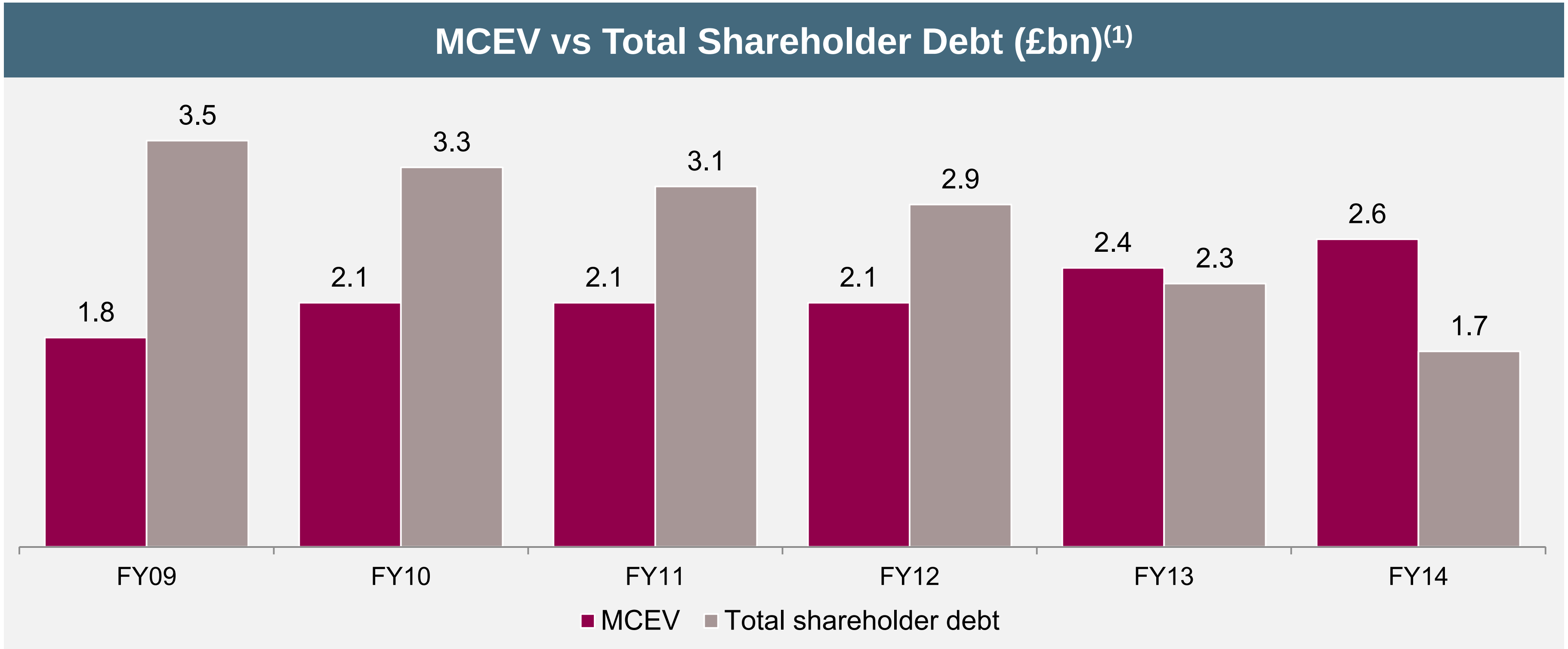
Ambition to achieve investment grade credit rating in 2015

Target-beating financial performance in 2014

	Delivery	Target	
Cash generation	£567m	£500m to £550m in 2014[1]	✓ Exceeded the top end of the target range for 2014 ✓ On track to meet long term cash generation target of £2.8 billion between 2014-19
MCEV enhancement	£261m to date	£300m 2014 - 2016	✓ £261 million of incremental value delivered through management actions in 2014 towards £300 million cumulative target ✓ MCEV increased to £2.6 billion
Gearing[2]	34%	40% by end 2016	✓ Gearing reduced to 34% at FY14 ✓ Bank margin reduced to 312.5bps from 350bps

Notes: (1) Excludes £390m of proceeds from the Ignis divestment. Target of £2.8bn of cash generation over 2014 to 2019 includes proceeds from the Ignis divestment
(2) Gross shareholder debt as a percentage of Gross MCEV. Company Gearing methodology includes the Tier 1 Bonds at 50% of IFRS Carrying Value

MCEV enhancement and debt reduction have resulted in a much stronger balance sheet



Gearing (%)

FY09	FY10	FY11	FY12	FY13	FY14
63%	58%	57%	55%	44%	34%

Notes (1) IFRS carrying value of total shareholder borrowings and IFRS carrying value of Tier 1 bonds. Total debt values here and in Company Gearing calculation are different because gearing calculation includes Tier 1 bonds at 50% of the IFRS carrying value to reflect their hybrid nature, and other shareholder debt at its IFRS carrying value (see Appendix XIV).

Phoenix is well positioned for new challenges

Solvency II	• On track for Internal Model Approval Process (IMAP) application in June • The Group expects to be well capitalised, with the Group capital position under Solvency II expected to be in excess of the current PLHL ICA surplus, subject to regulatory approval
Regulatory changes	• Partnerships to meet customer requirements as new pension freedoms take effect • Focus on ensuring customers continue to understand benefits of Guaranteed Annuity Rates ('GARs') • FCA review into legacy customers expected to conclude by HY15
M&A	• Significant future opportunity to generate value from M&A, with over £300 billion of closed life assets • M&A environment should improve once impact of Solvency II and FCA review into legacy customers is clear • Continued development of Phoenix Life operational platform

Financial review

Jim McConville

Financial highlights

£		FY14	FY13
Cash	Operating companies cash generation:		
	- excluding Ignis divestment proceeds	567m	817m
	- including Ignis divestment proceeds	957m	-
	Holding company cash	988m	995m
IFRS	Group operating profit	483m	439m
MCEV	Group MCEV	2.6bn	2.4bn
Gearing	Gearing[1]	34%	44%
Capital and balance sheet	PLHL ICA surplus	0.7bn	1.2bn
	IGD surplus	1.2bn	1.2bn
Dividends	Dividend per share[2]	53.4p	53.4p

Notes: (1) Gross shareholder debt as a percentage of Gross MCEV. Company Gearing methodology includes the Tier 1 Bonds at 50% of IFRS Carrying Value
(2) Interim plus recommended final

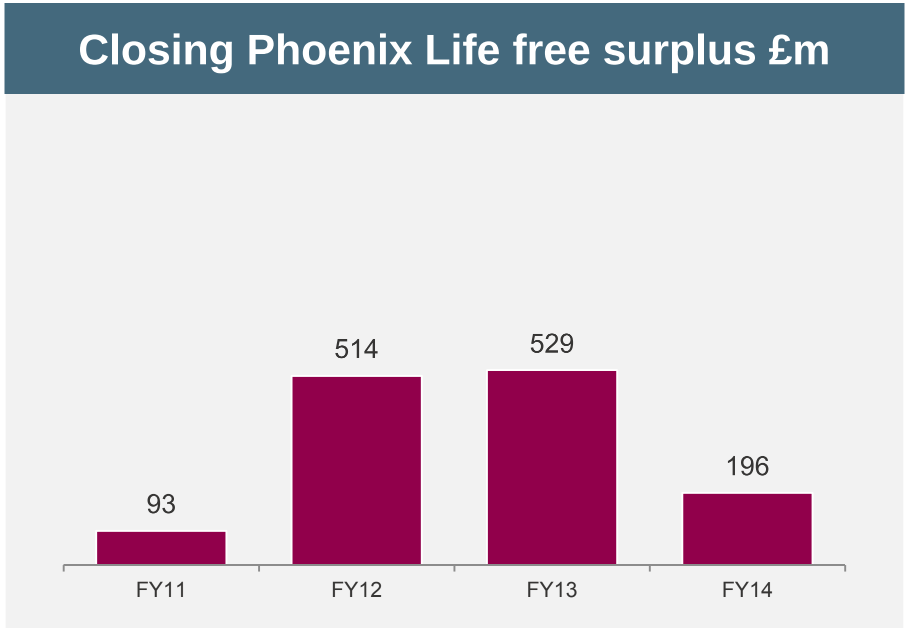
2014 cash generation in excess of target range

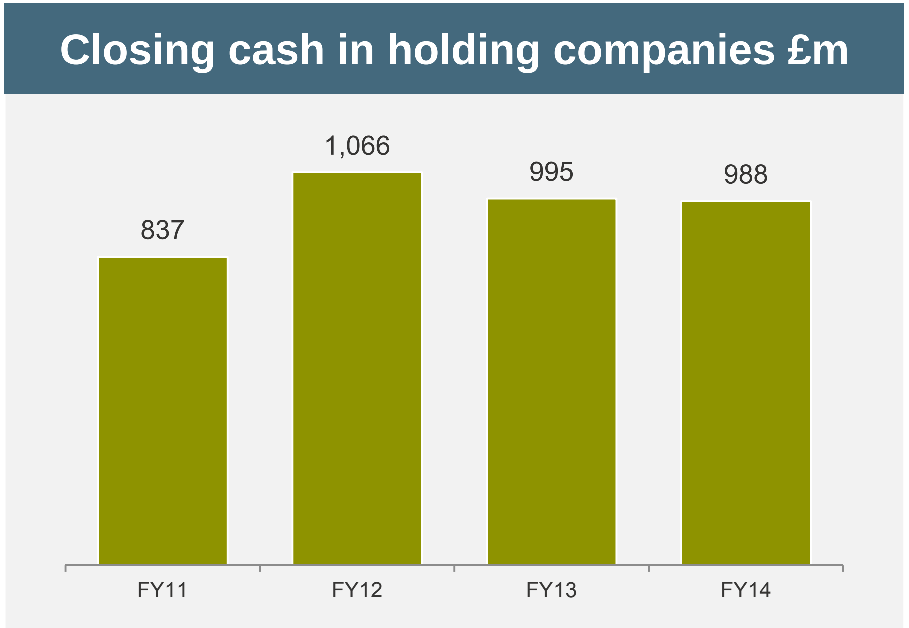
£m	FY14	FY13
Opening cash and cash equivalents	**995**	**1,066**
Cash receipts		
Phoenix Life	446	794
Ignis (including divestment proceeds)	422	23
Other cash receipts	89	-
Total cash receipts	**957**	**817**
Proceeds of capital raising net of fees	-	211
Uses of cash		
Operating expenses	(29)	(34)
Pension scheme contributions	(88)	(96)
Non-recurring cash outflows	(46)	(6)
Debt interest	(80)	(147)
Debt repayments[(1)]	(601)	(696)
Shareholder dividend	(120)	(120)
Total cash outflows	**(964)**	**(1,099)**
Closing cash and cash equivalents	**988**	**995**

- £180 million of cash generation through management actions
- Ignis inflows include £390 million divestment proceeds
- £60 million repayment of new bank facility in H2 2014, including £30 million prepayment of 2015 mandatory amortisation
- Non-recurring cash outflows due to Ignis divestment and debt restructuring costs

Notes:
(1) The £300m 5.75% 7 year senior unsecured bond issue is excluded from this analysis. The proceeds were used to reduce existing debt by £296m and pay costs of £4m resulting in a cash neutral position

£1 billion of cash held in holding companies with further £0.2 billion of free surplus in life companies





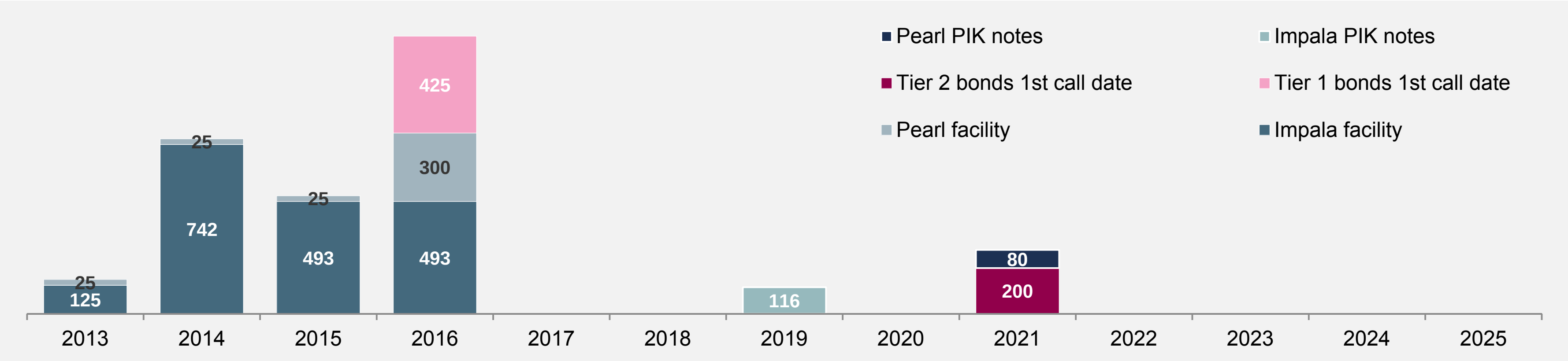
- £446 million of cash distributed by Phoenix Life to holding companies during 2014
- £0.2 billion strengthening of ICA stress assumptions related to longevity, credit and correlations impacted free surplus generation in 2014
- Closing free life surplus of £196 million and £988 million of cash held at the holding companies provides the Group with significant resilience

Comprehensive refinancing of Phoenix's debt structure

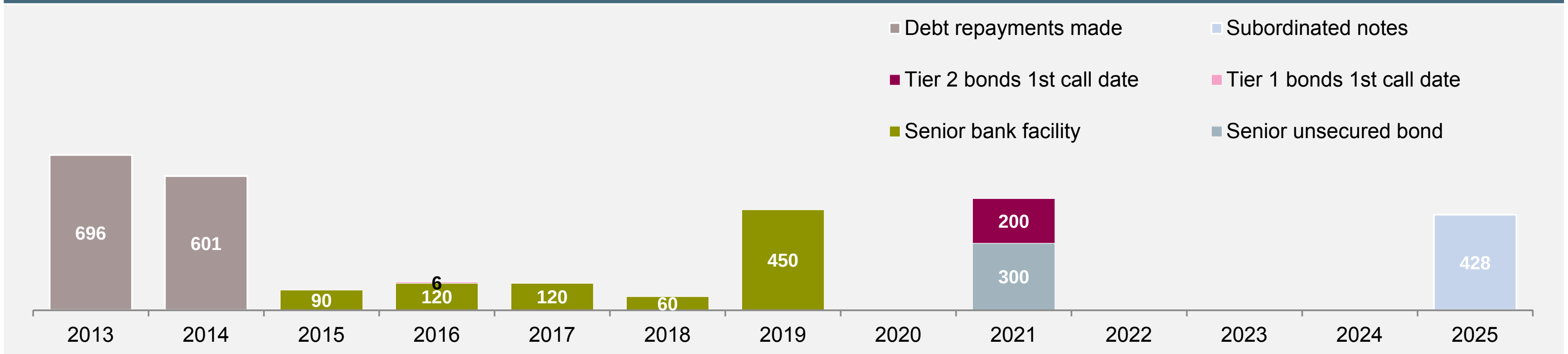
2013	Equity raise and debt re-terming	✓ £250 million equity raising and £450 million debt repayment ✓ Impala facility re-termed to June 2019
2014	Ignis divestment	✓ Proceeds used to repay £250 million of Impala bank debt and reduce gearing
	£300m senior bond issue	✓ Re-established our relationship with the debt capital markets and diversified our funding structure – proceeds used to repay Impala bank debt
	Single bank facility	✓ Refinanced legacy silos (Pearl and Impala) into a single £900 million facility ✓ Reduced margin, with opportunity for margin step downs in future
	Tier 2 bond consent solicitation	✓ Amended terms to ensure the bonds could be grandfathered into Solvency II as Tier 2 capital
2015	Tier 1 bond exchange	✓ 99% take up by bondholders - £428 million of new subordinated notes, terms of which meet the requirements of Tier 2 under Solvency II, maturing in 2025 ✓ Further simplifies our funding structure

Debt amortisation profile smoothed and extended…

Amortisation schedule as at 31 December 2012[1] (£m)



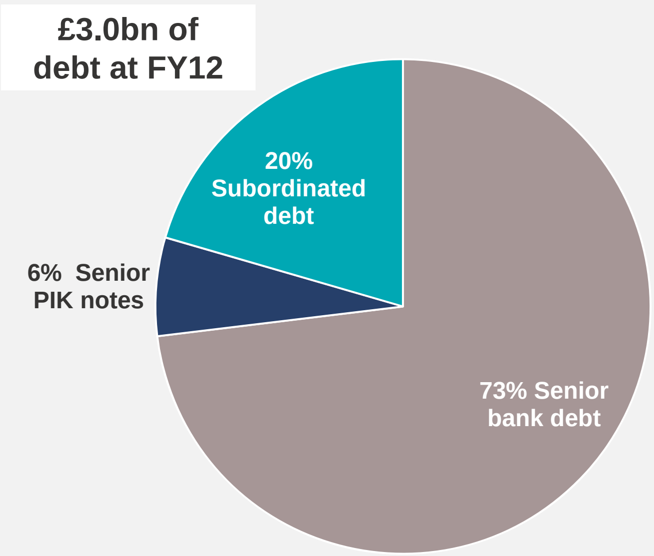
New amortisation schedule[2] (£m)



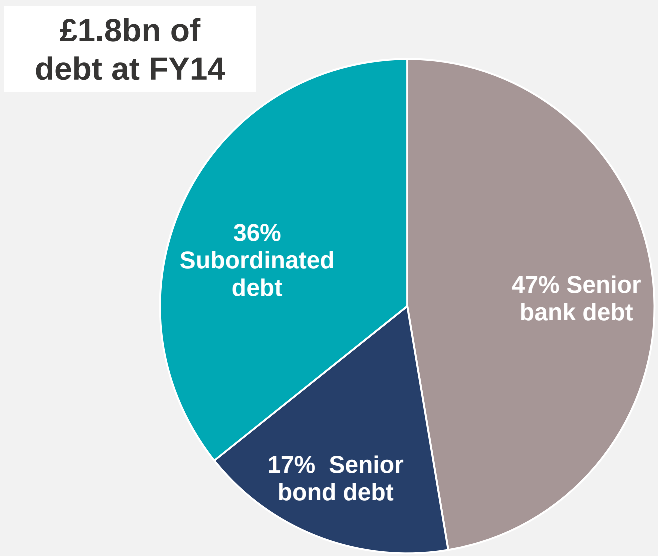
Notes (1) Impala PIK notes and Pearl PIK notes included capitalised interest up to 31 December 2012
(2) Includes the impact of the Tier 1 bond exchange completed in January 2015. Includes £32m of new Subordinated notes held internally by the Group

…and our sources of debt funding have been diversified

Breakdown of £3.0bn debt at FY12



Breakdown of £1.8bn debt at FY14



Note: Debt amounts based on notional value of outstanding debt (including internal holdings). FY14 amounts include impact of Tier 1 bond exchange competed in January 2015

- At the end of 2012, almost three quarters of our funding was senior bank debt
- Following the refinancing undertaken during 2014, this has been reduced to under 50%, with the remainder sourced from the debt capital markets
- An increasing proportion is funded with subordinated debt, improving balance sheet strength

Reduction in cost of bank debt with further margin reductions on achievement of Investment Grade rating

Cost of bank debt reduced

Cost of debt above LIBOR has step downs if financial leverage is reduced

Financial Leverage (1)	Margin
> 40% to ≤ 45%	350 bps
> 35% to ≤ 40%	312.5 bps
≤ 35%	275 bps

Investment Grade step down of 50bps

- 50 bps reduction on attainment of Investment Grade rating operates independently from and in addition to gearing ratchets

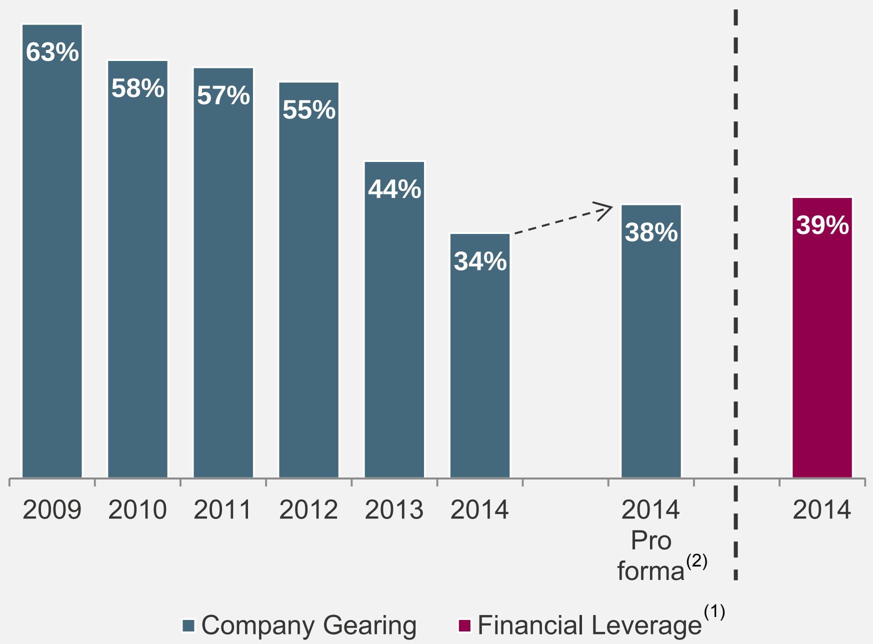
Investment Grade process

1. Commenced discussions with rating agencies
2. Formal ratings process with one or more chosen agencies
3. Aim to complete rating process during 2015

Notes: (1) Financial Leverage differs from the Company Gearing measure as the debt instruments are included at their notional face values as opposed to their IFRS carrying values and the Tier 1 bonds are included at 100% of their face value. At 31 December 2014 Financial Leverage was 39% – see Appendix XIV

Following Tier 1 bond exchange, gearing methodology will be aligned with that used for bank margin ratchets

Gearing ratios (%)



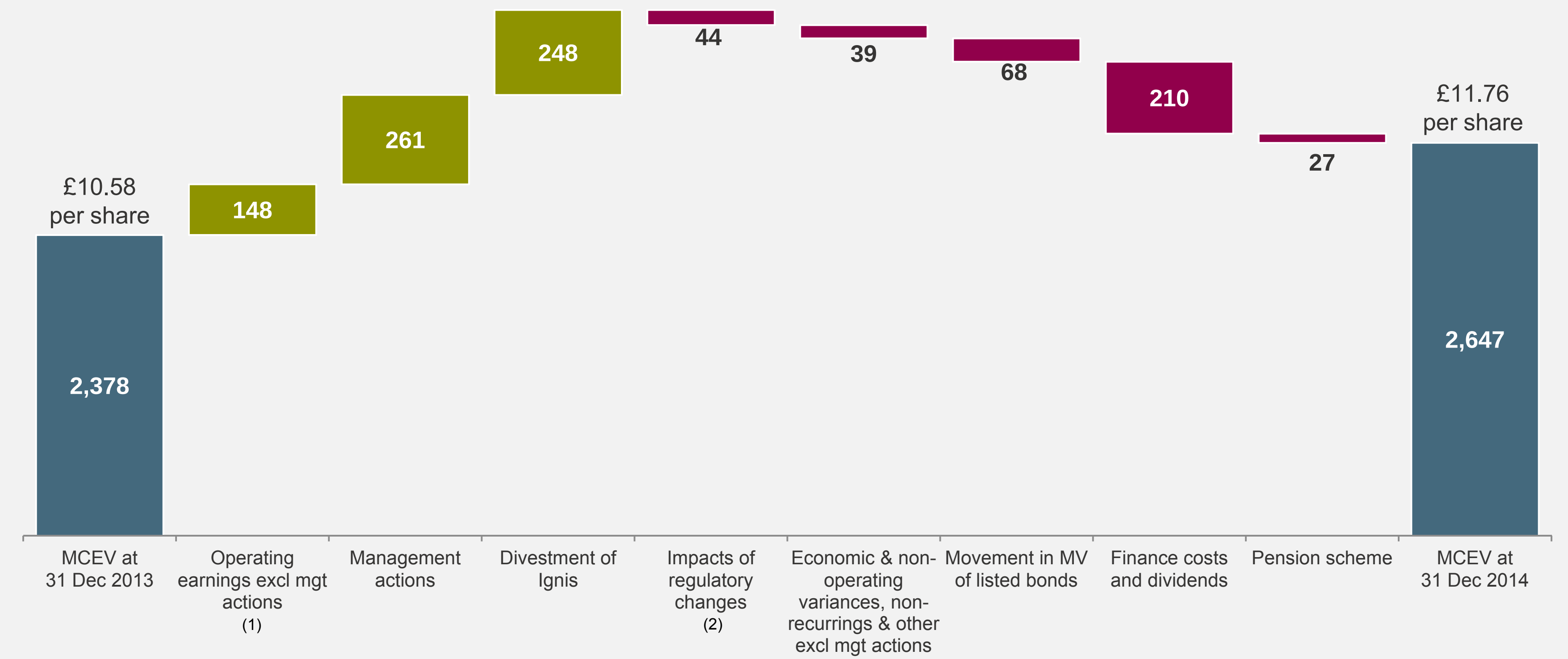
- Gearing reduced from 63% at FY09 to 34% at FY14
- Old methodology accounted for Tier 1 bonds at 50% of their value reflecting their hybrid nature
- Tier 1 bond exchange in January allows for change of methodology to the Financial Leverage ratio used for the margin reductions under the bank facility
- Financial Leverage ratio of 39% as at FY14
- Future gearing level aligned to achievement and maintenance of investment grade credit rating

Notes: (1) Financial Leverage differs from the Company Gearing measure as the debt instruments are included at their notional face values as opposed to their IFRS carrying values and the Tier 1 bonds are included at 100% of their face value – see Appendix XIV

(2) Pro forma 2014 Company Gearing assumes Tier 1 bonds exchange and associated coupon payment occurred on 31 December 2014

Embedded value enhanced by £261 million of management actions

Group MCEV £m



Notes: (1) Comprises £366m of pre-tax operating earnings, less £78m of tax charges per accounts, less £155m of management actions and £(15)m impacts of regulatory actions which come through operating earnings

(2) Comprises £(20)m anticipated reduction in future profits with regard to the cap on workplace pension charges, £(15)m impact of assumed reduction in GAR take-up rates and £(9)m provision for the costs of guidance following the pension reforms announced in the 2014 Budget

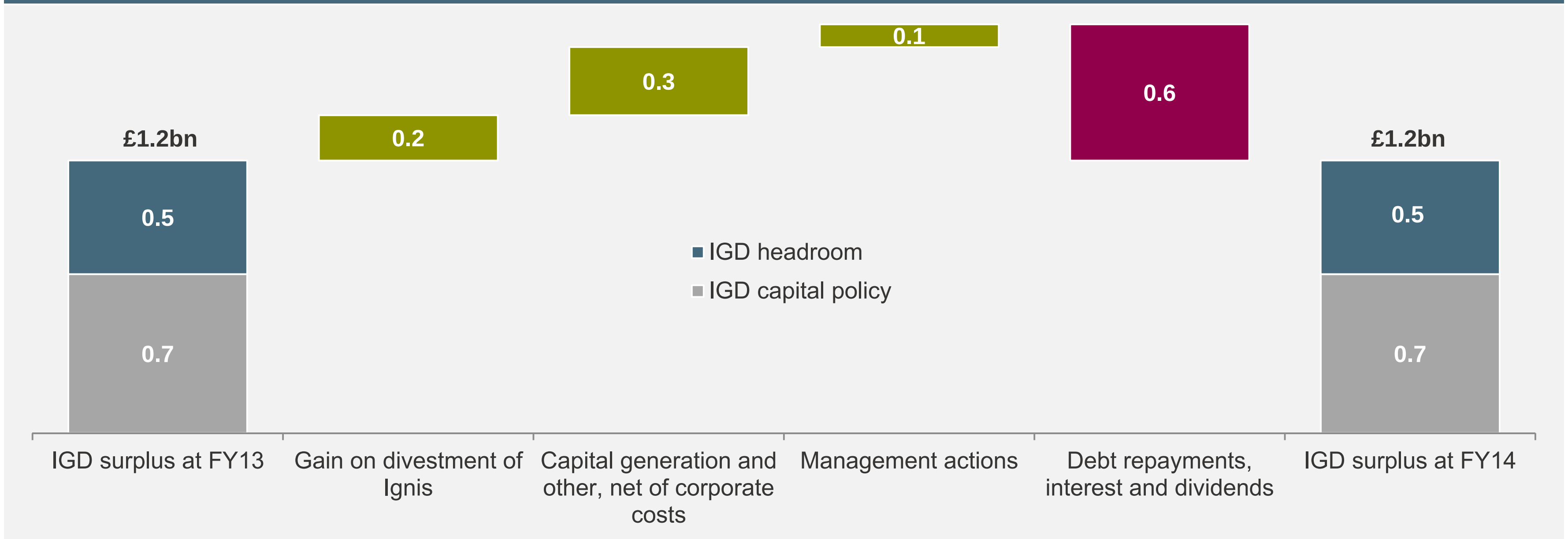
Strong IFRS operating profits

£m	FY14	FY13
Phoenix Life	487	414
Ignis	17	49
Group costs	(21)	(24)
Operating profit before tax	**483**	**439**
Investment return variances and economic assumption changes	(2)	33
Amortisation of intangibles	(103)	(118)
Non-recurring items	126	(11)
Finance costs	(88)	(126)
Profit before tax attributable to owners	**416**	**217**
Tax charge attributable to owners	(10)	(10)
Profit for period attributable to owners	**406**	**207**

- Phoenix Life operating profits enhanced by £165 million of management actions (FY13: £98 million)
- Non-recurring items include the gain on divestment of Ignis and benefit from the restructure of the PGL pension scheme longevity arrangements
- Reduction in finance costs reflects lower debt levels and expiry of interest rate swaps

IGD surplus of £1.2bn

IGD and sensitivities at FY14 (£bn)



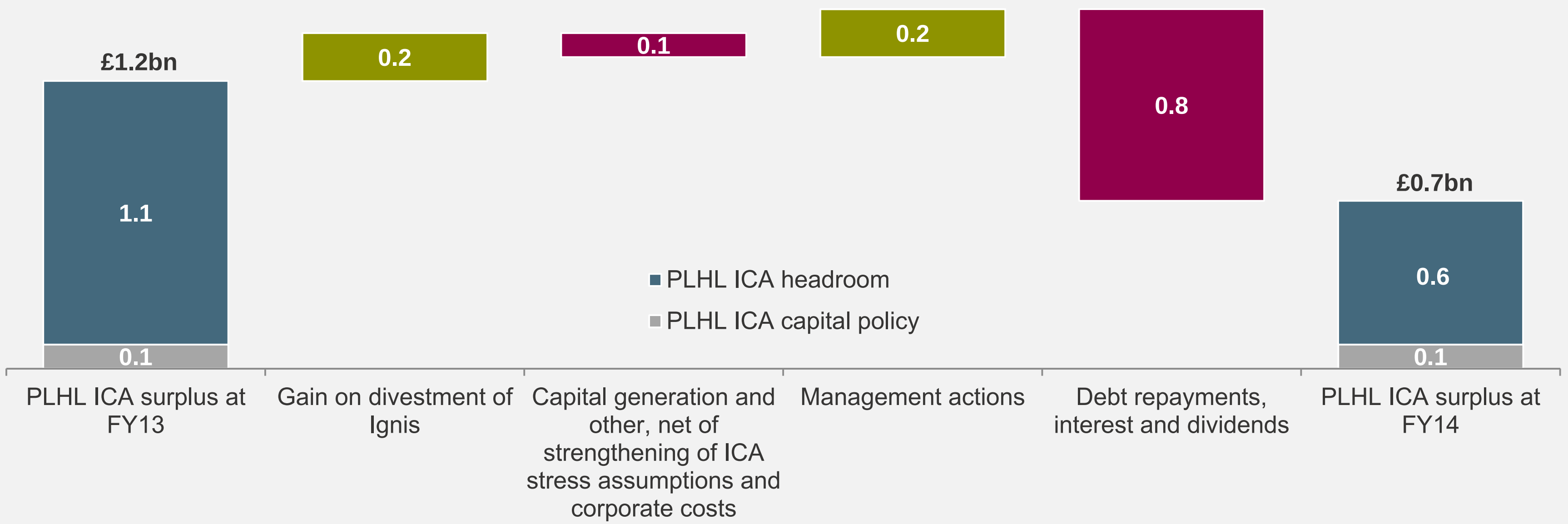
IGD surplus sensitivities (£bn)[1]	
IGD surplus at 31 December 2014	1.2
Following 20% fall in equity markets	1.2
Following 15% fall in property values	1.2
Following 75bps increase in nominal yields	1.1
Following 75bps decrease in nominal yields	1.2
Following credit spread widening[2]	1.2

- £0.2 billion positive impact of Ignis divestment
- IGD impacted by high levels of debt prepayment in connection with new bank facility in 2014
- IGD remains relatively insensitive to market movement

Notes: (1) Assumes permanent deterioration of economic condition
(2) Based on 11 to 15 year term: AAA = 46bps, AA = 69bps, A = 102 bps, BBB = 144 bps

£0.7 billion PLHL ICA surplus

PLHL ICA and sensitivities at FY14 (£bn)

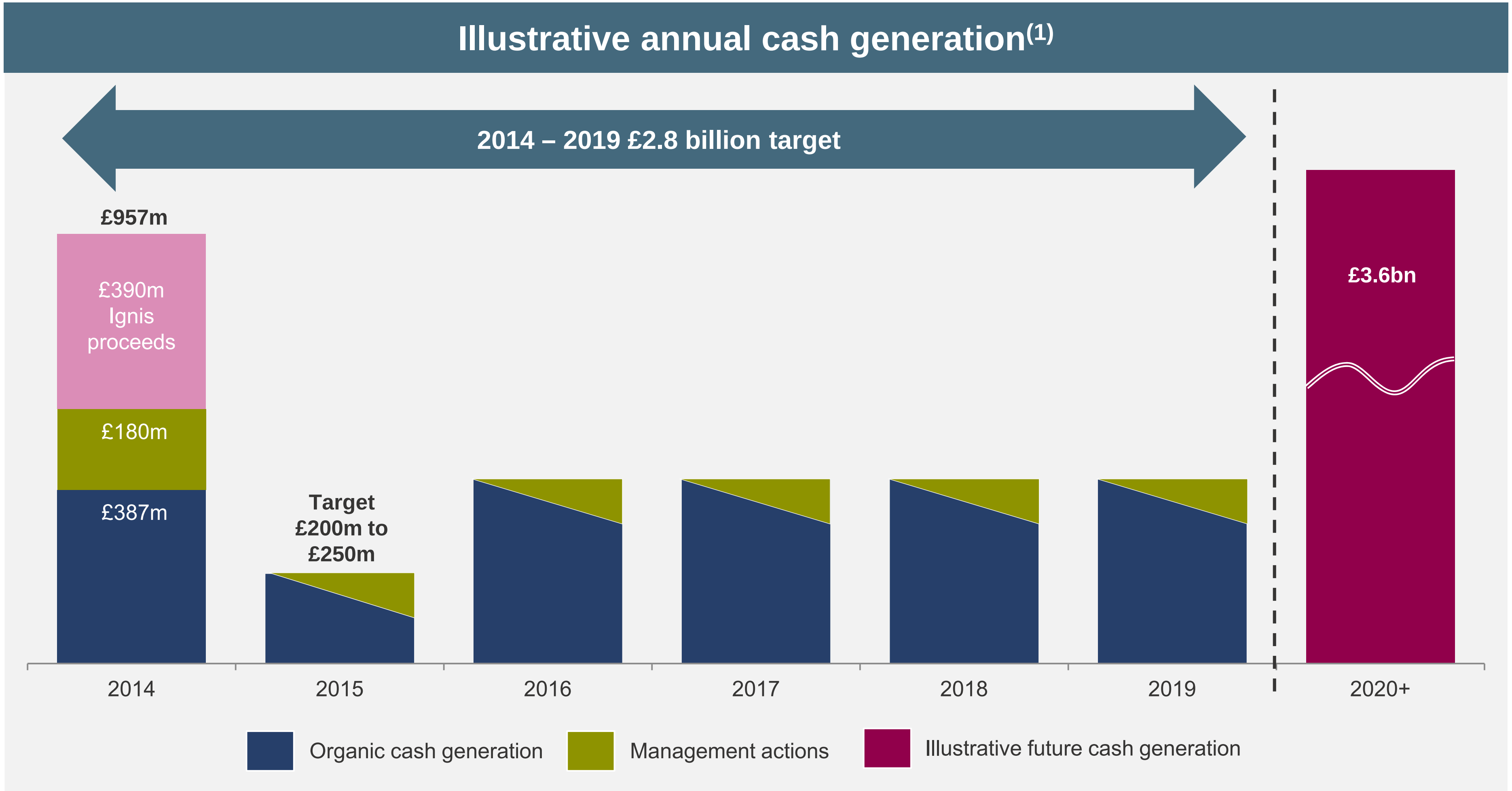


PLHL ICA surplus sensitivities (£bn)(1)	
PLHL ICA surplus at 31 December 2014	0.7
Following 20% fall in equity markets	0.6
Following 15% fall in property values	0.6
Following 75bps increase in nominal yields	0.8
Following 75bps decrease in nominal yields	0.6
Following credit spread widening(2)	0.5

- £0.2 billion strengthening of ICA stress assumptions related to longevity, credit and correlations during 2014
- £0.2 billion positive impact of Ignis divestment
- £0.6 billion of debt repaid during 2014

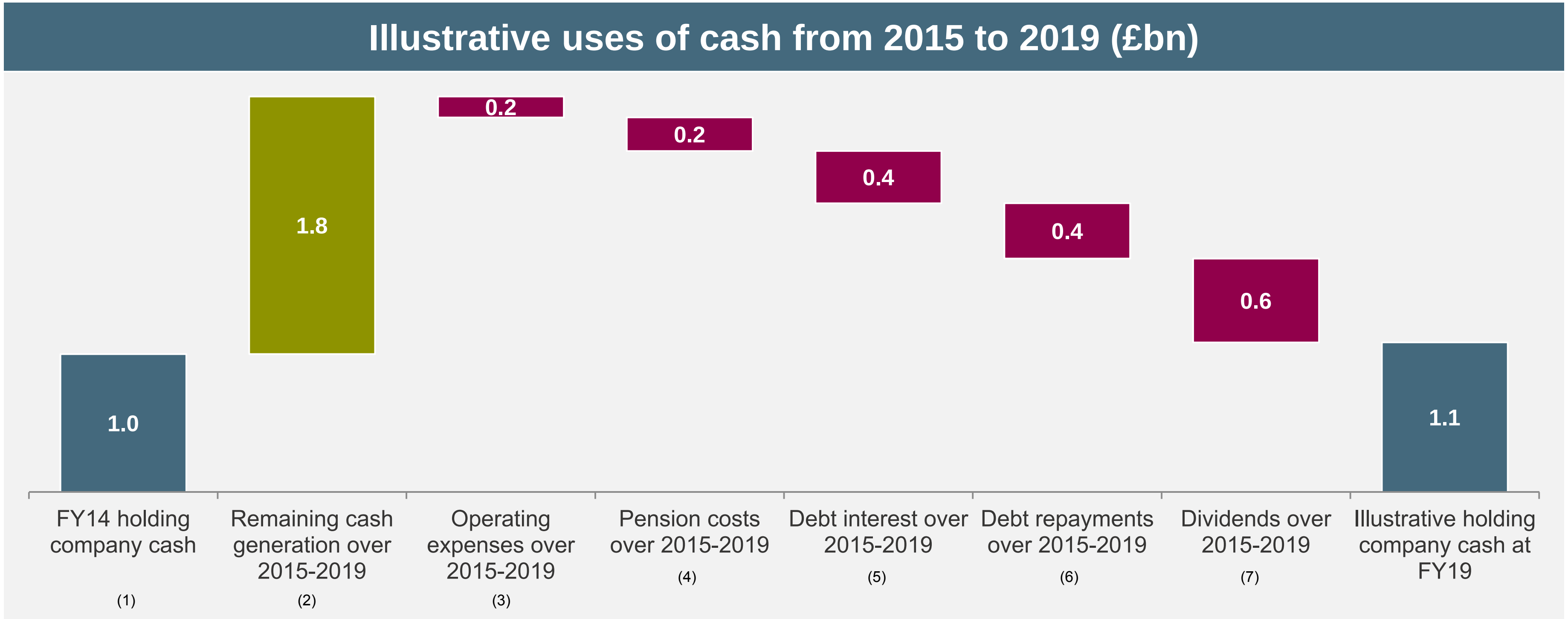
Notes: (1) Assumes permanent deterioration of economic condition
(2) Based on 11 to 15 year term: AAA = 46bps, AA = 69bps, A = 102 bps, BBB = 144 bps

£200m-£250m cash target in a transitional Solvency II year – set within an unchanged longer term £2.8bn target



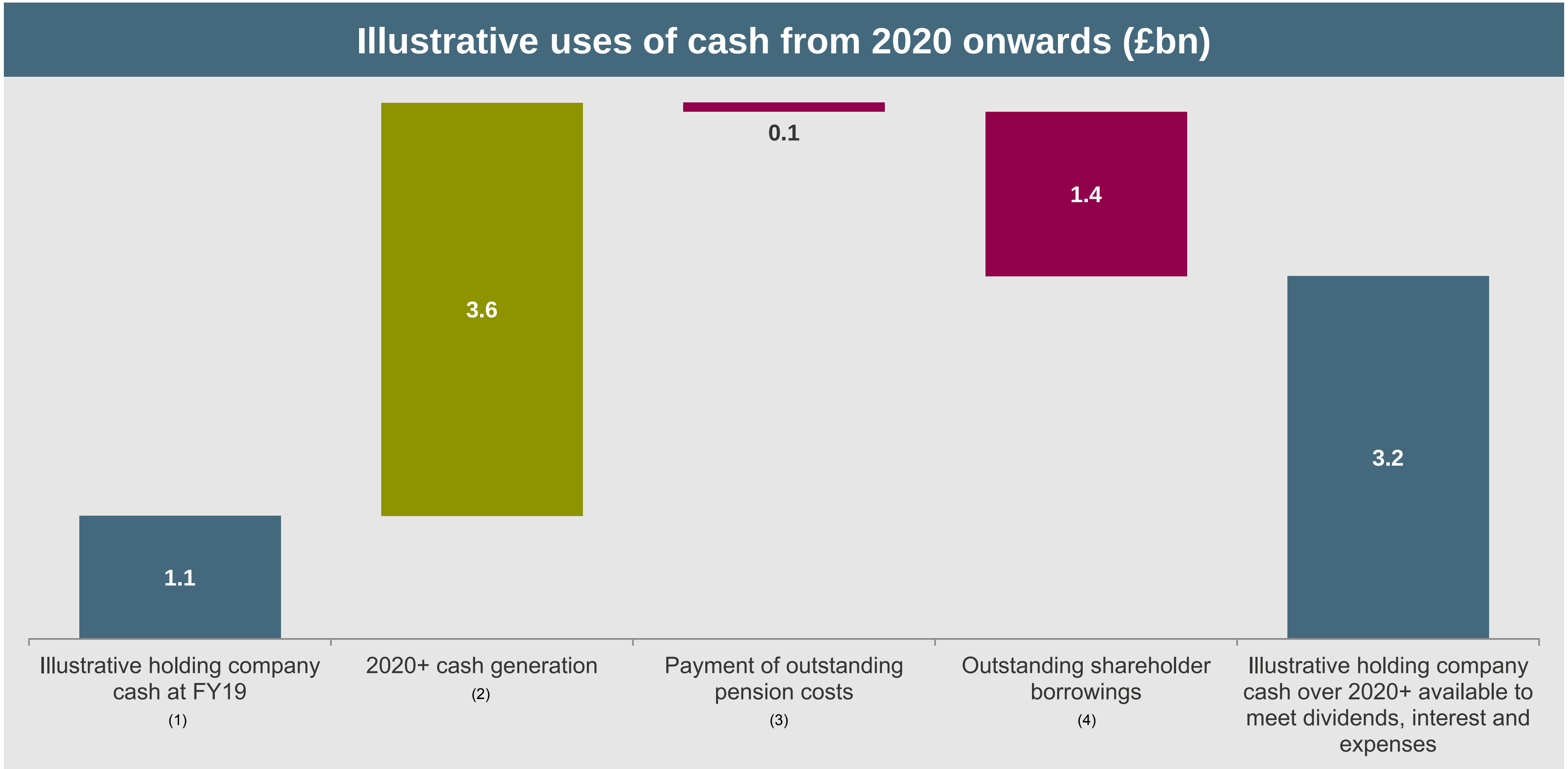
Notes: (1) Not to scale

Long term cash generation supports the Group dividend policy



Notes:
(1) Holding company cash as at 31 December 2014 of £988m
(2) £2.8bn target cash generation over 2014 to 2019 less £957m delivered in 2014
(3) Illustrative operating expenses of £30m per annum over 2015 to 2019
(4) Pension scheme contributions estimated in line with current funding agreements. Comprising £40m p.a. from 2015 to 2019 in respect of the Pearl scheme and £15m in each of 2015 and 2016 and £10m in 2017 in respect of the PGL scheme
(5) Bank facility interest costs estimated using average rate of 4.75% per annum over the period 2015 to 2019 (calculated as 5 year mid-swap rate plus current bank facility margin of 3.125%) with outstanding debt reducing in line with scheduled amortisation over the period. Assumes Revolving Credit Facility is refinanced before 2019 maturity. Includes interest on PGH Capital listed bonds (pro forma for Tier 1 bond exchange) but excludes interest on PLL Tier 2 bonds which are incurred directly by Phoenix Life Limited
(6) Scheduled amortisation over the period in line with new single silo facility terms. Assumes Revolving Credit Facility bullet is refinanced before 2019
(7) Illustrative dividend assumed at current cost of £120m per annum over 2015 to 2019

Beyond 2019, there is an expected £3.6bn of cash flow to emerge, up £0.3bn since HY14



Notes:
(1) Illustrative holding company cash as at FY19 as calculated on slide 24
(2) An estimated £3.6bn cash generation to be extracted from the business after 2019
(3) £40m pension contributions due on Pearl scheme in each of 2020 and 2021
(4) Total shareholder borrowings at 31 December 2014 pro forma for Tier 1 bond exchange less repayment of term loan assumed by end 2019 (see slide 24)

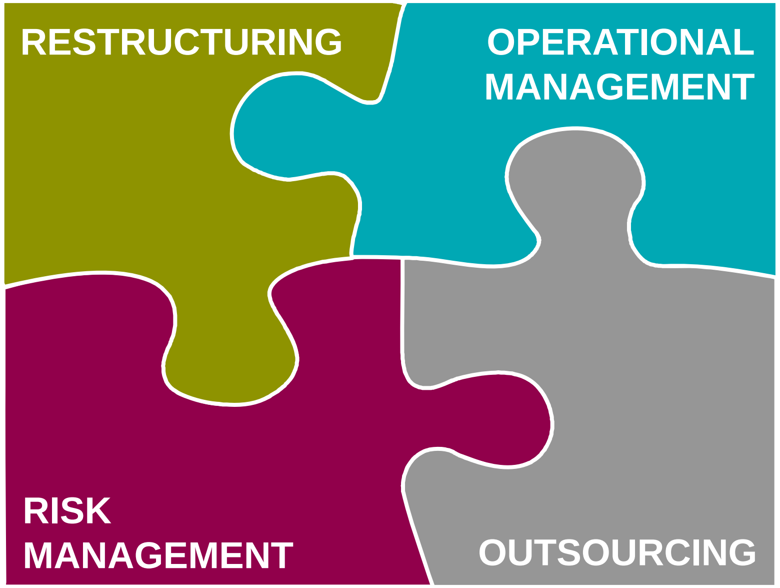
Phoenix Life overview

Andy Moss

Phoenix Way continued enhancement and success during 2014

2014 achievements	
Further operational progress	✓ MG-ALFA actuarial modelling systems in place ✓ Completed the investment fund accounting and custody transition to HSBC ✓ Transition of assets to Standard Life ✓ Sourcing strategy
Enhanced customer outcomes	✓ Increased the with-profit distributable estate by £184 million during 2014 ✓ Enhanced customer experience through faster claims handling ✓ Prevented £22 million of transfers to fraudulent pension schemes to date

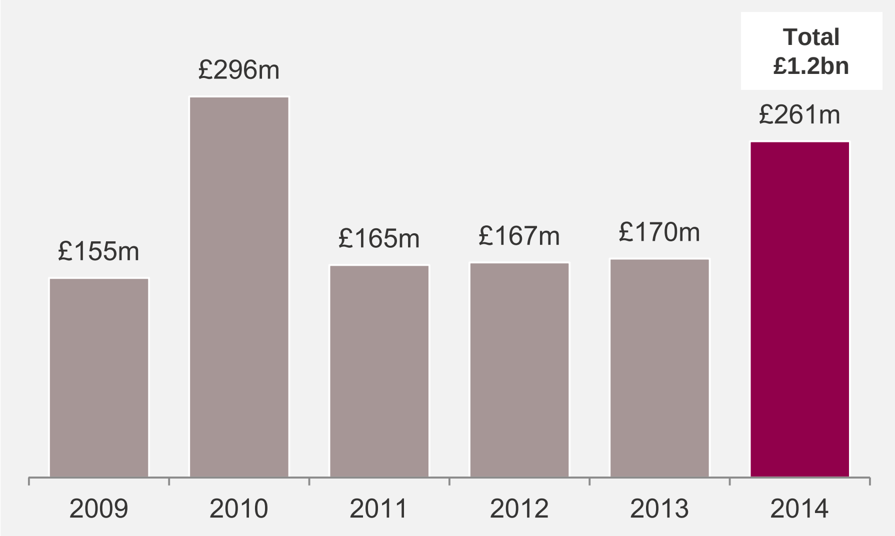
The Phoenix Way



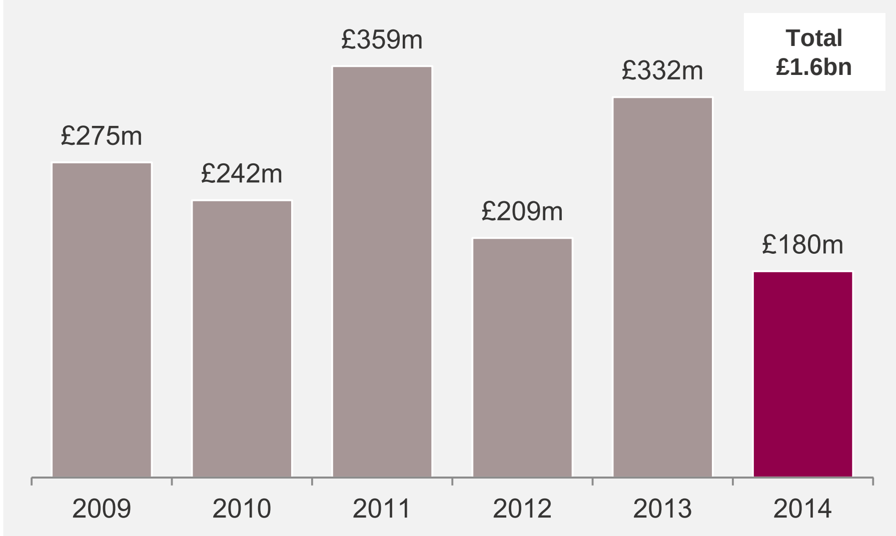
Cash acceleration	Improved Group solvency
Incremental MCEV	Increased IFRS operating profits

We will build on our strong track record of management actions as we move to Solvency II

Incremental MCEV



Accelerated cashflow



Examples of future actions

- National Provident Life Limited fund merger with Phoenix Life Assurance Limited (PLAL) expected to complete in 2015
- Phoenix Life Limited/PLAL fund merger would create a single UK life company
- Investment in new asset classes - portfolio of equity release mortgages acquired in early 2015

Ongoing focus on maximising operational efficiency

Costs reductions track policy run-off

	2010 – 2011	2011 – 2012	2012 – 2013	2013 – 2014	Cumulative since 2010
Policy run-off	6.9%	6.7%	10.4%(2)	8.5%	28.8%
Costs(1) run-off	9.2%	7.2%	9.6%	9.8%	31.3%

- Underpinned by outsourcer variable cost model
- Enhanced by ongoing operational efficiency within retained business
- Cost pressures from regulatory change being managed

Notes: (1) Cost measures based on Phoenix Life direct and allocated costs for running the closed life book operation
(2) Includes impact of annuity transfer to Guardian, resulting in a transfer of 322,000 policies on 1 October 2013

Delivering improved service for customers

Customer 2014 actions

- Detailed customer research on our with-profits communications
- Increased scope and volume of pensions transfers through ORIGO
- Reinforced programme of reminding customers of key benefits under their policy

Customer metrics

	2014	Full year target(1)
Speed of Pension Transfer pay-outs (ORIGO)	9.83 days	<12 days
Customer Satisfaction	93%	90%
FOS overturn rate	21%	<33%
Service complaints (as a percentage of customer transactions)	0.23%	<0.5%
Accelerated estate distribution	£184m	£100m

Notes: (1) Targets based on external and internal measures. Targets for “Speed of pension transfer pay-outs” and “FOS overturn rate” based on external industry metrics

We are preparing for the new pensions freedoms

Operational Readiness	• Additional resources to support anticipated spike in activity • Re-trained all colleagues to help customers understand their new freedoms • Amended customer retirement documentation to sign post PensionWise and Regulated advice
Product Options	• Continue to offer in-house annuities for GAR and non-GAR customers • Full encashment for defined contribution products • Flexibility where product allows, help and support to source externally where not • Selection of tactical partnerships in support of our ‘test & learn’ approach to allow customers access to advice and new product offerings
Customer Behaviour	• Continuing to see an increase in customers deferring their retirement • Customers are reacting well to new retirement documentation • Annuities continue to be required and in line with our previous assumptions

Outlook and Q&A

Clive Bannister

Financial targets support stable and sustainable dividend policy

Cash generation	• 2015 target of £200 million to £250 million given Solvency II transition and retention of capital in life companies in short term • Cumulative target of £2.8 billion between 2014 and 2019 remains unchanged
MCEV	• £100 million increase in 2014-16 target of incremental MCEV from management actions to £400 million
Gearing	• Going forward, will manage leverage to achieve and maintain an investment grade credit rating • Will report Financial Leverage ratio in future to align with bank facility margin reductions

Phoenix Group now repositioned for future growth

2009 – 2014	2015 and beyond
✓ Cumulative cash generation of £4.7bn	• Stable and sustainable dividend policy supported by long-term cashflow target
✓ Incremental MCEV generated of £1.2bn	• Enhanced financial flexibility through achievement of investment grade credit rating
✓ Total debt repayments of £1.8bn	• Growth through M&A
✓ Accessed debt capital markets	
✓ Refinanced bank debt into single facility and materially reduced restrictions	

Q&A

PHOENIX GROUP

Appendices

Appendix I:
MCEV sensitivities

£m	FY14
Base (MCEV of covered business)	2,856
1% decrease in risk-free rates	59
1% increase in risk-free rates	(68)
10% decrease in equity market values	(46)
10% increase in equity market values	46
10% decrease in property market values	(46)
10% increase in property market values	45
100 bps increase in credit spreads(1)	(164)
100 bps decrease in credit spreads(1)	157
25% increase in equity/property implied volatilities	(9)
25% increase in swaption implied volatilities	(9)
25% decrease in lapse rates and paid-up rates	(30)
5% decrease in annuitant mortality	(140)
5% decrease in non-annuitant mortality	15
Required capital equal to the minimum regulatory capital(2)	16

Notes: (1) 25bps is assumed to relate to default risk
(2) Minimum regulatory capital is defined as the greater of Pillar 1 and Pillar 2 capital requirements without any allowance for the Group's capital management policy

Appendix II:
Maturity profile of business

£m	1-5 years	6-10 years	11-15 years	16-20 years	20+ years	Total
MCEV present value of future profits						
31 December 2014	859	556	387	250	186	2,238
31 December 2013	997	576	344	212	172	2,301
31 December 2012	1,058	596	369	231	196	2,450
31 December 2011	1,135	683	455	291	282	2,846
31 December 2010	1,147	848	488	271	268	3,022

Appendix III:
Free surplus generated in Phoenix Life

£m	FY14	FY13
Opening Phoenix Life free surplus	**529**	**514**
Emergence of free surplus		
IFRS operating profit	487	414
IFRS economic variances and non-recurrings	(46)	28
IFRS taxation	(43)	(96)
Movements in capital requirements and capital policy	(176)	371
Valuation differences and other	(109)	92
Free surplus generated	**113**	**809**
Cash distributed to holding companies	**(446)**	**(794)**
Closing Phoenix Life free surplus	**196**	**529**
Closing cash in holding companies	**988**	**995**

- Movements in capital requirements impacted by strengthening of ICA assumptions related to longevity, credit and correlations in 2014
- 2013 comparative included the impact of the completion of legal transfer of certain portfolios of annuity liabilities to Guardian Assurance Limited
- £446m of cash distributed to holding companies
- Closing free surplus of £196m based on Solvency I position

Appendix IV:
Phoenix Life IFRS operating profit drivers

		FY14				FY13			
		Reported IFRS Op Profit	Opening liability/ Equity[2]	Closing liability/ Equity[2]	Expected return margin[1]	Reported IFRS Op Profit	Opening liability/ equity[2]	Closing liability/ Equity[2]	Expected return margin[1]
Fund type	How profits are generated	£m	£bn		bps	£m	£bn		Bps
With-profit	Our share of bonuses paid to policyholders of with-profit business	89	26.5	25.6	34	106	28.8	26.5	37
With-profit (internal capital support)	Return on with-profit funds which are supported with capital from shareholder funds	33	4.3	4.7	nm	20	4.9	4.3	nm
Unit linked	Margin earned on unit linked business	66	11.3	10.9	49	97	10.8	11.3	55
Annuities	Spread earned on annuities	149	6.6	7.6	93[3]	104	6.5	6.6	107[3]
Protection and other non-profit	Investment return and release of margins	103	0.9	0.8	nm[4]	40	0.9	0.9	nm[4]
Shareholder funds	Return earned on shareholder fund assets	47[5]	2.2	2.0	221	47	2.3	2.2	200
Total		**487**				**414**			

Notes:
(1) Expected return margin represents the underlying recurring operating profit earned in the period as a proportion of the opening relevant class of policyholder liabilities and shareholder equity. Non-economic variances and assumption changes which are included within reported IFRS operating profit are not included within the expected return margin calculation as they are non-recurring. It is therefore not possible to recalculate the expected margin using only the reported IFRS operating profit and the opening liabilities presented above
(2) Net of reinsurance
(3) Includes operating profit margin on new business calculated as new business profits as a percentage of opening liabilities – 36bps in FY14 and 56bps in FY13
(4) Not meaningful as relates to insurance margin
(5) Includes Management Services business unit profit of £36m in FY14 and £32m in FY13

Appendix V: Management actions

Incremental MCEV

FY14 management actions	Type	£m
PGL Pension Scheme longevity arrangements	Restructuring	91
Actuarial Systems Transformation modelling improvements	Operational	27
Improvements to modelling of credit defaults	Operational	22
Use of MG-ALFA for NPLL	Operational	20
Release of legacy tax provision	Operational	19
Other management actions	Various	82
Total		**261**

	FY14
Operational management	£170m
Restructuring(1)	£89m
Risk management	£2m
Total	**£261m**

Accelerated cashflow

FY14 management actions	Type	£m
PGL Pension Scheme longevity arrangements	Restructuring	68
Data cleansing	Operational	33
Sale of BA(GI)	Restructuring	21
Equity hedging	Risk management	15
Other management actions	Various	43
Total		**180**

	FY14
Operational management	£64m
Restructuring	£101m
Risk management	£15m
Total	**£180m**

Notes: (1) Includes a management action that had a small, negative impact on MCEV

Appendix VI:
Cash generation sensitivities

Cash sensitivities[1]	
	1 Jan 2014-31 Dec 2019
Base case – 6 year target	£2.8bn
20% fall in equity markets	£2.7bn
15% fall in property values	£2.8bn
Following 75bps increase in nominal yields[2]	£2.9bn
Following 75bps decrease in nominal yields[2]	£2.7bn
Credit spreads widening with no change in expected defaults[3]	£2.5bn

Notes: (1) Assumes stress occurs 1 January 2015 and there is no recovery during the target period
(2) Represents a real yield reduction of 25bps, given a 75bps increase/decrease in nominal yields
(3) Based on 11 to 15 year term: AAA = 46bps, AA = 69bps, A = 102 bps, BBB = 144 bps

Appendix VII:
Asset mix of life companies

At 31 Dec 2014 £m unless otherwise stated	Total shareholder, non-profit and supported with-profits[2]	%	Policyholder funds[3]		Total Policyholder	Total assets[1]
			Non-supported with-profits funds	Unit linked		
Cash deposits	2,157	14	2,861	1,176	4,037	6,194
Debt securities						
Debt securities – gilts	3,833	25	8,756	661	9,417	13,250
Debt securities – bonds	8,315	54	7,082	815	7,897	16,212
Total debt securities	**12,148**	**79**	**15,838**	**1,476**	**17,314**	**29,462**
Equity securities	**434**	**3**	**5,613**	**7,787**	**13,400**	**13,834**
Property investments	**258**	**2**	**997**	**346**	**1,343**	**1,601**
Other investments[4]	**380**	**2**	**806**	**-**	**806**	**1,186**
Total	**15,377**	**100**	**26,115**	**10,785**	**36,900**	**52,277**

Notes: (1) The analysis of the asset portfolio comprises assets held by the Group's life companies including stock lending collateral. It excludes other Group assets such as cash held in holding companies and service companies, the assets held by non-controlling interests in collective investment schemes and UKCPT and is net of derivative liabilities. This information is presented on a look through basis to underlying holdings where available

(2) Includes assets where shareholders of the life companies bear the investment risk

(3) Includes assets where policyholders bear most of the investment risk

(4) Includes policy loans of £12m, other loans of £24m, net derivatives of £362m and other investments of £788m

Appendix VIII:
Total debt exposure by country

At 31 Dec 2014 £m	Sovereign and Supranational		Corporate: Financial Institutions		Corporate: Other		Asset backed securities		Total debt securities		Total debt
	Shareholder	Policyholder	Shareholder	Policyholder	Shareholder	Policyholder	Shareholder	Policyholder	Shareholder[1]	Policyholder	
UK	4,029	9,870	1,482	1,054	1,288	1,372	839	543	7,638	12,839	20,477
Supranationals	898	685	-	-	-	-	-	-	898	685	1,583
USA	10	145	481	434	507	249	43	5	1,041	833	1,874
Germany	688	809	49	44	242	172	2	23	981	1,048	2,029
France	99	64	136	125	259	220	2	-	496	409	905
Netherlands	-	6	268	303	53	40	19	30	340	379	719
Portugal	-	-	-	-	-	1	-	-	-	1	1
Italy	-	4	3	13	44	64	-	5	47	86	133
Ireland	-	-	-	-	-	-	-	8	-	8	8
Greece	-	-	-	-	3	-	-	-	3	-	3
Spain	5	3	2	20	30	30	-	2	37	55	92
Other[2]	53	379	270	395	314	186	30	11	667	971	1,638
Total debt exposure	**5,782**	**11,965**	**2,691**	**2,388**	**2,740**	**2,334**	**935**	**627**	**12,148**	**17,314**	**29,462**
of which Peripheral Eurozone	**5**	**7**	**5**	**33**	**77**	**95**	**-**	**15**	**87**	**150**	**237**
At 31 Dec 2013 £m											
Total debt exposure	**5,087**	**11,735**	**2,564**	**3,633**	**2,634**	**2,677**	**926**	**1,115**	**11,211**	**19,160**	**30,371**
of which Peripheral Eurozone	**4**	**5**	**32**	**23**	**100**	**111**	**17**	**42**	**153**	**181**	**334**

Notes: (1) Shareholder includes non-profit and supported with-profits. Policyholder includes non-supported with-profits and unit linked
(2) Other mainly includes Australia, Switzerland and Japan

Appendix IX:
Credit rating analysis of debt portfolio

At 31 December 2014 £m	Total shareholder, non-profit and supported with-profits[1]	Policyholder funds[1]		Total Policyholder	Total assets[1]
		Non-supported with-profits funds	Unit-linked		
AAA	1,867	1,769	62	1,831	3,698
AA	5,238	10,130	775	10,905	16,143
A	1,987	1,392	137	1,529	3,516
BBB	2,294	2,043	207	2,250	4,544
BB	287	129	17	146	433
B and below	284	191	2	193	477
Non-rated	191	184	276	460	651
As at 31 December 2014	**12,148**	**15,838**	**1,476**	**17,314**	**29,462**

Notes: (1) Shareholder includes non-profit and supported with-profits. Policyholder includes non-supported with-profits and unit linked

Appendix X:
Capital management framework

Phoenix Group Holdings

UK holding companies[1]

Phoenix life companies

IGD

- Pillar 1 group capital calculation
- Aggregated view of group solvency
- Calculated at Phoenix Life Holdings Limited ('PLHL'), the ultimate insurance parent undertaking in EEA
- Capital policy held on top of minimum requirement

PLHL ICA calculation

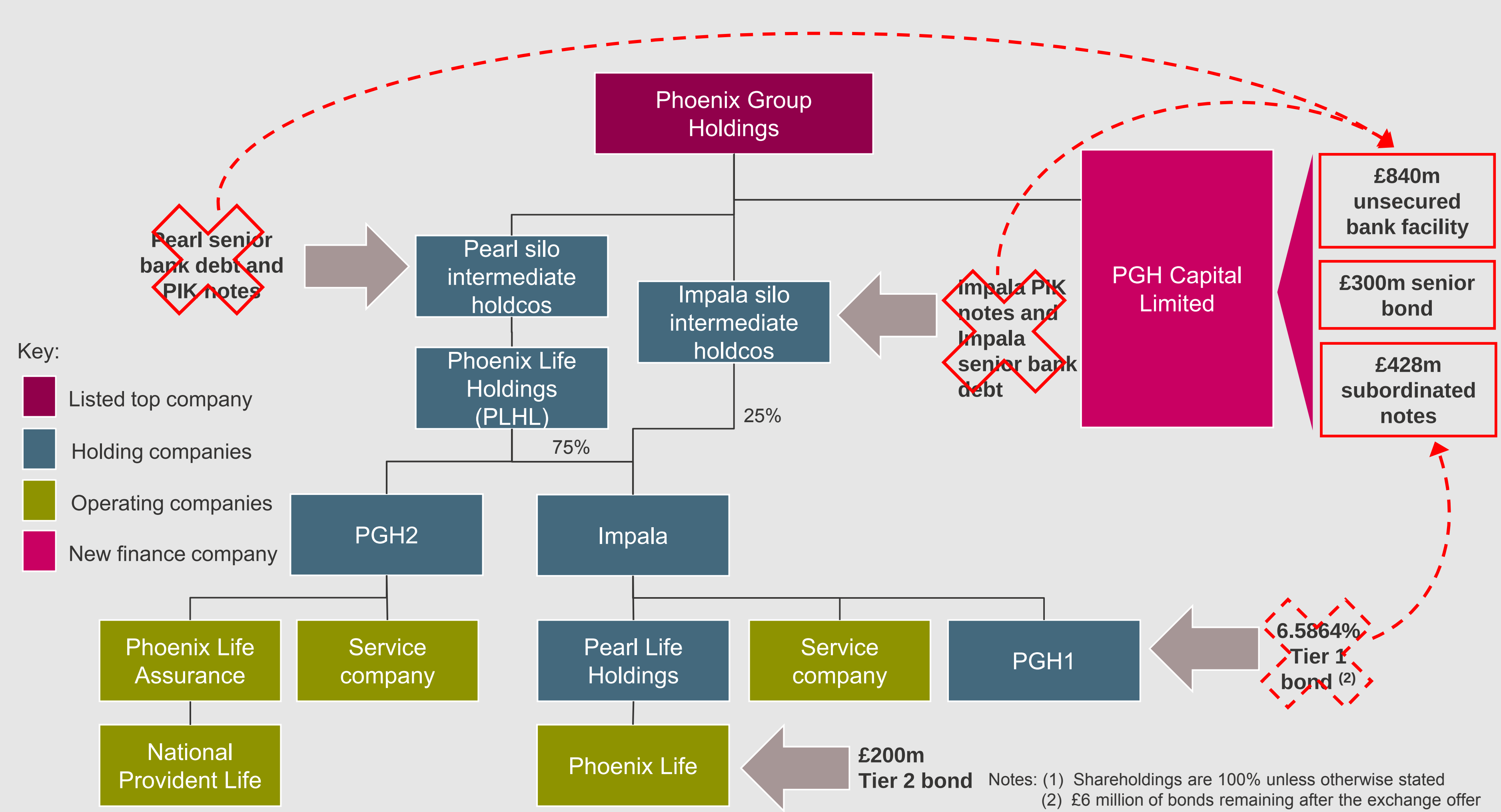
- Pillar 2 assessment of capital resources and risks outside the life companies
- Includes net assets of holding companies and free surplus of life companies
- Calculated at PLHL
- Aim to maintain surplus of £150 million

Individual life company solvency calculations

- Pillar 1 and Pillar 2 calculations
- Capital policies held on top of minimum requirements
- Free surplus represents excess over capital policy

Note: (1) Headed by PLHL. Capital management framework as per Solvency I regulations. Solvency II calculation expected to also be at PLHL level

Appendix XI:
Simplification of legacy debt structure[1]



Notes: (1) Shareholdings are 100% unless otherwise stated
(2) £6 million of bonds remaining after the exchange offer

Appendix XII:
Outline of current debt structure

Instrument	Issuer/borrower	Face value £m	Maturity
Unsecured bank debt - **Term loan** - **Revolving credit facility**	PGH Capital Limited PGH Capital Limited	£390m £450m	July 2019 July 2019
Unsecured senior bond (5.75%)	PGH Capital Limited	£300m	July 2021
Subordinated notes (6.625%)	PGH Capital Limited	£428m(1)	December 2025
Tier 2 bond (7.25%)	Phoenix Life Limited	£200m	March 2021 (first call date)
Tier 1 bond (6.5864%)	Pearl Group Holdings (No.1) Limited	£6m	April 2016 (first call date)
		£1,774m	

Note: (1) Includes internal holdings of £32m following the Tier 1 bond exchange

Appendix XIII:
Summary of bank facility

£m	2015	2016	2017	2018	2019	Total
£390m Term loan	**LIBOR + 312.5bps**					
Mandatory amortisation	30[(1)]	60	60	60	-	**210**
Additional planned amortisation	60	60	60	-	-	**180**
Target amortisation	**90**	**120**	**120**	**60**	**-**	**390**
£450m Revolving credit facility	**LIBOR + 287.5bps + 25bps utilisation fee**					
Final repayment	**-**	**-**	**-**	**-**	**450**	**450**
Total mandatory/ planned prepayments	**90**	**120**	**120**	**60**	**450**	**840**

Note: (1) Prepaid £30m in 2014

Appendix XIV:
Calculation of leverage ratios

Metric (£m)	FY14 Company Gearing[1]	FY14 Financial Leverage[2]
Unsecured bank debt – revolving credit facility	441	450
Unsecured bank debt – term loan	387	390
Unsecured senior bond	298	300
PLL subordinated debt (Upper Tier 2 instrument)	149	200
Perpetual Reset Capital Securities (Tier 1 instrument)	204[3]	394[3]
Gross shareholder debt	**1,479**	**1,734**
Group MCEV	2,647	2,647
Gross shareholder debt	1,479	1,734
Difference between gross shareholder debt and MCEV carrying values of debt	282	27
Gross MCEV	**4,408**	**4,408**
As at 31 December 2014	**34%**	**39%**

Notes:
(1) Gross shareholder debt (Company Gearing basis) is defined as the sum of the IFRS carrying value of the shareholder debt and 50% of the IFRS carrying value of the Tier 1 bonds given the hybrid nature of that instrument. Gross MCEV is defined as the sum of Group MCEV and the value of the shareholder and hybrid debt as included in the MCEV.
(2) The definition of gross shareholder debt (Financial Leverage basis) differs from that used in the Company Gearing ratio, as the debt instruments are included at their notional face values as opposed to their IFRS carrying values. The Tier 1 bonds are included at 100% of their face value. Gross MCEV is calculated on a consistent basis to the gearing ratio calculation.
(3) Excludes internal holdings of £31m

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