Phoenix Group
Full Year 2020 Results

8 March 2021

Agenda

2020 review
Andy Briggs
Group Chief Executive Officer

2020 financial results
Rakesh Thakrar
Group Chief Financial Officer

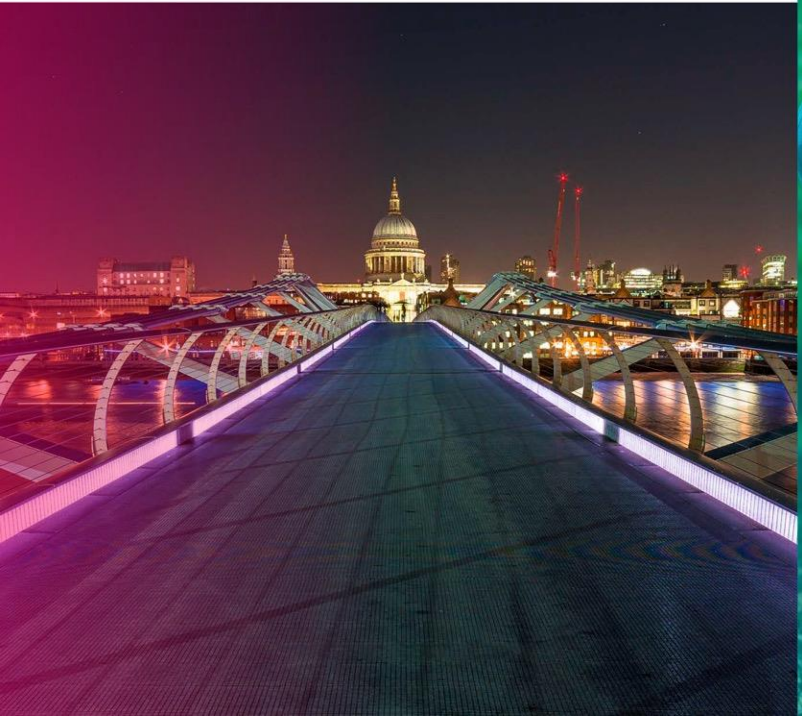
Outlook
Andy Briggs
Group Chief Executive Officer

Q&A
Andy Briggs, Group Chief Executive Officer
Rakesh Thakrar, Group Chief Financial Officer
Andy Moss, Heritage Chief Executive Officer
Andy Curran, CEO, Savings & Retirement UK & Europe
Mike Eakins, Chief Investment Officer

2020 review

Andy Briggs

Group Chief Executive Officer



2020 was a landmark year for Phoenix despite the challenging environment

UK's largest long-term savings and retirement business

- ReAssure acquisition completed
- Record cash generation
- Record new business
- Dividends paid and increased
- Net-zero carbon commitment
- Increased colleague engagement and advocacy

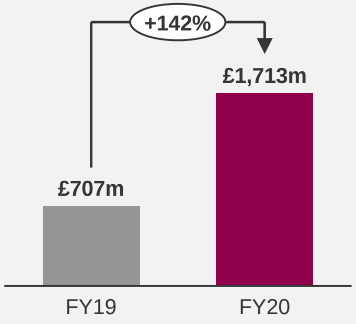
Our purpose: Helping people secure a life of possibilities

Phoenix has delivered another strong year of cash, resilience and growth

Cash

£1,713 million

Cash generation



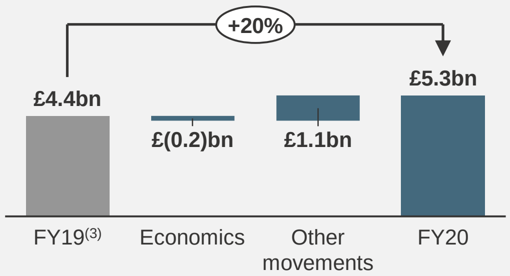
Resilience

£5.3 billion

PGH Solvency II surplus[1]

164%

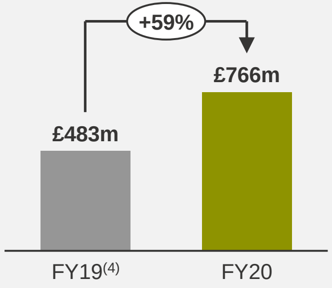
PGH Shareholder Capital Coverage Ratio[1,2]



Growth

£766 million

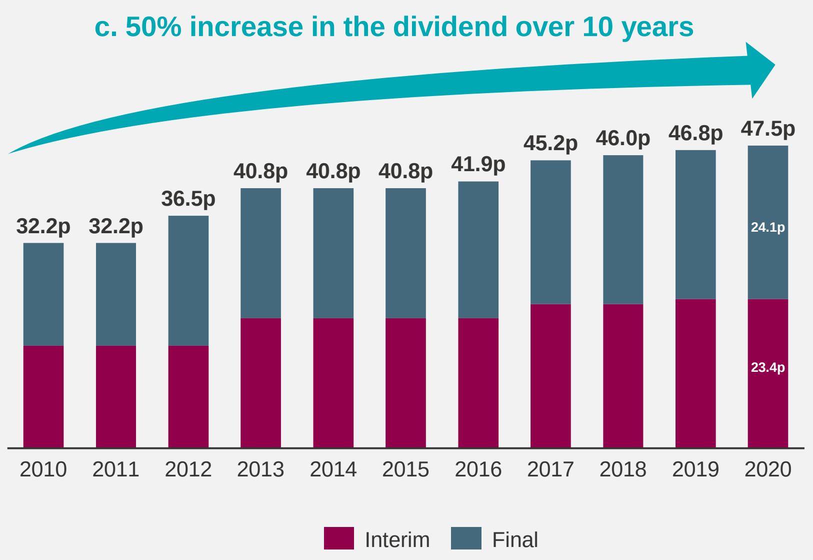
Incremental new business long-term cash generation



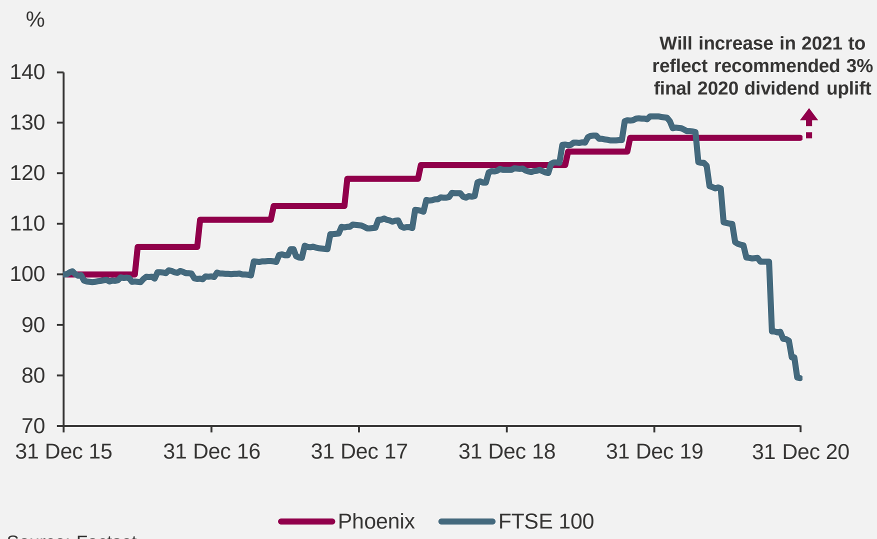
See Appendix XIII for footnotes

The resilience of our business model has enabled us to pay an increased dividend as planned

Dividend per share(5)



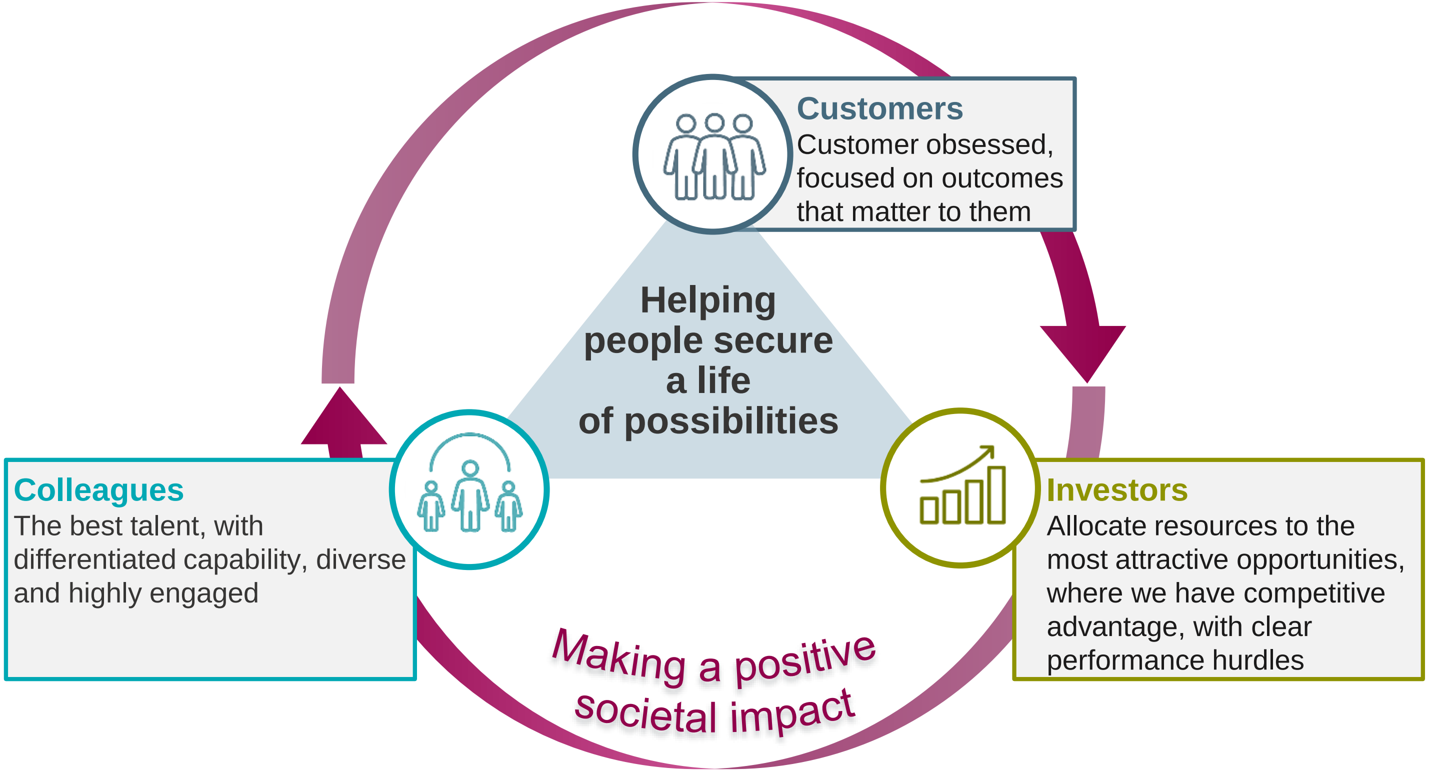
Phoenix vs FTSE 100 historic dividend payments



Source: Factset

See Appendix XIII for footnotes

As a purpose-led organisation, Phoenix has a clear role to play in society



Our response to COVID-19 has driven an enduring change in our business

Our priority during the pandemic was to support our customers, colleagues and communities…

…which is now driving an evolution in our future operating model

- Acceleration of our **digitisation strategy** to support customers' evolving requirements
- Increased focus on **financial education and inclusion**, and the prioritisation of **vulnerable customers**
- Development of a **flexible working model** to support colleagues' needs and wellbeing
- Establishment of a **green travel policy** that supports our net-zero carbon commitment
- Tailored **community investment** driven by key challenges in our local communities

We continued to focus on delivering excellent customer service and investing in our customer proposition

2020 key customer KPIs

94%
Customer Satisfaction Phoenix - telephony
Target: 93%

90%
Customer Satisfaction SLAL - telephony
Target: 90%

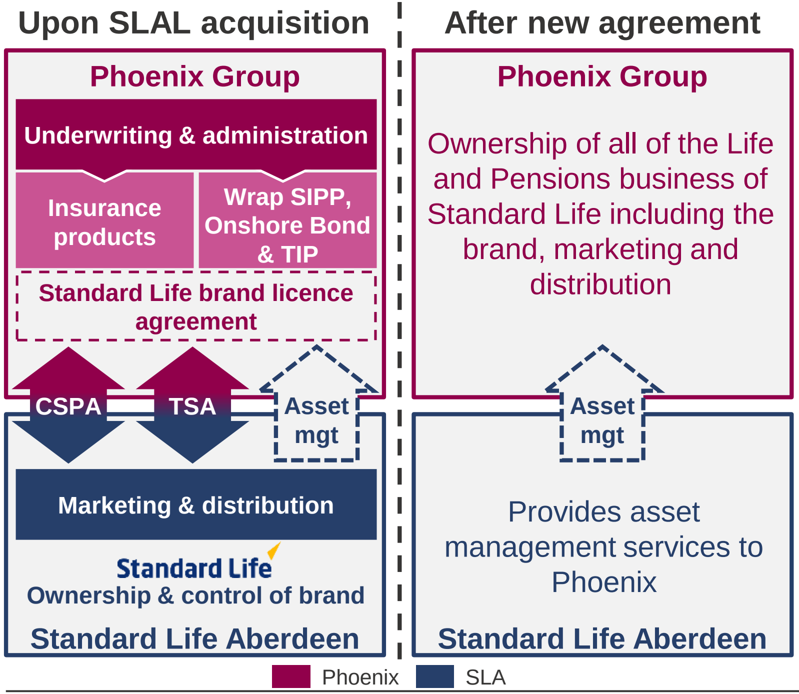
95%
Customer Satisfaction SLAL - digital journeys
Target: 90%

A year of significant customer proposition development

- New ESG funds launched including workplace ESG default fund
- Enhanced client analytic tools to improve customer support
- Vulnerable customer disclosure tool developed to help us support customers
- Customer dashboard providing charging transparency
- In-scheme draw down functionality in Master Trust
- Expansion of digital functionality to enhance the customer experience

Our simplified strategic partnership with SLA will accelerate Open business growth

Simplifying our strategic partnership



Compelling strategic and operational benefits

- ✓ Phoenix now owns all of the Life and Pensions business of Standard Life, including brand, marketing and distribution
- ✓ Facilitates a more streamlined, multi-channel customer experience and accelerates delivery of a broader set of propositions
- ✓ Key enabler of our Open business growth strategy and supports delivery of incremental new business long-term cash generation
- ✓ Cessation of both CSPA & TSA with a glide path to separation by 2022 achieves significant operational simplification for both parties
- ✓ Continued long-term access to SLA's asset management expertise and reaffirmed commitment to their strategic shareholding in Phoenix

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

Employee engagement and culture

- 10ppts increase in overall colleague engagement year-on-year to 75%
- Driven by increased levels of pride and advocacy

Diversity and Inclusion

- Comprehensive Diversity and Inclusion strategy now embedded and active
- Enhancing our diversity data capture to better track and monitor progress against Diversity and Inclusion agenda

Our people and culture

Wellbeing and mental health

- Additional emergency leave for parents and carers
- Mental wellbeing app available to all colleagues

Talent and capabilities

- Building people capability by fostering internal talent
- Complemented with high-calibre external hires

Phoenix is putting sustainability at the heart of its business

Our sustainability strategy

Delivering for our **Customers**

Fostering **Responsible Investment**

Reducing our **Environmental** *impact*

Investing in our **People and Culture**

Supporting our **Communities**

Working responsibly with **Suppliers**

Governance and risk management

Our net-zero carbon commitment

Operations by 2025

Focus on eliminating and reducing emissions from 2019 baseline

Clear emission reduction plan in place including 100% renewable energy contracts across all sites by the end of 2021

Investment portfolio by 2050

Participated in IIGCC pilot to build and test Paris Agreement aligned investment portfolios

Baseline emissions and set carbon reduction pathways for equity and liquid credit where we exercise control and influence

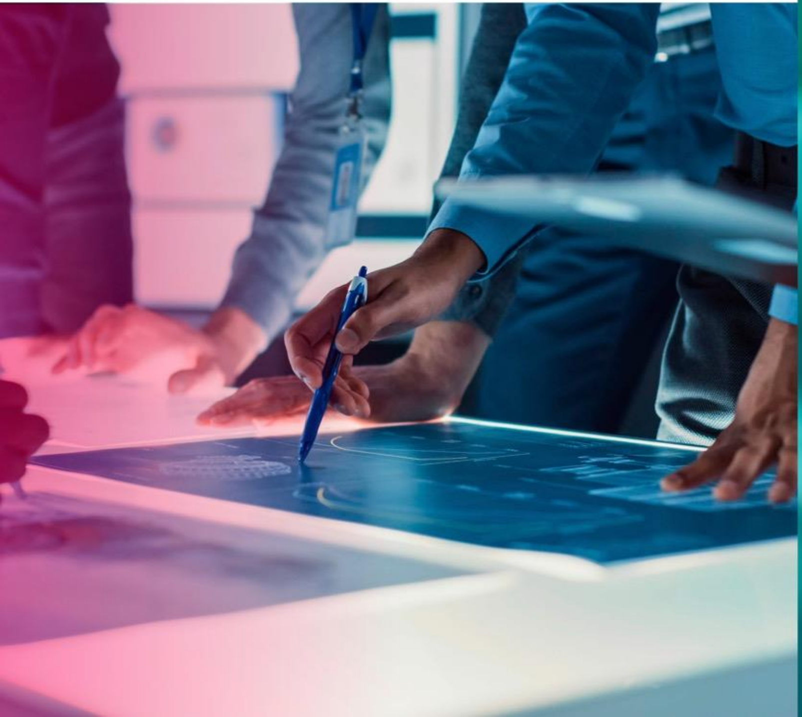
SBTi application to support science-based target setting

TCFD reporting to enhance annual disclosures

2020 financial results

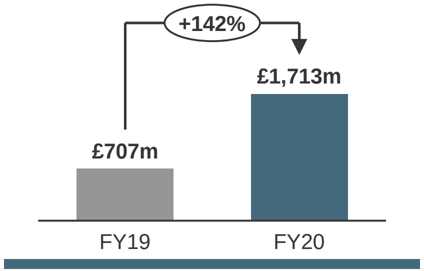
Rakesh Thakrar

Group Chief Financial Officer

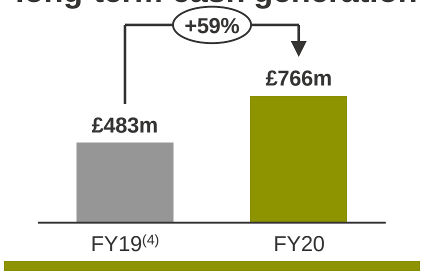


Phoenix delivered a strong financial performance in 2020

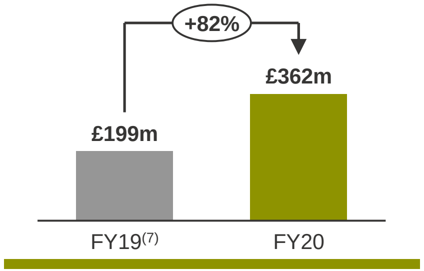
Cash generation



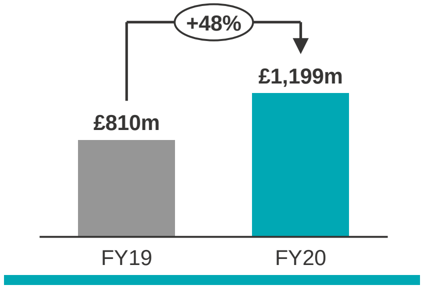
Incremental new business long-term cash generation



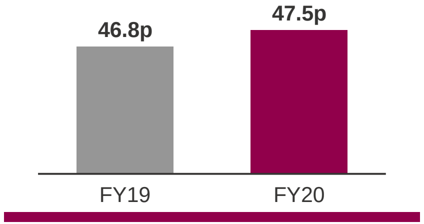
New business contribution(6)



Operating profit before tax



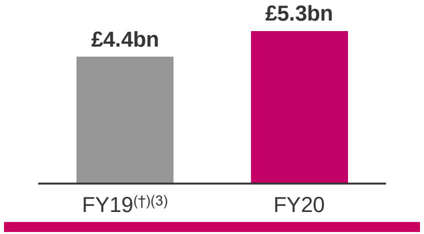
Total dividend per share



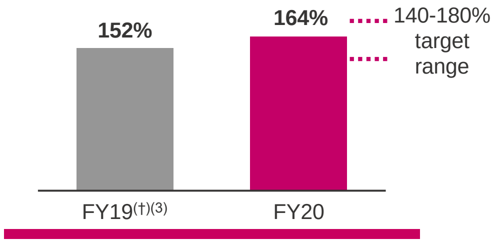
See Appendix XIII for footnotes

Phoenix increased the strength of its financial position in 2020

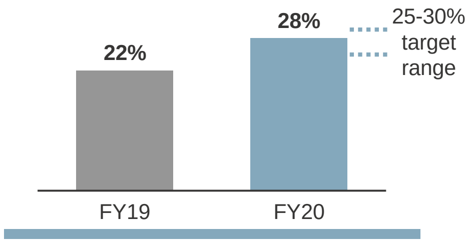
PGH Solvency II Surplus[1]



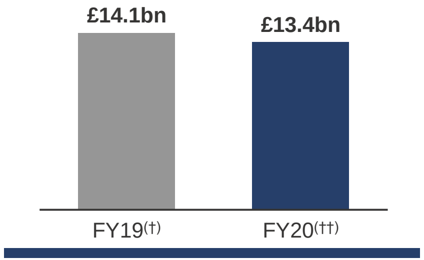
PGH Shareholder Capital Coverage Ratio[1,2]



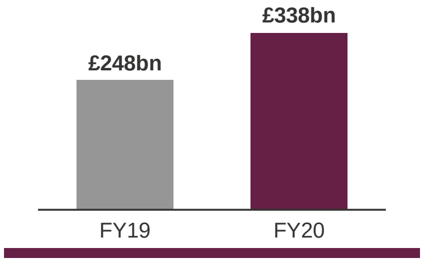
Leverage ratio



Group long-term free cash



Assets under administration



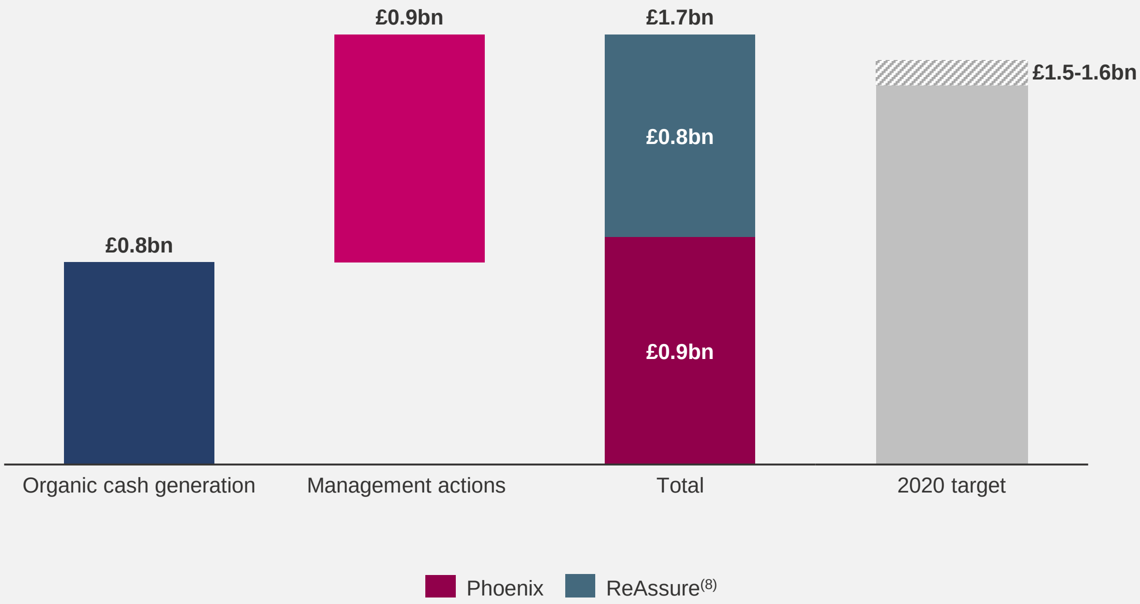
[†] FY19 pro-forma reflecting inclusion of ReAssure

[††] FY20 pro-forma reflecting sale of Wrap SIPP, Onshore Bond & TIP to SLA and the impact of the expected increase in the rate of corporation tax from April 2023 to 25% announced in the March 2021 budget.

See Appendix XIII for other footnotes

Cash generation of £1.7 billion in 2020 exceeded upper end of target range

Composition of £1.7 billion cash generation



Key messages

- £1.7 billion of cash remitted from life companies to Group
- Organic cash generation comprises the emergence of surplus
- Management actions provide a significant contribution to in-year cash remittance to Group

See Appendix XIII for footnotes

Increased 5-year cash generation of £6.8 billion with new 1-year and 3-year targets set

Illustrative future cash generation from in-force business

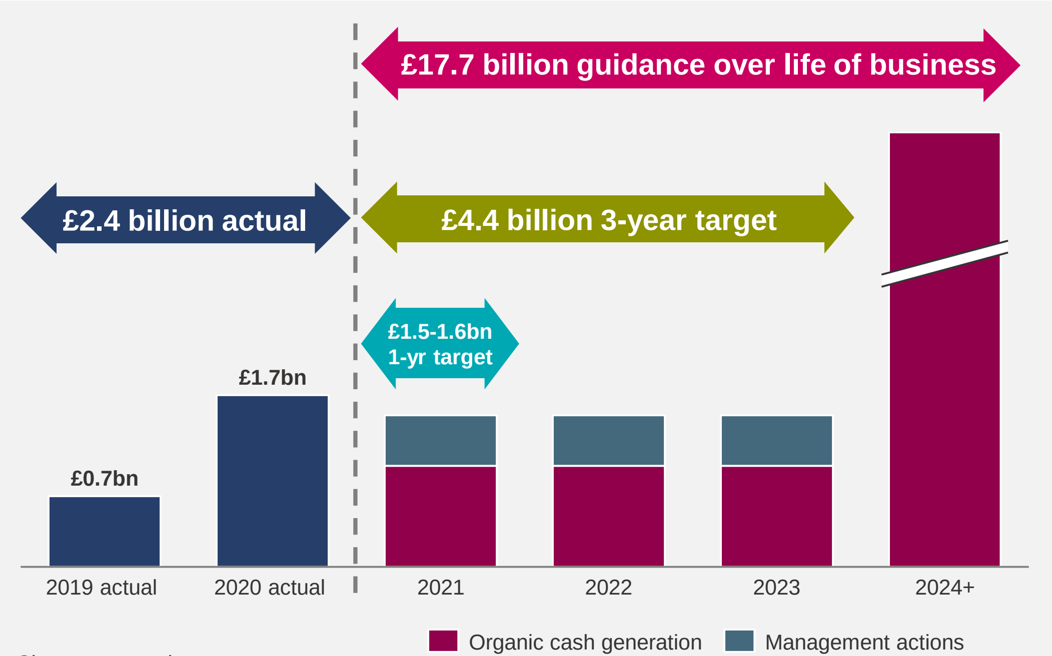
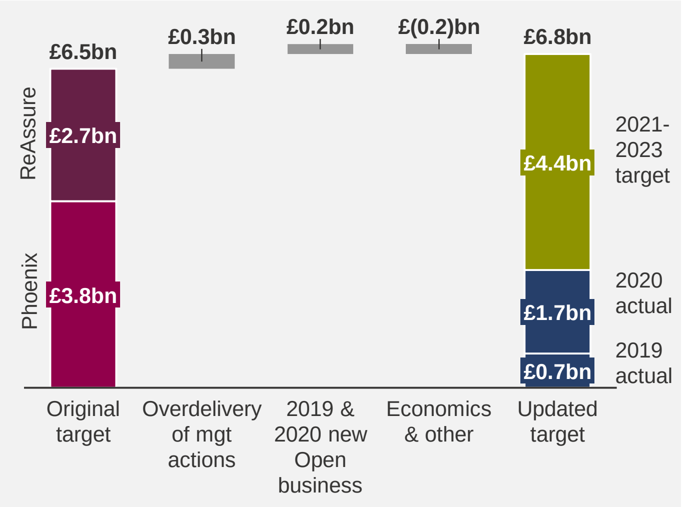


Chart not to scale

2019-2023 5-year cash generation

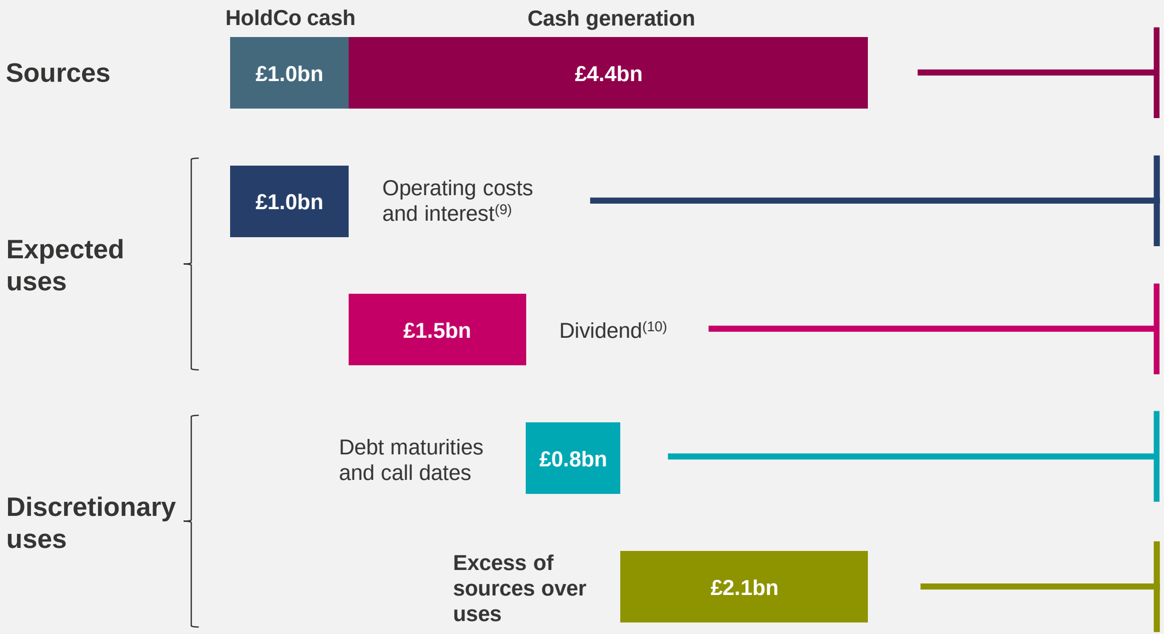


Cash generation excludes:

- Wrap SIPP, Onshore Bond & TIP
- New Open business, including BPA
- Future M&A
- Management actions 2024+

£2.1 billion of surplus cash to support growth options

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 19% 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

£2.1 billion of surplus cash available for growth

See Appendix XIII for footnotes

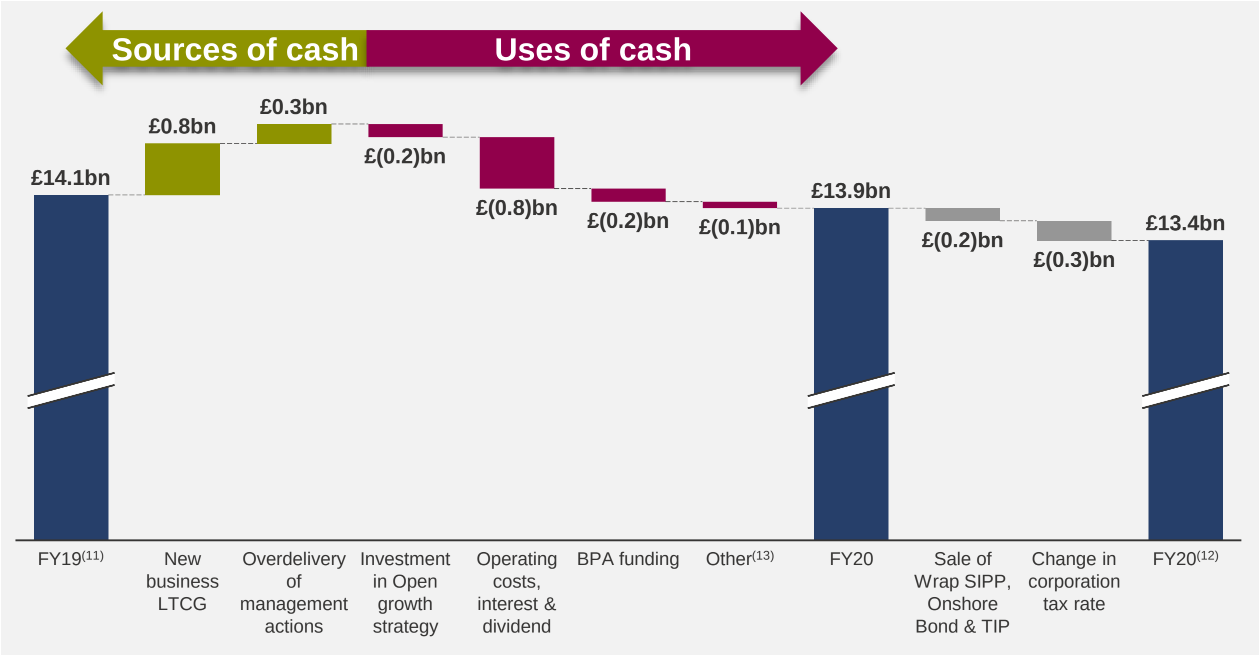
Group long-term free cash reflects cash available for costs, growth and shareholder returns

	31 Dec 2019[11]	31 Dec 2020[12]	
Long-term in-force cash generation	£19.0bn	£17.7bn	Decreases as cash is remitted to HoldCo
− M&A and transition costs	£(0.2)bn	£(0.3)bn	Transition costs to deliver integration of SLAL and ReAssure
+ Closing HoldCo cash	£0.3bn	£1.0bn	Increases as in-force cash generation is remitted
= Group long-term cash	£19.1bn	£18.4bn	Total cash available within the Group
− Shareholder debt	£(5.0)bn	£(5.0)bn	Total debt outstanding at the balance sheet date
= Group long-term free cash	£14.1bn	£13.4bn	**Total cash available for operating costs, interest, growth and shareholder returns**

See Appendix XIII for footnotes

Recurring sources of cash have largely funded recurring uses of cash in 2020

2020 change in Group long-term free cash



Key messages

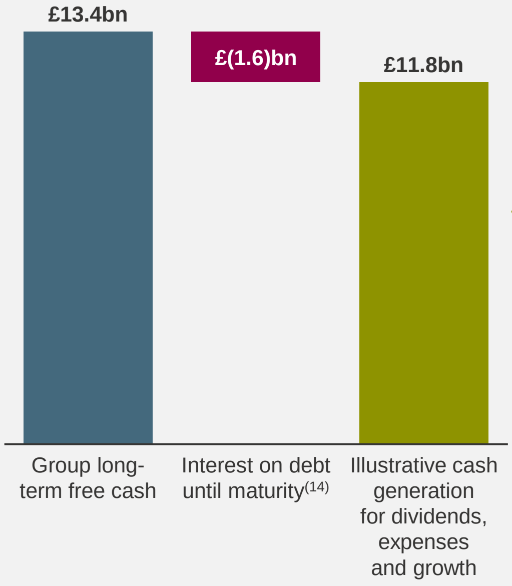
- New business LTCG fully funds operating costs, interest and dividend
- Over-delivery of management actions re-invested in Open business growth strategy
- BPA net long-term free cash contribution will increase over time as target strain of 5% approached
- Pro-forma adjustments for non-recurring items include product disposals to SLA and future changes to corporation tax rate

See Appendix XIII for footnotes

PHOENIX GROUP

Stable dividend payable for 20+ years and a clear framework for dividend growth

We have a stable and sustainable dividend

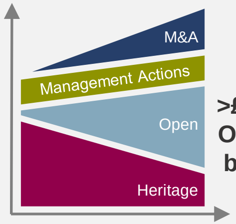


- ✓ £11.8 billion supports stable and sustainable dividend for 20+ years
- ✓ M&A has been historical trigger for uplifts

Organic growth can support dividend increases

Condition 1: proving 'the wedge'

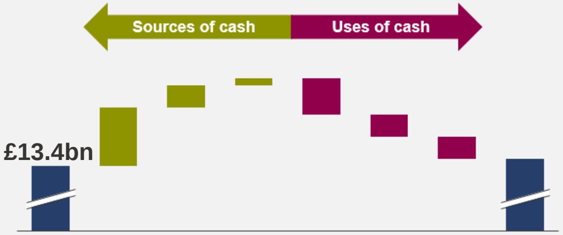
Organic offset more than achieved



>£800m of Open new business

Condition 2: Group long-term free cash

Recurring sources of cash exceed uses of cash



See Appendix XIII for footnotes

2020 IFRS operating profit of £1.2 billion

	FY20	FY19[15]
Heritage	£278m	£350m
ReAssure	£444m	-
Open	£516m	£469m
Service company	£6m	£26m
Group costs	£(45)m	£(35)m
Operating profit before tax	**£1,199m**	**£810m**
Investment return variances and economic assumption changes	£101m	£(164)m
Amortisation of intangibles	£(482)m	£(395)m
Other non-operating items	£281m	£(169)m
Finance costs	£(191)m	£(127)m
Profit before tax attributable to non-controlling interest	£36m	£31m
Profit/(loss) before tax attributable to owners	**£944m**	**£(14)m**
Tax (charge)/credit attributable to owners	£(110)m	£130m
Profit after tax attributable to owners	**£834m**	**£116m**

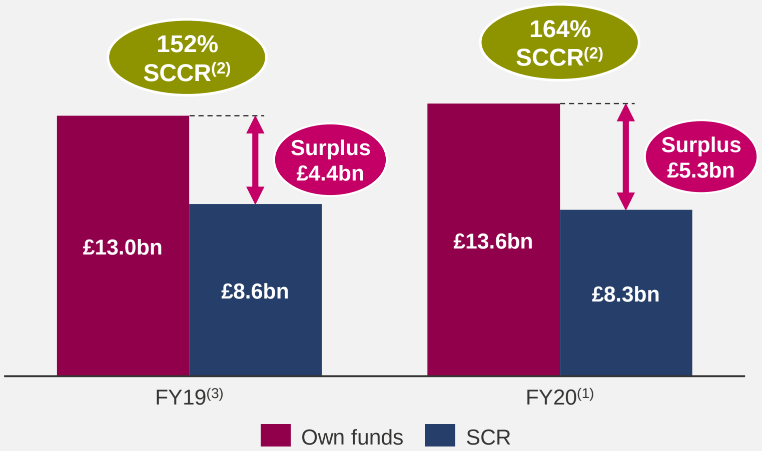
See Appendix XIII for footnotes

Key messages

- Heritage FY19 operating profit included one-off benefits from modelling improvements
- ReAssure operating profit includes circa £190 million from updated longevity assumptions
- Open business operating profit reflects new business profits on BPA and positive longevity assumption changes
- Positive investment variances driven by gains on interest rate hedging and inflation partially offset by credit spread widening
- Other non-operating items include circa £370 million gain on ReAssure acquisition

Strong capital position with coverage ratio in the middle of our target range

Estimated PGH Shareholder Capital Position



- £241 million 2020 final dividend deducted from FY20 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	**13.6**
Less: Tier 2 and Tier 3 debt[16]	(3.8)
Less: Restricted Tier 1 debt[16]	(1.0)
Unrestricted Tier 1	**8.8**
Add: contract boundaries	0.1
Add: Shareholders share of with-profit estate	0.3
Proxy to shareholder value	**9.2**

Shareholder value per share: £9.21

See Appendix XIII for footnotes

Proactive risk management ensures Group remains resilient to risk events

Group Solvency II Shareholder Capital Coverage Ratio sensitivities[17]

Target range: 140% – 180%

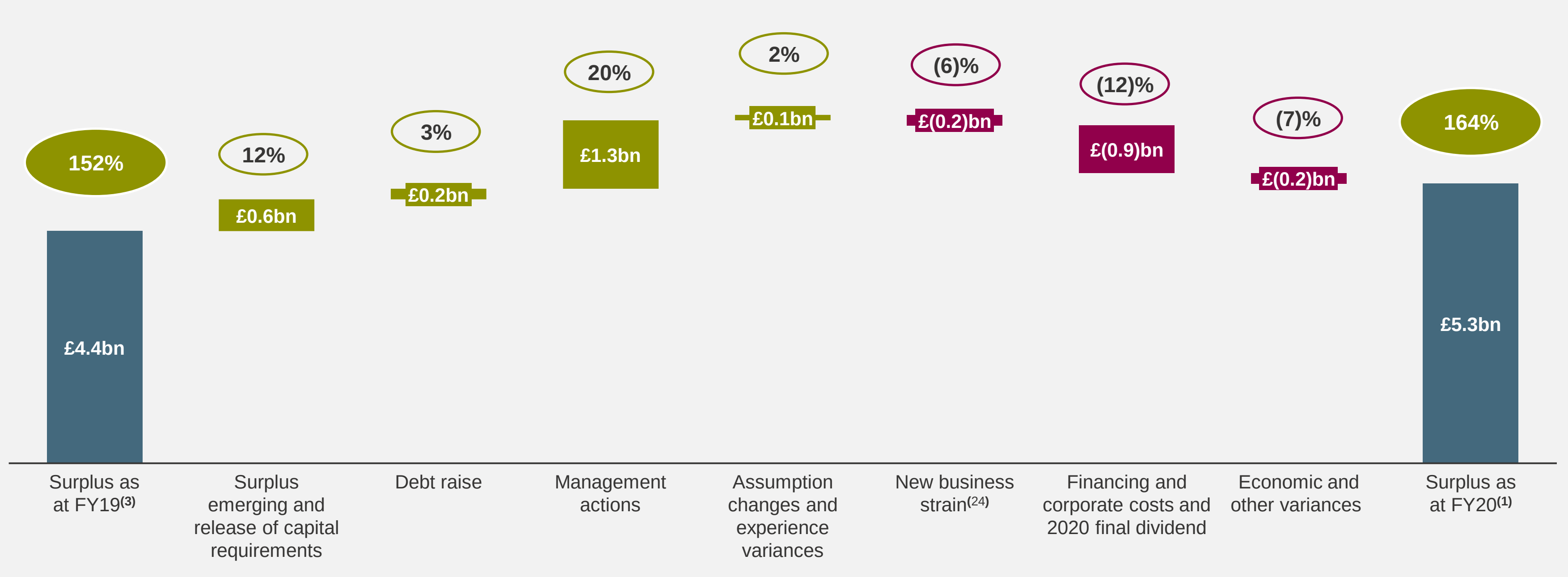
	Coverage ratio	Impact on Solvency II surplus
FY20 Solvency II SCCR	164%	£5.3bn
Equities: 20% fall in markets	165%	£nil
Property: 12% fall in values[18]	161%	£(0.2)bn
Rates: 73bps rise in interest rates[19]	170%	£0.1bn
Rates: 88bps fall in interest rates[19]	157%	£(0.1)bn
Credit: 120bps spread widening[20]	164%	£(0.2)bn
Credit: 20% portfolio full letter downgrade[21]	156%	£(0.5)bn
Lapse: 10% increase/decrease in rates[22]	162%	£(0.3)bn
Longevity: 6 months increase[23]	154%	£(0.9)bn

See Appendix XIII for footnotes

PHOENIX GROUP

Increase in Solvency II surplus reflects delivery of management actions and limited impact of market volatility

Change in PGH Solvency II surplus

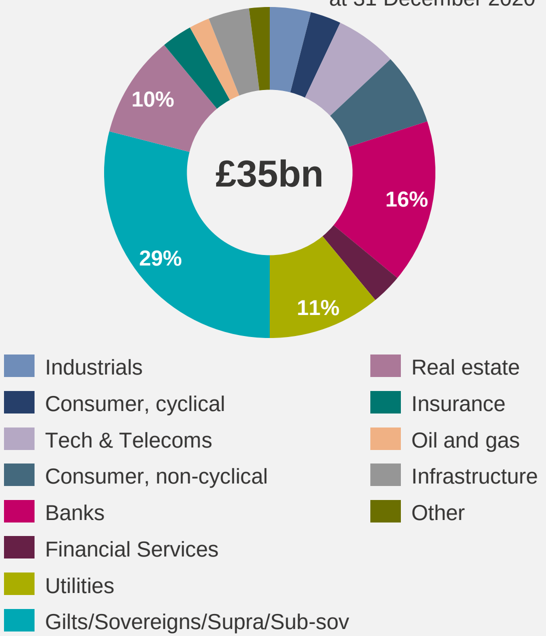


See Appendix XIII for footnotes

Our £35 billion debt portfolio is defensively positioned and proactively managed

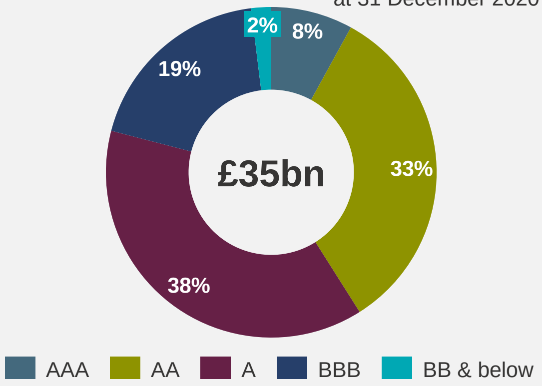
Debt portfolio by sector

at 31 December 2020

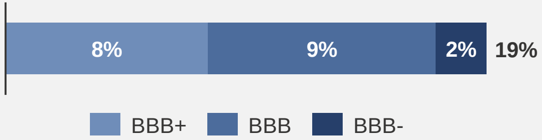


Credit quality of portfolio

at 31 December 2020



Sub split of 19% BBB



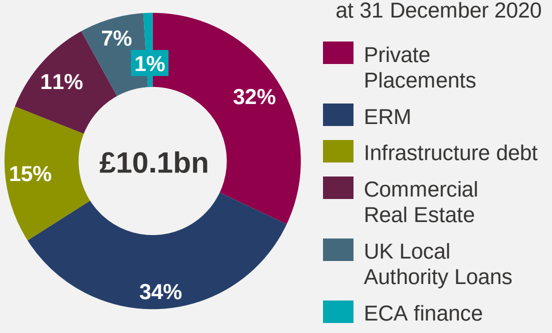
Key messages

- ✓ Well diversified portfolio, actively managed within a dynamic risk appetite
- ✓ Defensively positioned with limited exposure to COVID-19 sensitive sectors
- ✓ 19% BBB as we remain cautious in current environment; 98% of portfolio is investment grade with only 2% BBB-
- ✓ 99.4% of cash flows paid on illiquid bonds and 100% paid on liquid bonds
- ✓ 0.8% of bonds downgraded to sub investment grade

Our illiquid asset origination strategy is building momentum with a strong focus on ESG assets

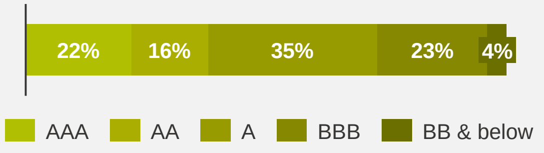
Asset type

at 31 December 2020

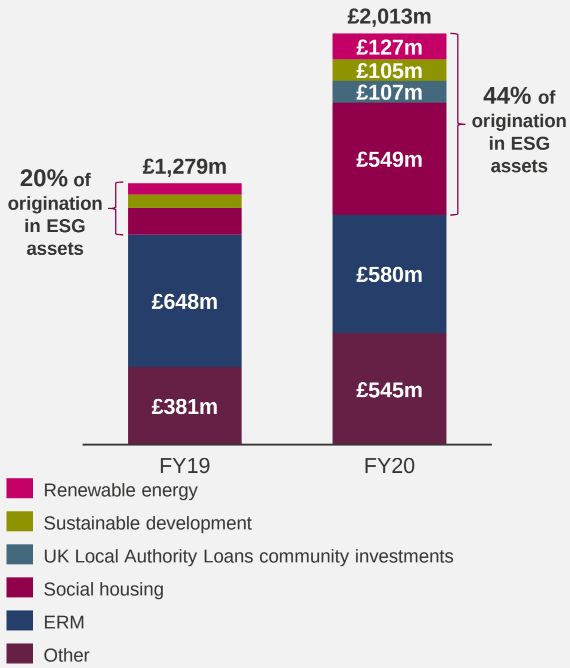


Credit quality

at 31 December 2020



Illiquid asset origination



Key messages

- Well diversified, high quality illiquid asset portfolio with strong ESG focus
- £10 billion portfolio comprises 25% of annuity backing assets, targeting 40%
- Significant investment in origination capabilities, with a target of £3 billion in 2021 and £20 billion over five years
- Key enabler of BPA strategy to deliver improved capital efficiency

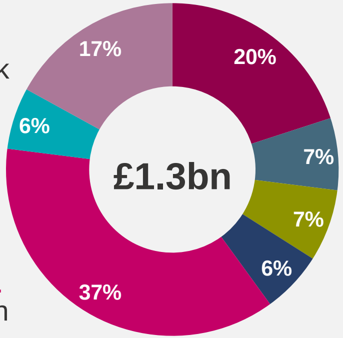
Strong value creation through the delivery of £1.3 billion of management actions in 2020

2020 Solvency II management actions

Other actions
Includes active management of the balance sheet and operational efficiency

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

SLAL synergies
Benefits from operational risk harmonisation, matching adjustment harmonisation and VAT savings on investment fund restructure



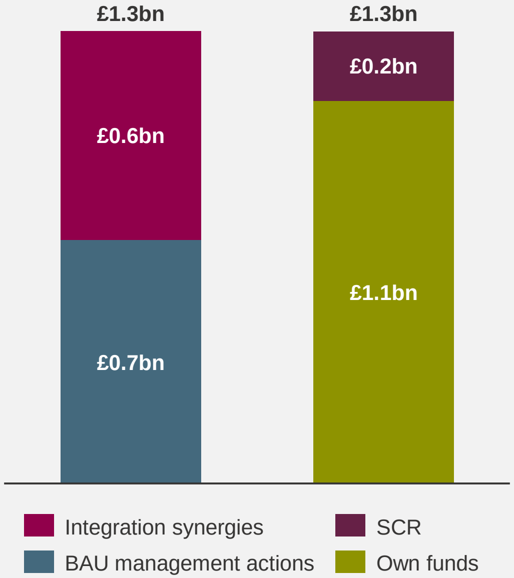
Asset risk management
Includes block trades from Sterling into US assets, and rotation out of BBB assets

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

ReAssure synergies
Equity hedge novation and methodology harmonisation

L&G Part VII
Capital and expense savings arising on transfer of L&G Mature Savings business to ReAssure

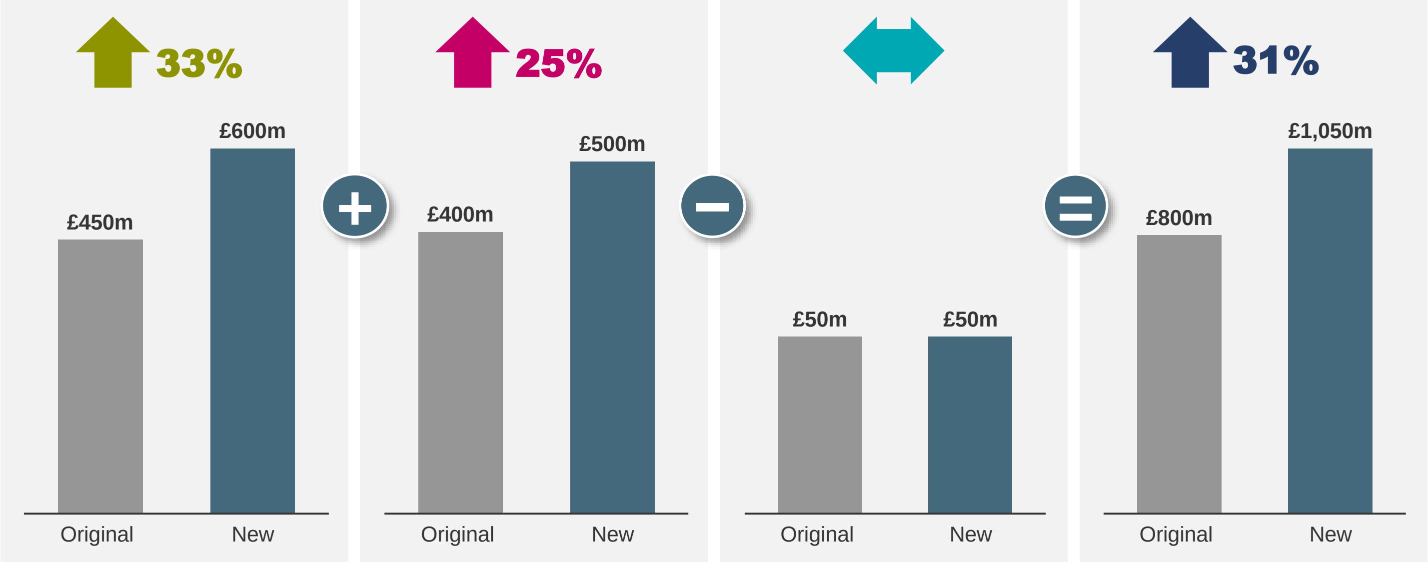
Management actions drive value



ReAssure synergy targets increase by circa 30% to £1,050 million

Increased synergy targets

Capital synergies	Cost synergies[25]	Integration costs	Total net synergies



See Appendix XIII for footnotes

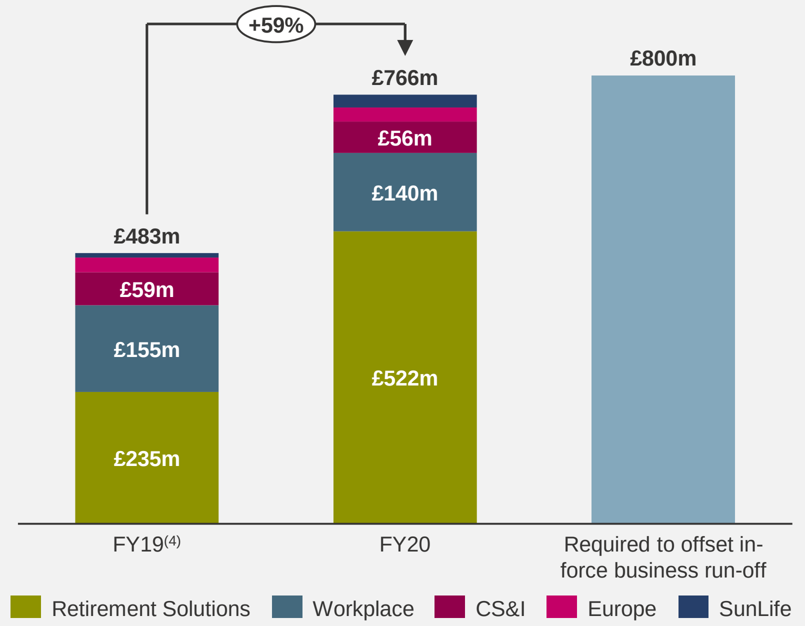
Integration programmes on track with £0.7 billion of ReAssure synergies delivered in just 6 months

	Standard Life				ReAssure			
	In year	Cumulative	Target	% of target	In year	Cumulative	Revised Target	% of target
Capital synergies (net of costs)	£75m	£720m	£720m	100%	£479m	£479m	£600m	80%
Cost synergies[26] (per annum)	£7m	£40m	£75m	53%	£22m	£22m	£50m	44%
One off cost synergies	£10m	£38m	£30m	127%	N/A	N/A	N/A	N/A
Integration costs[27] (net of tax)	£32m	£47m	£150m	31%	£3m	£3m	£50m	6%
Total value[28]	**£111m**	**£1,042m**	**£1,220m**	**85%**	**£696m**	**£696m**	**£1,050m**	**66%**

See Appendix XIII for footnotes

We made significant progress towards proving ‘the wedge’ in 2020

New business long-term cash generation



Key messages

59% increase in new business long-term cash generation demonstrates significant progress towards proving ‘the wedge’

£522m of BPA business within Retirement Solutions includes:

- £350 million of external deals
- £172 million Pearl Pension Scheme buy-in

Resilient performance from our consumer facing businesses despite COVID-19

Wrap SIPP, Onshore Bond & TIP products contributed £23 million of new business long-term cash generation in 2020

See Appendix XIII for footnotes

A record year of external BPA delivered £350 million of incremental long-term cash generation

2020 highlights

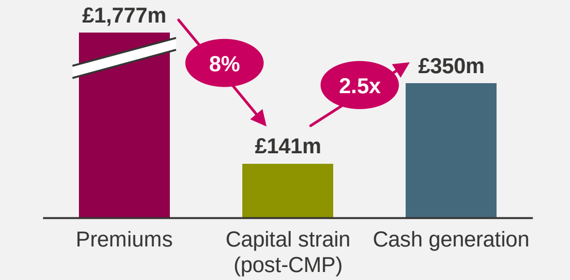
- Circa 6% market share in 2020[29] and record year for BPA cash generation, up 49% versus 2019
- Improved deal economics, with average payback[30] reduced to 5 years, versus 6-7 years in 2019
- Continued reduction in our capital strain as progress towards 5% target
- Building a best-in-class BPA franchise through key hires and expanded proposition

2020 external activity

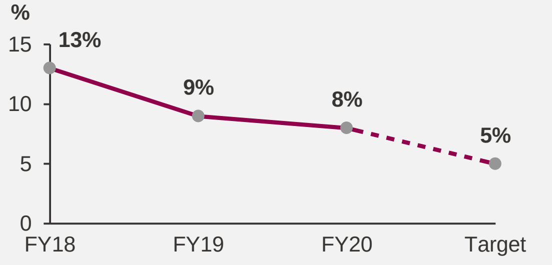
Invited to price	Deals priced	Deals won
68	24	6

Our approach to BPA remains selective and proportionate

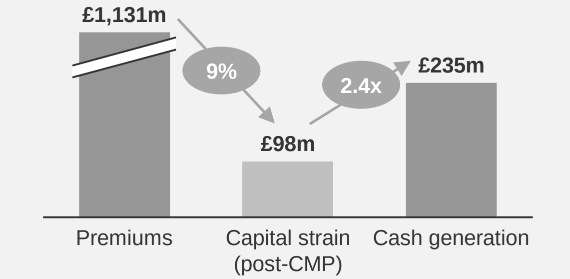
2020 external deal economics



Improving capital strain



2019 external deal economics



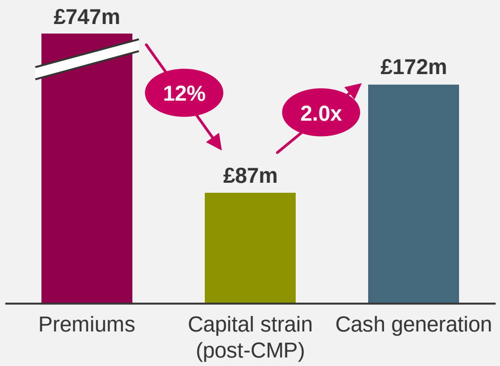
See Appendix XIII for footnotes

Pearl pension scheme buy-in contributed £172 million of long-term cash generation

Agreement details

- Initial buy-in tranche covering 25% of scheme liabilities completed in Q4 2020
- Trustee released the historic PLAL share charge and accepted a surety bond as replacement security
- Outstanding £30 million pension scheme contributions paid up
- Agreement reflects Phoenix as a responsible pension scheme owner

2020 Pearl buy-in economics



Incremental capital benefit

>£100 million
benefit from unlocking single LifeCo Part VII

Future benefits

- ✓ Committed to a full buy-in of the £3 billion pension scheme via further annual tranches during 2021-2023
- ✓ Future buy-in tranche economics are expected to improve as capital efficiency target is approached
- ✓ Over its lifetime, this buy-in will provide a significant future contribution to new business long-term cash generation

PHOENIX GROUP

Phoenix has a clear financial framework supporting its strategy

	Cash	Resilience	Growth
2020	• £1.7 billion of cash generation exceeds upper end of £1.5-£1.6 billion target range	• £5.3 billion SII surplus and 164% SII ratio • 28% Fitch leverage ratio	• Record year of incremental new business cash generation at £766 million • £7 billion of additional long-term cash generation from ReAssure acquisition
2021+	• Deliver £1.5-£1.6 billion cash generation target in 2021 • Deliver £4.4 billion cash generation target across 2021-2023	• Maintain SII ratio within 140%-180% target range • Manage Fitch leverage ratio within 25%-30% target range	• Deliver incremental new business long-term cash generation • Recurring Group long-term free cash sources to exceed uses

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**

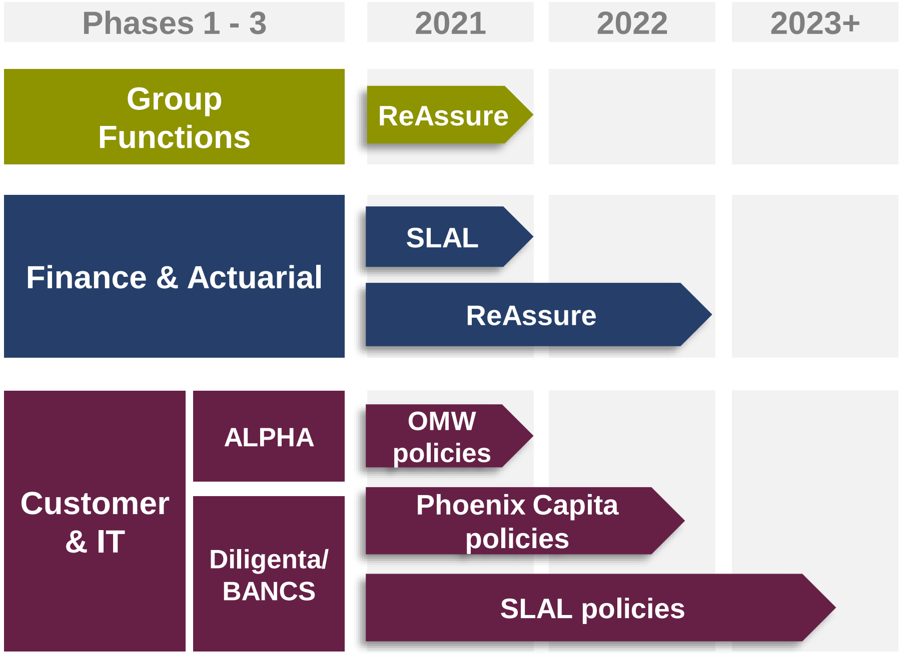
…our strategy delivers cash, resilience and growth.

Our Heritage business will continue to deliver management actions and integration programmes

Driving our Heritage strategy in 2021

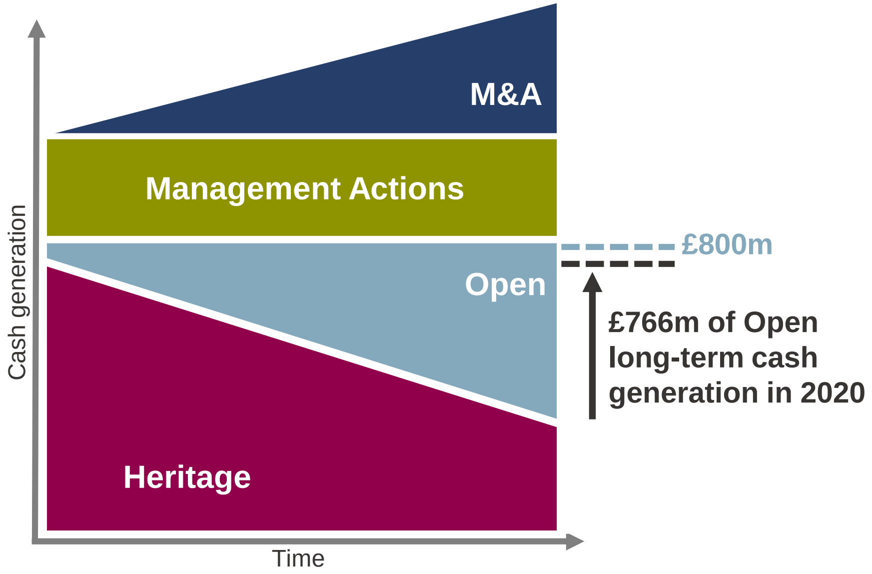
- ✓ Deliver improved customer outcomes
- ✓ Manage capital for resilience through our approach to risk management
- ✓ Deliver value accretive management actions
- ✓ Integrate acquisitions to deliver cost and capital synergies

Integration roadmap



We will build on our strong Open business growth momentum in 2021

Open growth in 2020 nearly offset Heritage



Driving our growth strategy in 2021

- ✓ Allocate £150 - £200 million of capital to external BPA deals and execute future tranches of Pearl scheme buy-in
- ✓ Reduce external BPA capital strain from 8% towards 5% target
- ✓ Leverage acquisition of the Standard Life brand
- ✓ Continued investment in Workplace proposition
- ✓ Deepen understanding of customer needs and provide innovative solutions

Our clear M&A strategy offers further growth potential if opportunities arise

Disciplined acquisition criteria

Strategic fit

Supports growth aspirations in either the Heritage or Open business

Value accretive

Supports the dividend

Maintains investment grade rating

Allocating capital to growth opportunities

Large market opportunity	• £440 billion UK opportunity • A range of deal sizes can be considered
Clear priorities	• Priority is Heritage books • But option to buy Open businesses with complementary capabilities
M&A ready	• Dual platforms and a proven phased integration strategy provides capacity

Phoenix has a clear set of priorities for 2021 and beyond

CASH & RESILIENCE

Manage our balance sheet for cash and resilience, and deliver on our integrations

GROWTH

Accelerate our Open business growth strategy to enable us to prove ‘the wedge’

Helping people secure a life of possibilities

SUSTAINABILITY

Focus on embedding and delivering our sustainability strategy and continue to progress net-zero carbon commitments

CUSTOMERS

Continue to deliver excellent customer service and ensure the customer is at the centre of everything we do

OUR PEOPLE

Invest in our people and culture to achieve our ambition of being ‘the best place our colleagues have ever worked’

Q&A

Investor Relations activity and contacts

March	Virtual results roadshow
16 March	Morgan Stanley European Financials Conference
29 March	HSBC 6th Annual West Coast Financials Conference
11 May	KBW European Financials Conference
14 May	Annual General Meeting
25 May	Autonomous European Insurers & Asset Managers Fins Forum
26 May	ODDO BHF & Natixis Insurance Forum
02 June	Deutsche Bank Global Financial Services Conference
15 June	J.P. Morgan European Insurance Conference

Note: dates are provisional

Investor Relations contacts

Claire Hawkins
Director of Corporate Affairs & Investor Relations
Email: claire.hawkins@thephoenixgroup.com
Tel: +44 (0)20 3735 0575

Andrew Downey
Head of Investor Relations
Email: andrew.downey@thephoenixgroup.com
Tel: +44 (0)20 3735 0160

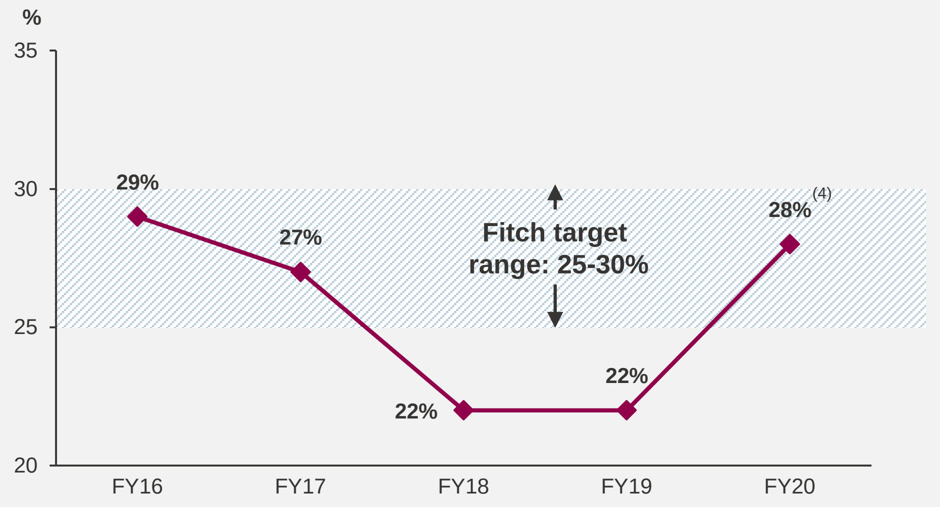
Victoria Hayes
Investor Relations Finance Manager
Email: victoria.hayes@thephoenixgroup.com
Tel: +44 (0)203 735 0056

Juliane Hohnstedt
Investor Relations Manager
Email: juliane.hohnstedt@thephoenixgroup.com
Tel: +44 (0)203 735 0060

Appendices

Appendix I: Leverage ratios

Fitch leverage ratio(1)



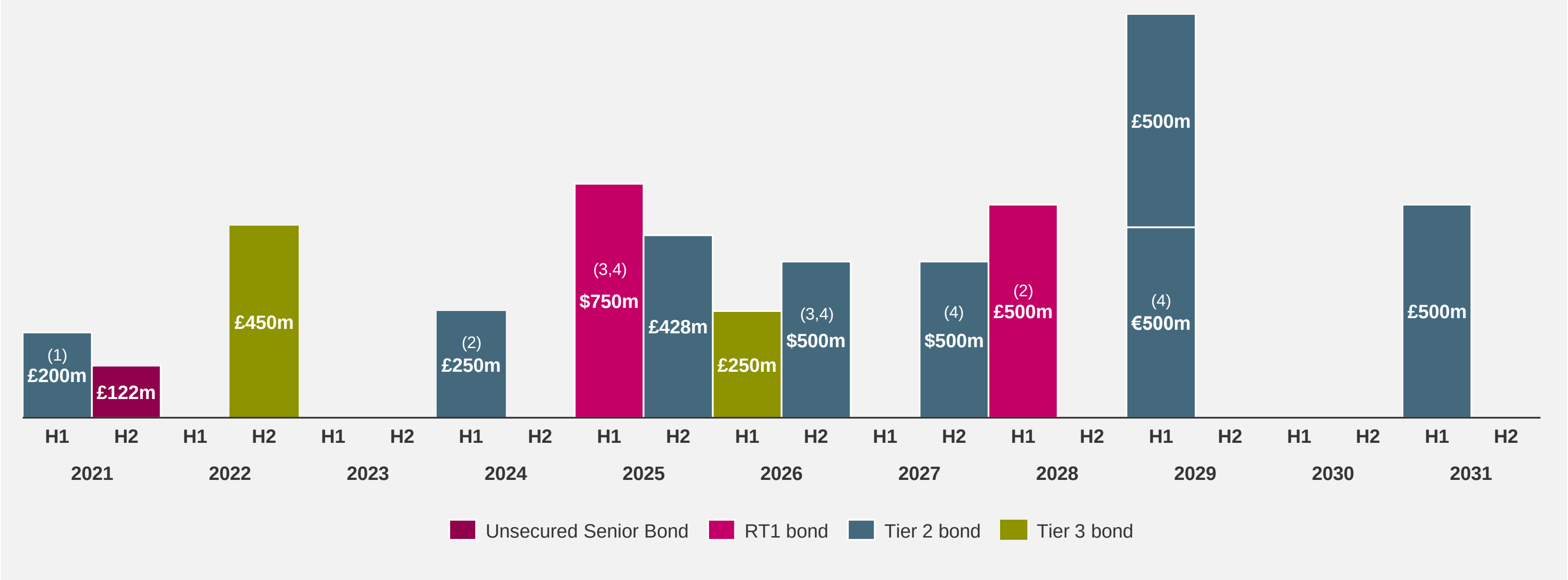
FY20 leverage ratios

Fitch basis(1)	28%
IFRS basis(2)	41%
SII leverage(3)	31%

- IFRS leverage ratio classifies RT1 as debt
- We estimate a funding capacity for inorganic growth as at FY20 of circa £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 31 December 2020



(1) Bond called and due for repayment on 25 March 2021.
(2) First call date.
(3) First reset date.
(4) All currency debt converted into GBP based on the closing 31 December 2020 exchange rates.

Appendix III: Movement in assets under administration

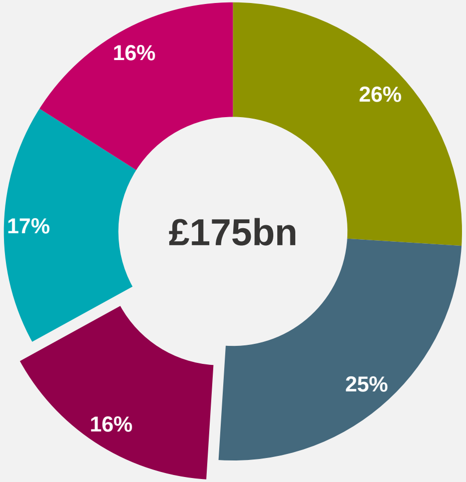
Net flows	
Heritage	£(7.3)bn
Open	£2.9bn

Chart not to scale

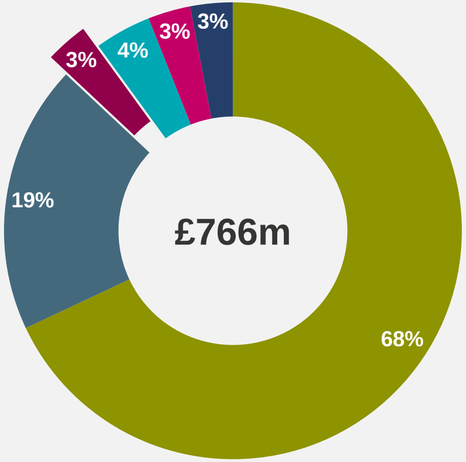
See Appendix XIII for footnotes

Appendix IV: Breakdown of Open business segments as at 31 December 2020

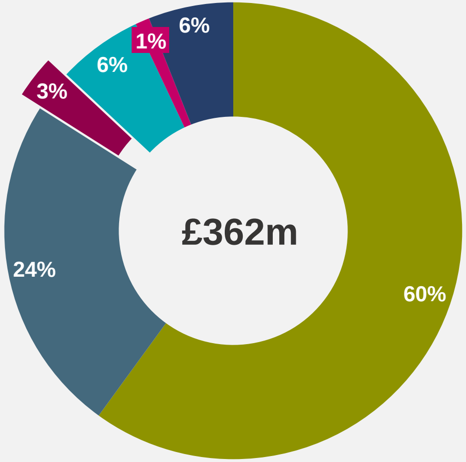
AUA



New business LTCG

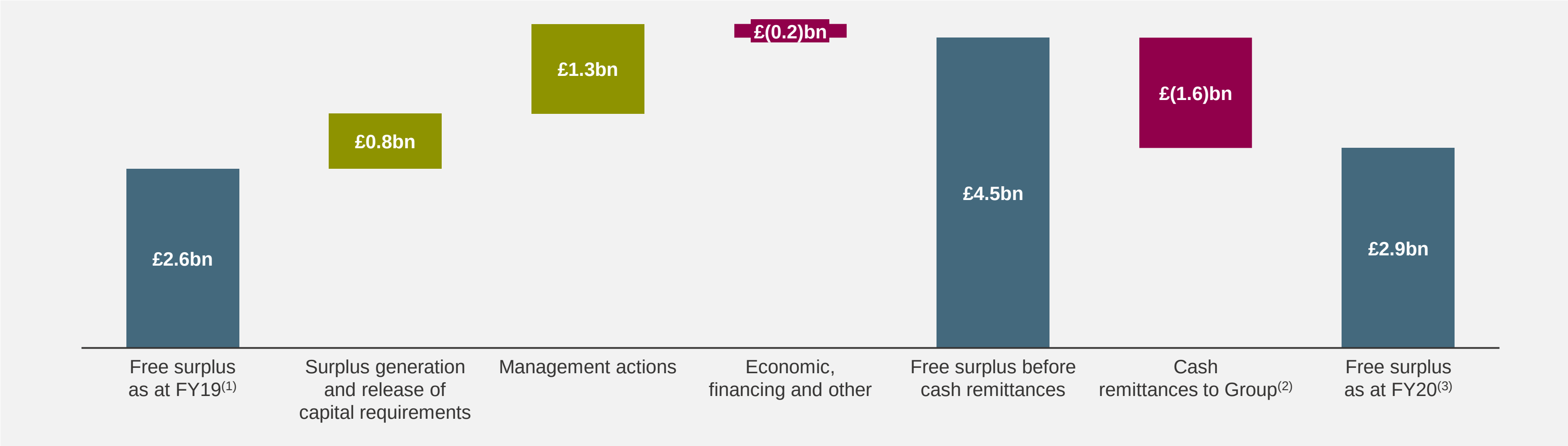


New business contribution



Appendix V: Change in Life Company Free Surplus

Change in Life Company Free Surplus in 2020



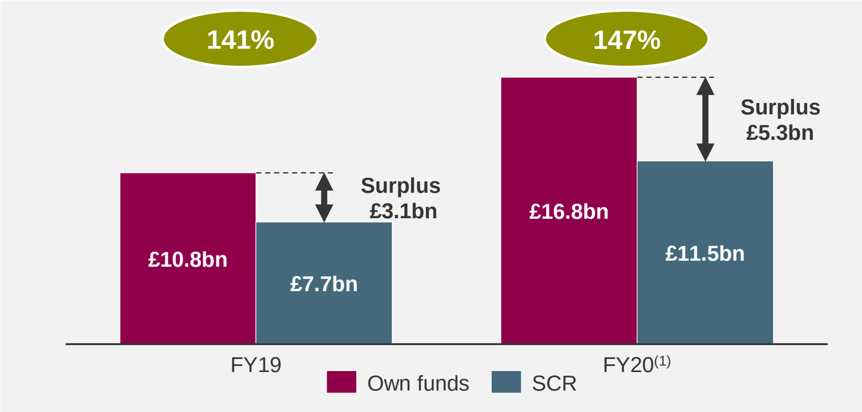
(1) The opening Life Company Free Surplus is a pro-forma position for the acquisition of ReAssure and reflects the impact of a regulator approved recalculation of transitionals as at 31 December 2019.

(2) Cash remitted excludes tax relief payments to Group.

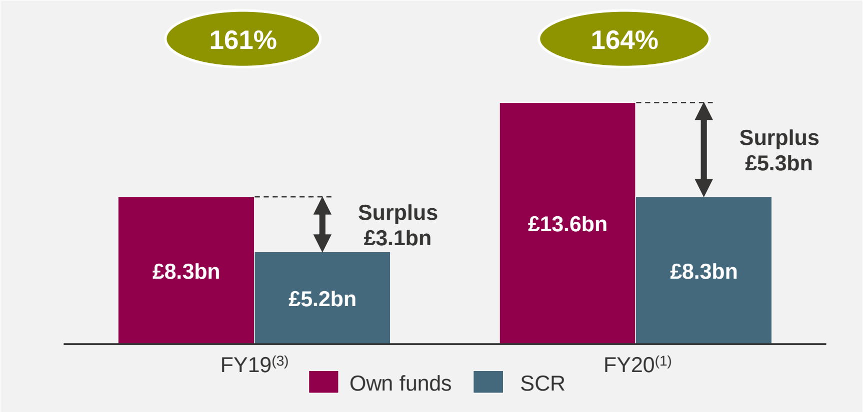
(3) 31 December 2020 Life Company Free Surplus is an estimated position and reflects a dynamic recalculation of transitionals for the Group's Life companies. Had the dynamic recalculation not been assumed, the Life Company Free Surplus would decrease by £0.1 billion.

Appendix VI: Estimated PGH Solvency II surplus and coverage ratios

PGH Solvency II coverage ratio



PGH Shareholder capital coverage ratio[2]

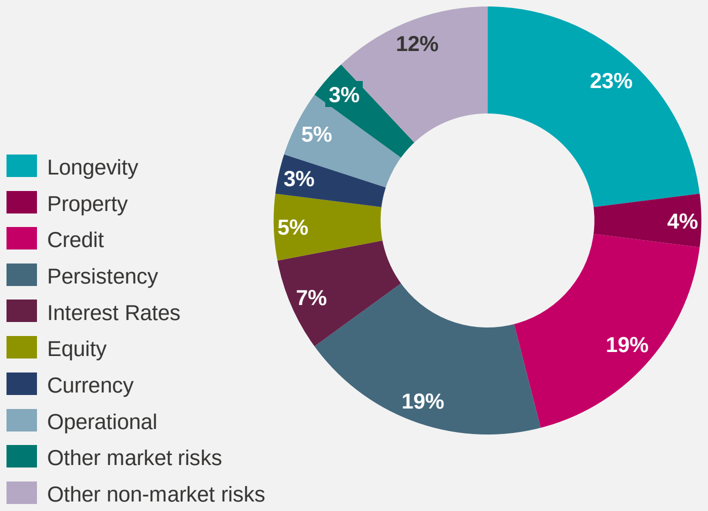


£bn	FY20	FY19
PGH Solvency II own funds	16.8	10.8
Less: Unsupported with-profit funds	(2.9)	(2.0)
Less: PGL and Pearl pension schemes	(0.3)	(0.5)
PGH Shareholder own funds	13.6	8.3

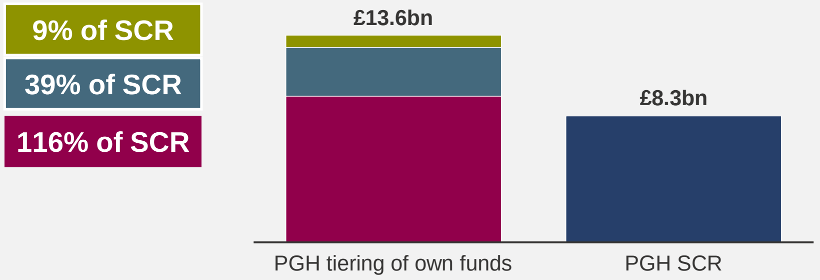
See Appendix XIII for footnotes

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

Estimated FY20 SCR by risk type[1]



FY20 PGH own funds by capital tier[2]



Share of SII own funds by capital tier

Own funds	£bn	%
Tier 1[3]	9.6	70
Tier 2	3.2	24
Tier 3	0.8	6
Total	**13.6**	**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 31 December 2020.
(3) Tier 1 includes £1.1 billion of Restricted Tier 1 capital at fair value.

Appendix VIII: Regulatory Capital Coverage Ratio sensitivities

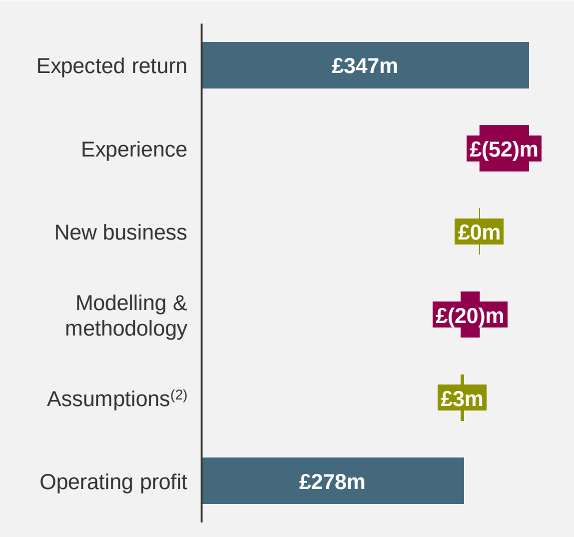
PGH Solvency II Regulatory Capital Coverage Ratio (RCR) sensitivities[17]

	RCR	Impact on Solvency II surplus
FY20 Solvency II RCR	147%	£5.3bn
Equities: 20% fall in markets	147%	£(0.1)bn
Property: 12% fall in values[18]	145%	£(0.2)bn
Rates: 73bps rise in interest rates[19]	152%	£0.1bn
Rates: 88bps fall in interest rates[19]	141%	£(0.1)bn
Credit: 120bps spread widening[20]	147%	£(0.2)bn
Credit: 20% portfolio full letter downgrade[21]	141%	£(0.5)bn
Lapse: 10% increase/decrease in rates[22]	145%	£(0.3)bn
Longevity: 6 months increase[23]	139%	£(0.9)bn

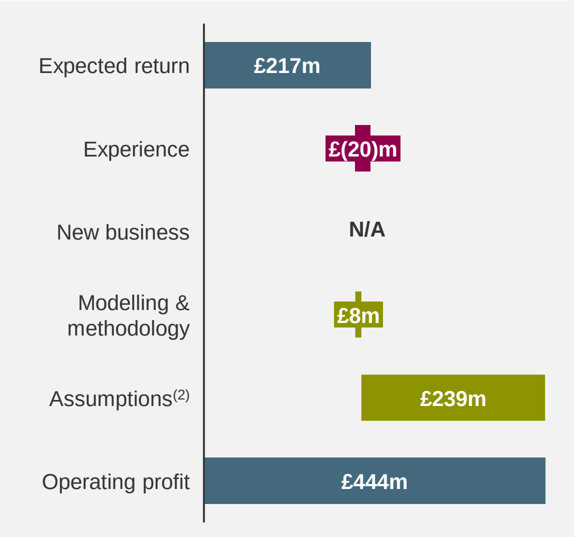
See Appendix XIII for footnotes

Appendix IX: 2020 operating profit drivers

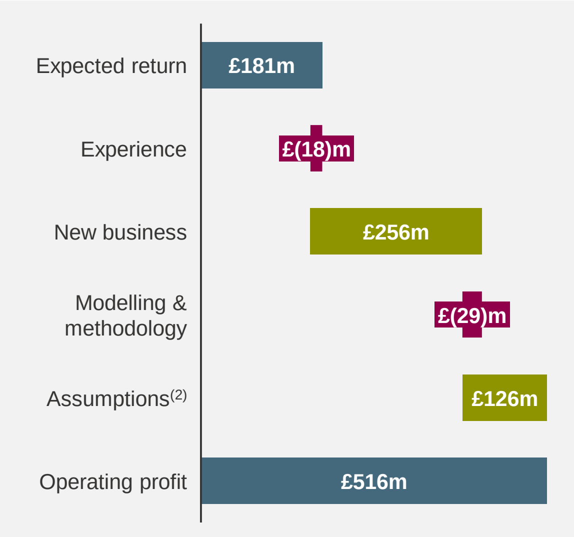
Heritage



ReAssure



Open (including Europe)



Operating earnings per share(1) **98.8p**

(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 year.

(2) Assumption changes include benefit from updating longevity assumptions of £193 million in ReAssure, £30 million in Heritage and £146 million in Open.

Appendix X: Credit quality by sector for shareholder debt portfolio

Average credit rating by sector (FY20 vs FY19)

Sector	FY20	FY20 %	AA	A	BBB	∆ vs FY19
Industrials	£1.4bn	4%		🔵	🔴	↓
Consumer, cyclical	£1.2bn	3%		🔵 🔴		↔
Tech and Telecoms	£2.0bn	6%		🔴	🔵	↑
Consumer, non-cyclical	£2.4bn	7%		🔵 🔴		↔
Banks	£5.7bn	16%		🔵 🔴		↔
Financial Services	£1.0bn	3%		🔵 🔴		↔
Utilities	£4.0bn	11%		🔵 🔴		↔
Gilts /Sovereign/Supra/Sub-sov	£10.1bn	29%	🔵 🔴			↔
Real Estate	£3.5bn	10%		🔵 🔴		↔
Insurance	£1.1bn	3%		🔵 🔴		↔
Oil and gas	£0.6bn	2%		🔵 🔴		↔
Infrastructure	£1.6bn	4%			🔵 🔴	↔
Other	£0.6bn	2%		🔵 🔴		↔
Total	**£35.2bn**	**100%**				

Key: FY19 🔵 FY20 🔴

Appendix XI: Sustainability performance ratings

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

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

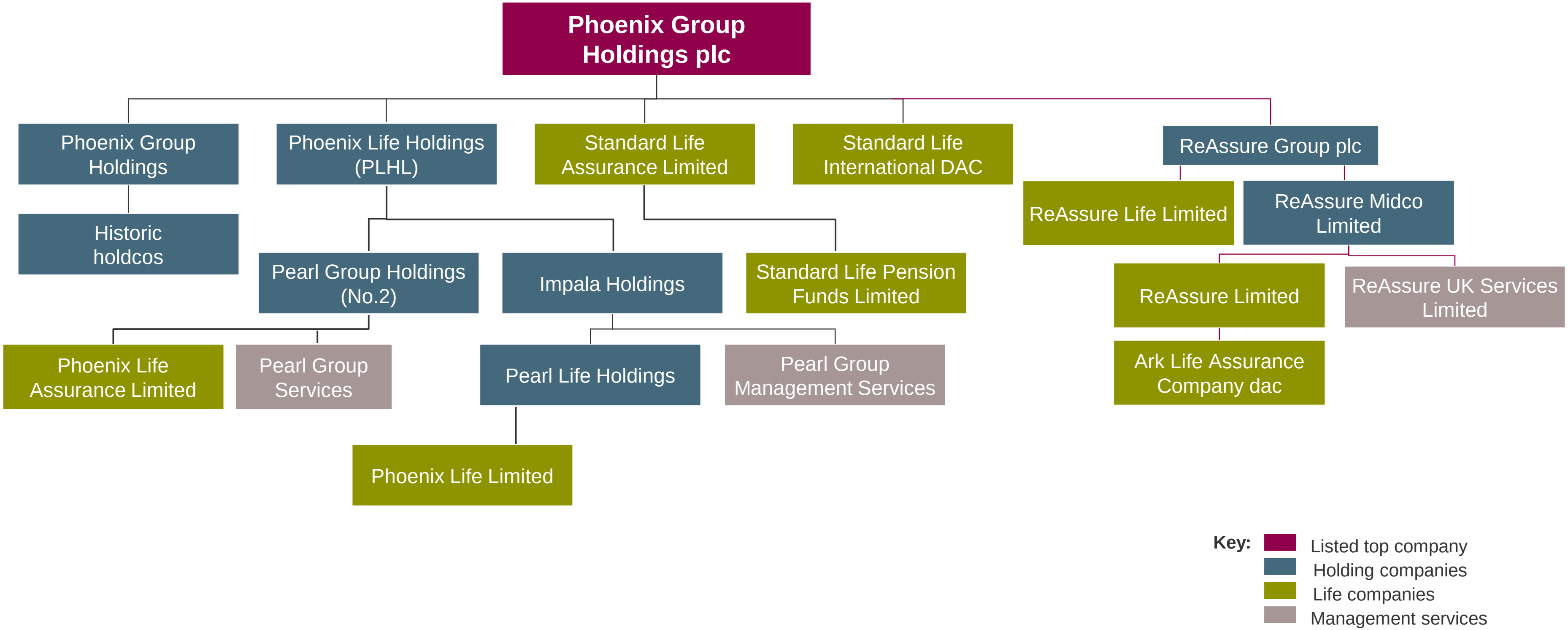
A proud member of the *FTSE4Good Index Series* since July 2019

Ranked 68th out of 267 in the insurance industry in September 2020, with risk a rating of 23.3

Ranked 34th in the *Responsibility 100 Index*, now leading the life sector

The Group became a formal supporter of and signatory to TCFD in 2020

Appendix XII: Corporate structure as at 31 December 2020



Appendix XIII: Footnotes

1) 31 December 2020 Solvency II capital position 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 Solvency II surplus and the Shareholder Capital Coverage Ratio would decrease by £0.1 billion and 1% respectively.
2) The Shareholder Capital Coverage Ratio excludes Solvency II own funds and Solvency Capital Requirements of unsupported with-profit funds and unsupported pension schemes.
3) The 31 December 2019 Solvency II capital position is presented on a pro-forma basis, assuming the acquisition of ReAssure took place on 31 December 2019. It reflects a regulator approved recalculation of transitionals as at 31 December 2019.
4) 2019 figures have been restated to include SunLife incremental long-term cash generation of £8 million.
5) Dividends rebased to take into account the bonus element of rights issues. 2020 reflects the recommended 3% increase to the 2020 final dividend.
6) 'New business contribution' ("NBC") is the increase in Solvency II own funds arising from new business written in the period excluding risk margin and contract boundary restrictions, and stated net of taxation.
7) 2019 NBC figures have been restated to include £8 million for SunLife and £33 million for Retirement Solutions.
8) Includes £690 million of cash remitted by the ReAssure life company in the period prior to completion and accruing to the Group under the locked-box acquisition completion mechanism.
9) £1.0 billion of operating costs and interest includes: Group operating expenses of £70 million including £33m in relation to the Group's pension schemes; integration costs of £150 million net of tax, split £103 million on Standard Life integration and £47 million on Reassure integration; and all interest costs on Group's listed debt and senior debt incurred.
10) £1.5 billion dividend cost based on dividend of 48.2p per share and annual cost of £481 million per annum.
11) 2019 pro-forma position to reflect inclusion of ReAssure.
12) 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 (£0.2 billion) and the impact of the expected increase in the rate of corporation tax from April 2023 to 25% announced in the March 2021 budget (£0.3 billion).
13) £(0.1) billion 'Other' includes £0.2 billion from assumption changes offset by £(0.1) billion payment to SLA in respect of indemnities previously provided for and £(0.2) billion economics and other.
14) Includes all interest costs on Group shareholder debt from 2024 onwards.
15) 2019 Heritage and Open segments restated to move Retirement Solutions from Heritage to Open. Europe also now included with Open segment.
16) Shareholder debt included at principal value in 'proxy to shareholder value' calculation.
17) Scenario assumes stress occurs on 1 January 2021 and that there is no market recovery.

Appendix XIII: Footnotes (continued)

18) Property stress represents an overall average fall in property values of 12%.
19) 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.
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) New business strain comprises BPA £(192) million (pre capital management policy), vesting annuities £(16) million, £(2) million across Workplace and CS&I, Europe £(17) million, with an offsetting £10m in SunLife.
25) Target costs synergies of £50 million (previous target £40 million) are capitalised over 10 years equating to £500 million target.
26) 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.
27) Integration costs incurred to date excludes amounts provided for and reflects actual costs incurred to date.
28) 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.
29) 6% market share calculated as £1.8 billion premiums in 2020 on external deals as a percentage of £30 billion BPA market flows, with source of £30 billion market flows being LCP report dated 18 January 2021.
30) Average payback period excludes capital management policy.

Disclaimer and other information

- This presentation in relation to Phoenix Group Holdings plc and its subsidiaries (the ‘Group’) contains, and we may make other statements (verbal or otherwise) containing, forward-looking statements and other financial and/or statistical data about the Group’s current plans, goals and expectations relating to future financial conditions, performance, results, strategy and/or objectives.
- Statements containing the words: ‘believes’, ‘intends’, ‘will’, ‘may’, ‘should’, ‘expects’, ‘plans’, ‘aims’, ‘seeks’, ‘targets’, ‘continues’ and ‘anticipates’ or other words of similar meaning are forward-looking. Such forward-looking statements and other financial and/or statistical data involve risk and uncertainty because they relate to future events and circumstances that are beyond the Group’s control. For example, certain insurance risk disclosures are dependent on the Group’s choices about assumptions and models, which by their nature are estimates. As such, actual future gains and losses could differ materially from those that the Group has estimated.
- Other factors which could cause actual results to differ materially from those estimated by forward-looking statements include but are not limited to: domestic and global economic and business conditions; asset prices; market related risks such as fluctuations in interest rates and exchange rates, the potential for a sustained low-interest rate environment, and the performance of financial markets generally; the policies and actions of governmental and/or regulatory authorities, including, for example, initiatives related to the financial crisis, the COVID-19 pandemic and the effect of the European Union’s "Solvency II” requirements on the Group’s capital maintenance requirements; the impact of inflation and deflation; the political, legal, social and economic effects of the COVID-19 pandemic and the UK’s exit from the European Union; market competition; changes in assumptions in pricing and reserving for insurance business (particularly with regard to mortality and morbidity trends, gender pricing and lapse rates); the timing, impact and other uncertainties of future acquisitions or combinations within relevant industries; risks associated with arrangements with third parties; inability of reinsurers to meet obligations or unavailability of reinsurance coverage; the impact of changes in capital, solvency or accounting standards, and tax and other legislation and regulations in the jurisdictions in which members of the Group operate.
- As a result, the Group’s actual future financial condition, performance and results may differ materially from the plans, goals and expectations set out in the forward-looking statements and other financial and/or statistical data within this presentation. The Group undertakes no obligation to update any of the forward-looking statements or data contained within this presentation or any other forward-looking statements or data it may make or publish. Nothing in this presentation should be construed as a profit forecast or estimate.