PHOENIX GROUP

Full Year Results 2016

20 March 2017

Agenda

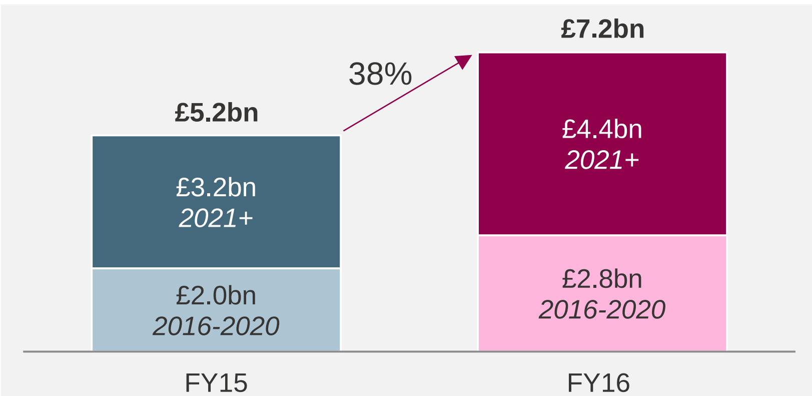
Introduction	Henry Staunton | Chairman
Business update	Clive Bannister | Group Chief Executive
Financial review	Jim McConville | Group Finance Director
Phoenix Life	Andy Moss | Chief Executive, Phoenix Life
Outlook and Q&A	Clive Bannister | Group Chief Executive

Introduction

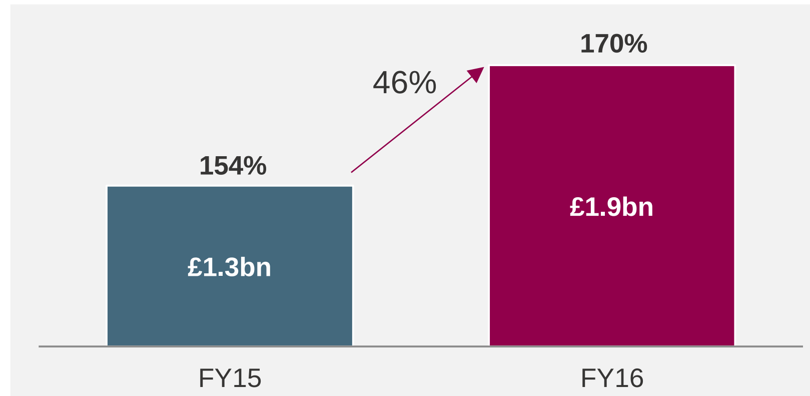
Henry Staunton

In 2016 Phoenix reinforced its position as the UK's largest closed life fund consolidator

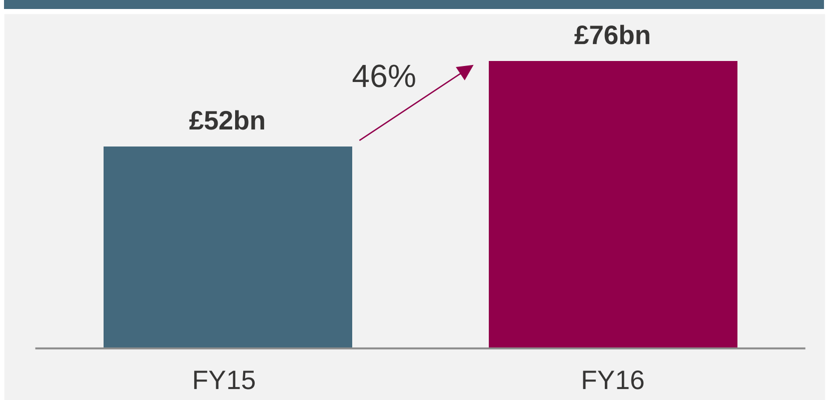
Total cash generation (2016+)



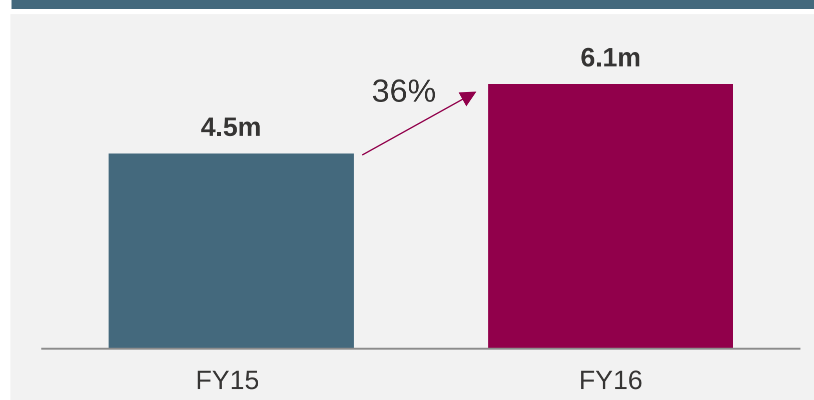
PLHL Solvency II surplus(1)



Life company assets



Policyholders



(1) Estimated position assuming recalculation of transitionals as at 31 December 2016 and pro forma for Tier 3 bond issuance in January 2017 and impact of moving AXA businesses onto Phoenix's Internal Model. Also includes Coverage ratio based on Shareholder Capital position

Business update

Clive Bannister

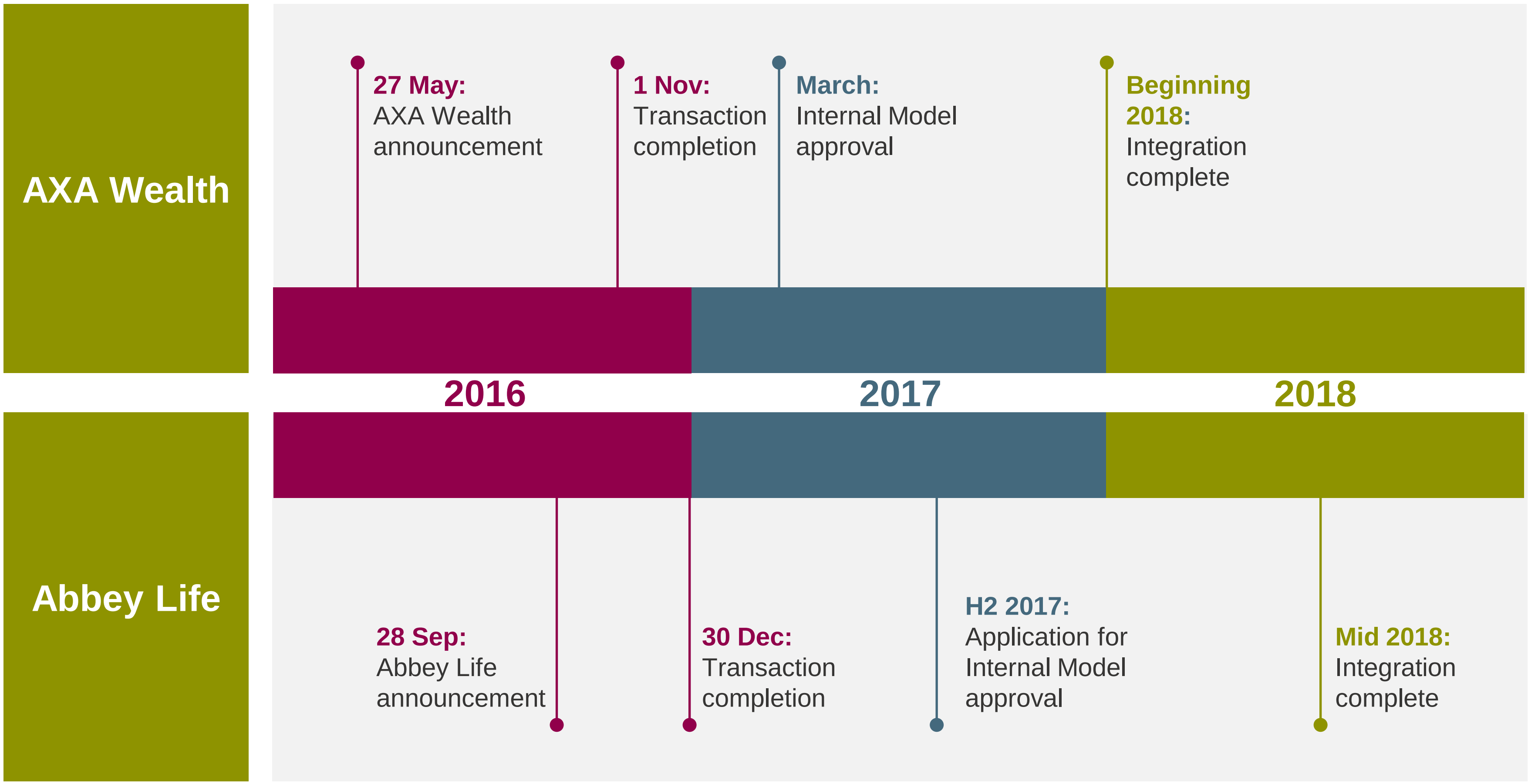
Key highlights in 2016

Key highlights
✓ Completion of AXA Wealth and Abbey Life acquisitions
✓ Cash generation of £486 million
✓ Additional £165 million of cash achieved in Q1, totalling £282 million of cash from the AXA Wealth acquisition to date and ahead of target
✓ Expected capital and cost synergies from acquisitions ahead of plan
✓ PLHL Solvency II surplus of £1.9 billion, 170% coverage ratio(1)
✓ Final 2016 dividend per share of 23.9p, an equivalent increase of 5%(2)

(1) Estimated position assuming recalculation of transitionals as at 31 December 2016 and pro forma for Tier 3 bond issuance in January 2017 and impact of moving AXA businesses onto Phoenix's Internal Model. Coverage ratio based on Shareholder Capital position

(2) Rebased to take into account the bonus element of the rights issue completed in November 2016

18 month integration process ahead of plan – completion mid 2018

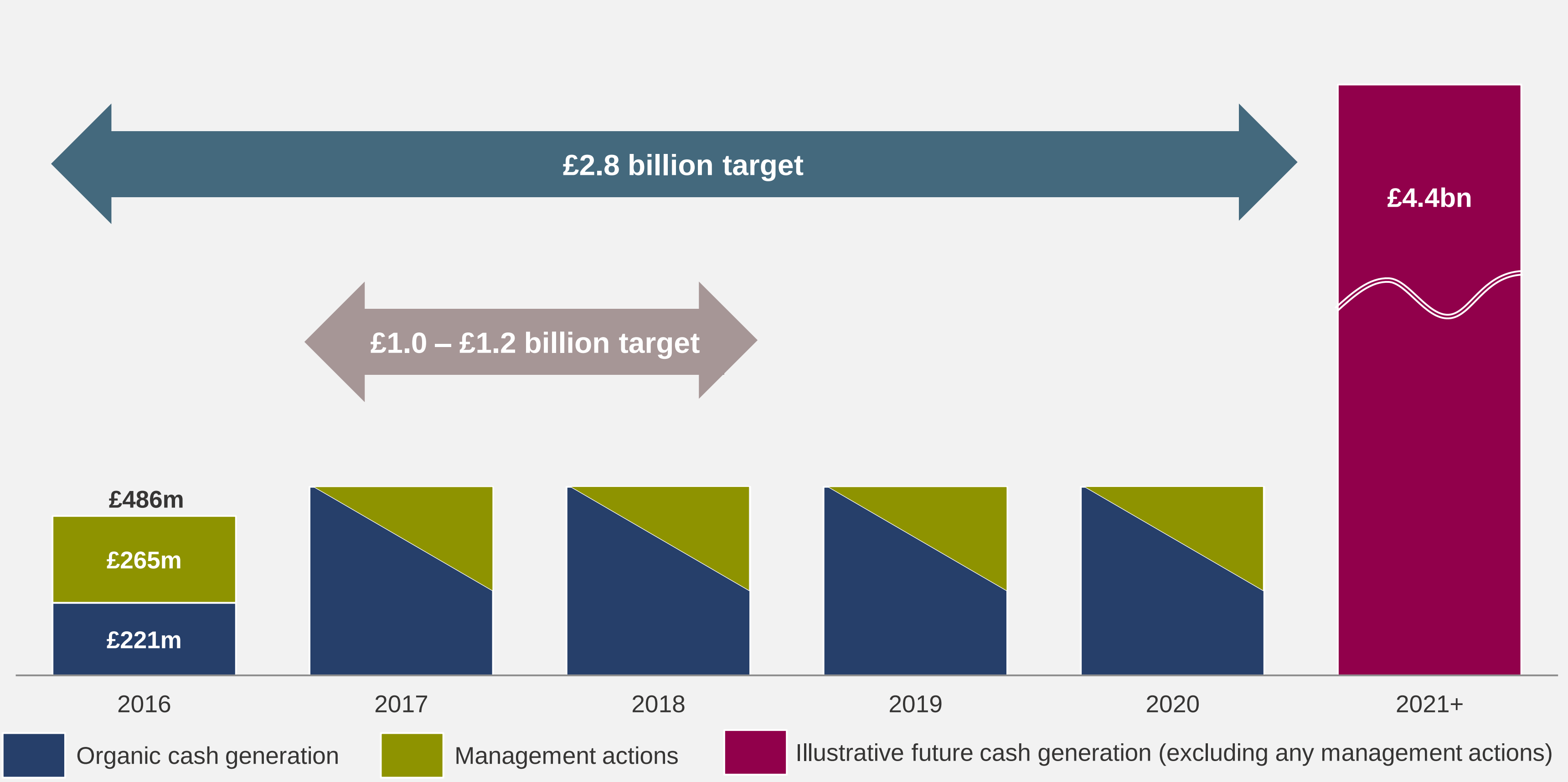


Acquisition integration will be tracked against five metrics

1 Cash flows	AXA Wealth	2016 - 2020: £0.3bn	2021+: £0.2bn	✓	Better than expected with £282m to date
	Abbey Life	2016 - 2020: £0.5bn	2021+: £1.1bn	✓	On track
2 Cost synergies	AXA Wealth	Targeting £13m - £15m by FY17		✓	Ahead of original plan
	Abbey Life	£7m by HY18		✓	On track
3 Finance and Actuarial systems	9 at FY16	→	3 at HY18	✓	On track
4 Core Life Operation locations	4 in FY16	→	1 in HY18	✓	On track
5 Indemnity	£175m cap with risk sharing of between 10-20%			✓	On track but early stages

New £2.8 billion long-term cashflow target with £1.0 – 1.2 billion expected over next two years

Illustrative future cash generation[1]



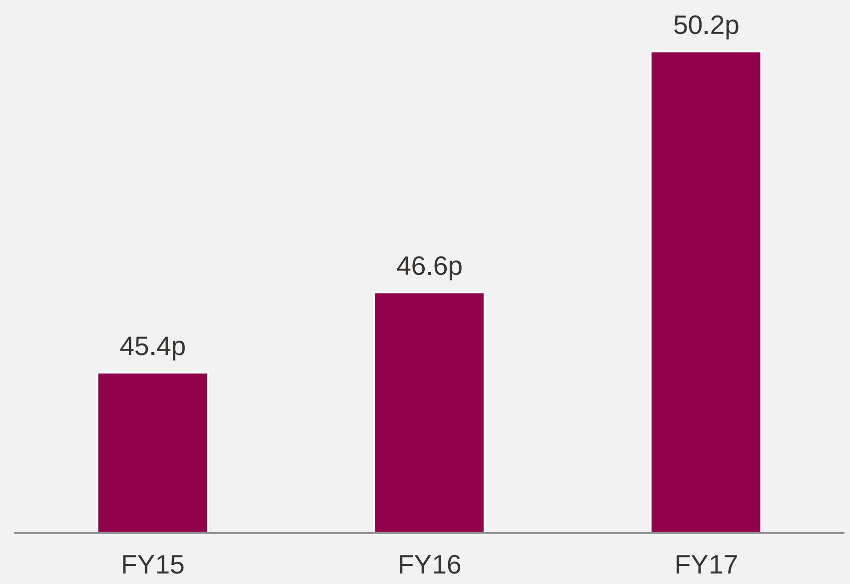
(1) Not to scale

Increases in dividend to new stable and sustainable level

Dividends

- Final 2016 dividend of 23.9p, an increase of 5% on rebased level of 22.7p in 2015[(1)]
- Further 5% increase to 25.1p expected for Interim 2017 dividend
- Dividend policy remains "stable and sustainable"

Proposed dividends per share (rebased)[(2)]



Dividends in respect of 2015		Dividends in respect of 2016		Expected dividends in respect of 2017	
Interim 2015 (paid Oct '15)	Final 2015 (paid May '16)	Interim 2016 (paid Oct '16)	Proposed Final 2016 (paid May '17)	Interim 2017 (paid Oct '17)	Final 2017 (paid May '18)
£60m	£60m	£66m	£94m	£99m	£99m

(1) As announced as per AXA Wealth transaction and rebased to take into account the bonus element of the rights issue completed in November 2016

(2) Rebased to take into account the bonus element of the rights issue completed in November 2016

PHOENIX GROUP

Financial review

Jim McConville

Financial highlights

£		FY16	FY15
Cash	Operating companies cash generation	486m	225m
	Holding company cash	570m	706m
Group capital	PLHL Solvency II surplus (estimated)	1.9bn(1)	1.3bn
	Shareholder Capital coverage ratio (estimated)	170%(1)	154%
IFRS	Group operating profit	351m	324m
Dividends	Final dividend per share	23.9p	22.7p(2)

(1) Estimated position assuming recalculation of transitionals as at 31 December 2016 and pro forma for Tier 3 bond issuance in January 2017 and impact of moving AXA businesses onto Phoenix's Internal Model

(2) Rebased to take into account the bonus element of the rights issue completed in November 2016

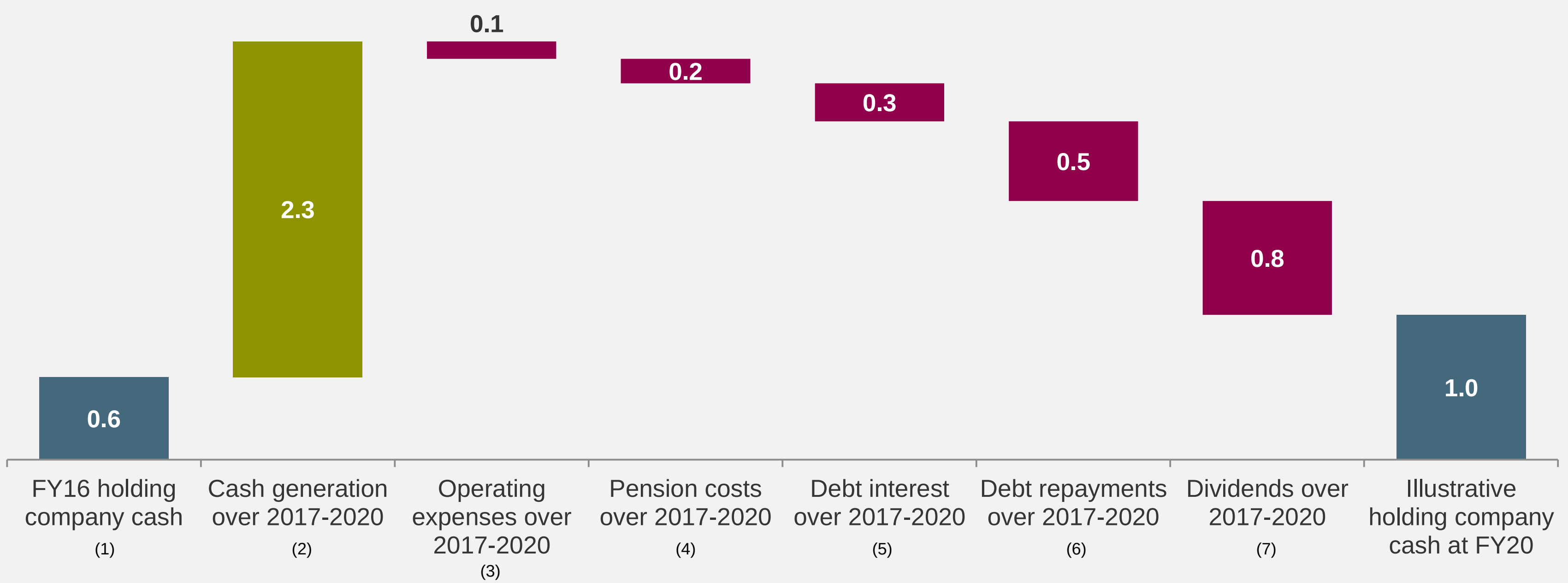
2016 cash generation enhanced by AXA Wealth acquisition

£m	FY16	FY15
Opening cash and cash equivalents	**706**	**988**
Total cash receipts from Phoenix Life	**486**	**225**
Uses of cash		
Operating expenses	(33)	(26)
Pension scheme contributions	(55)	(55)
Non-recurring cash outflows	(141)	(25)
Debt interest	(58)	(91)
Debt repayments	(239)	(190)
Shareholder dividend	(126)	(120)
Total cash outflows	**(652)**	**(507)**
Equity and debt raisings (net of fees)	1,336	-
Cost of acquisitions	(1,306)	-
Closing cash and cash equivalents	**570**	**706**

- 2016 cash generation of £486 million, of which £117 million from AXA Wealth
- £265 million of cash generation through management actions
- Non-recurring expenses include acquisition and project expenses, costs of purchasing hedging instruments and PA(GI) provision
- Reduction in debt interest due to lower margin on bank facility and the impact of Tier 1 bond exchange in 2015
- £182 million AXA Wealth acquisition facility fully repaid, together with £50 million of RCF and £6 million of Tier 1 bonds

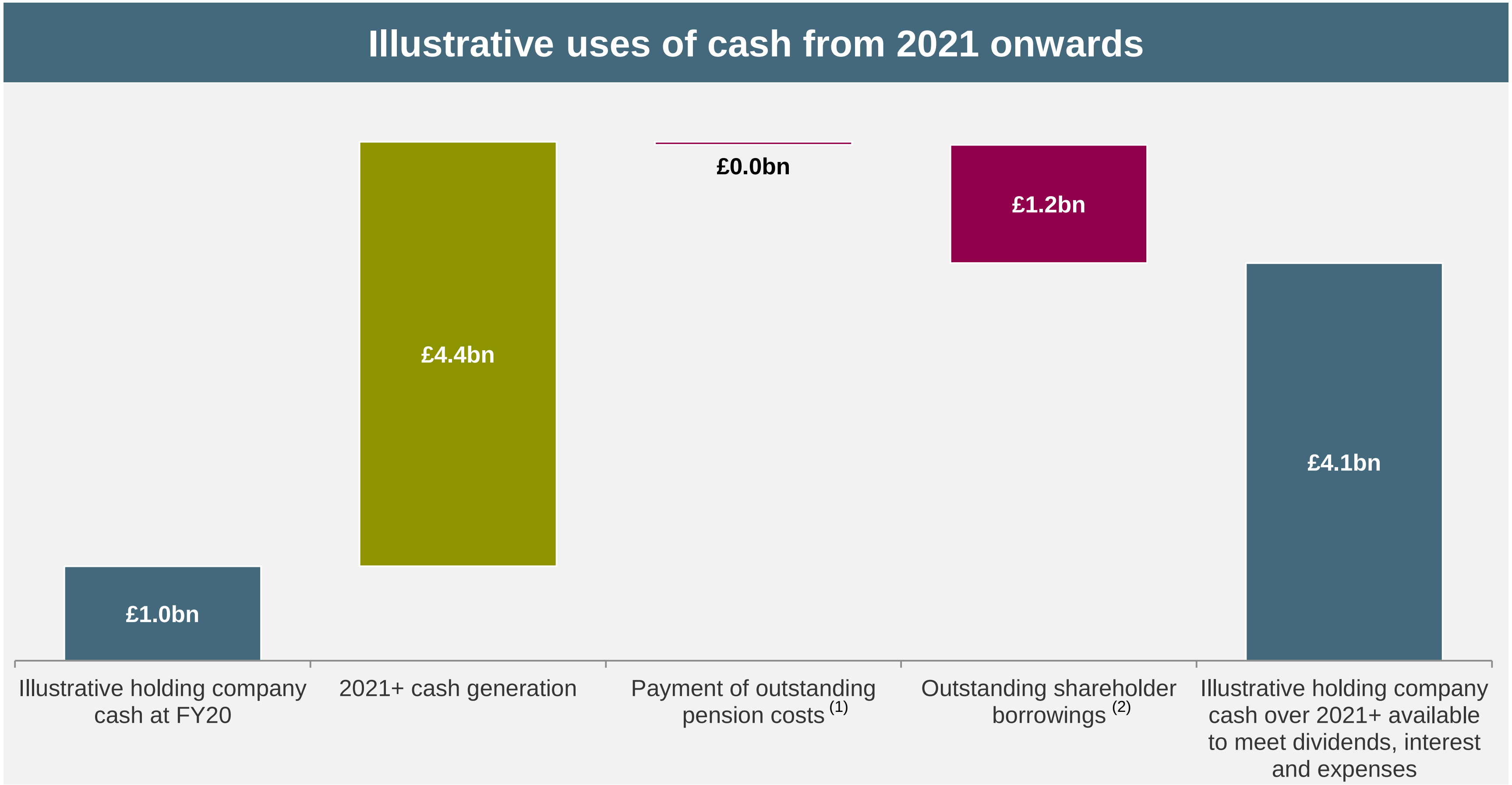
Additional cashflows to support acquisition strategy

Illustrative uses of cash from 2017 to 2020 (£bn)



(1) FY16 holding company cash of £570m
(2) £2.8bn 2016-2020 cash generation target, less £486m generated in FY16
(3) Illustrative operating expenses of £30m per annum over 2017 to 2020
(4) Pension scheme contributions estimated in line with current funding agreements. Comprising £50m in 2017 and £40m p.a. from 2018 to 2020 in respect of the Pearl scheme and £10m in 2017 in respect of the PGL scheme
(5) Bank revolving credit facility interest costs estimated using average rate of 2.28% per annum over the period 2017 to June 2020 (calculated using the interpolated 3.5 year mid-swap rate plus current bank facility margin of 1.55%). Includes interest on the Group's listed bonds, excluding interest on PLL Tier 2 bonds which are incurred directly by Phoenix Life Limited
(6) Assumes full repayment of the remaining £550m revolving credit facility which has a maturity date of June 2020
(7) Illustrative dividend assumed at cost of £193m in 2017 and £197m per annum over 2018 to 2020 in line with expectations

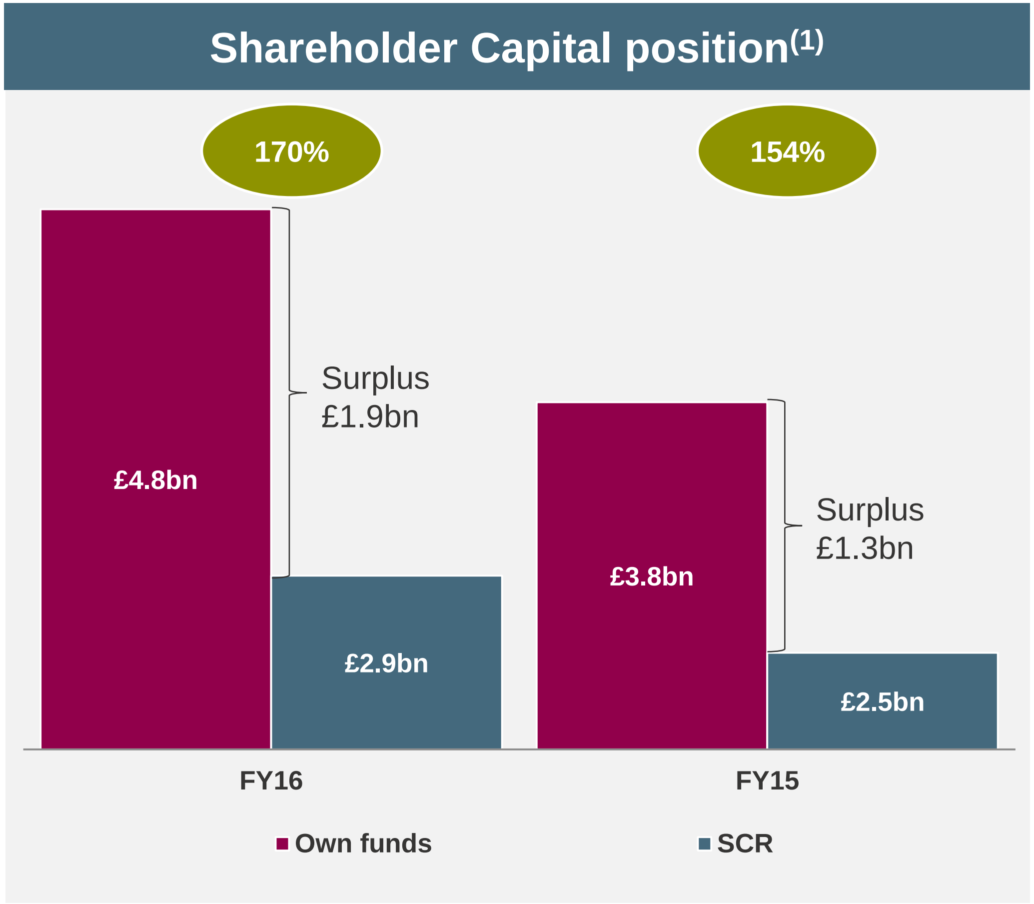
Beyond 2020, there is an expected £4.4 billion of cashflows to emerge, before management actions



(1) £30 million of pension contributions due on Pearl scheme in 2021

(2) Remaining shareholder borrowings after repayment assumed between 2017-2020

Solvency II Shareholder Capital coverage ratio of 170%



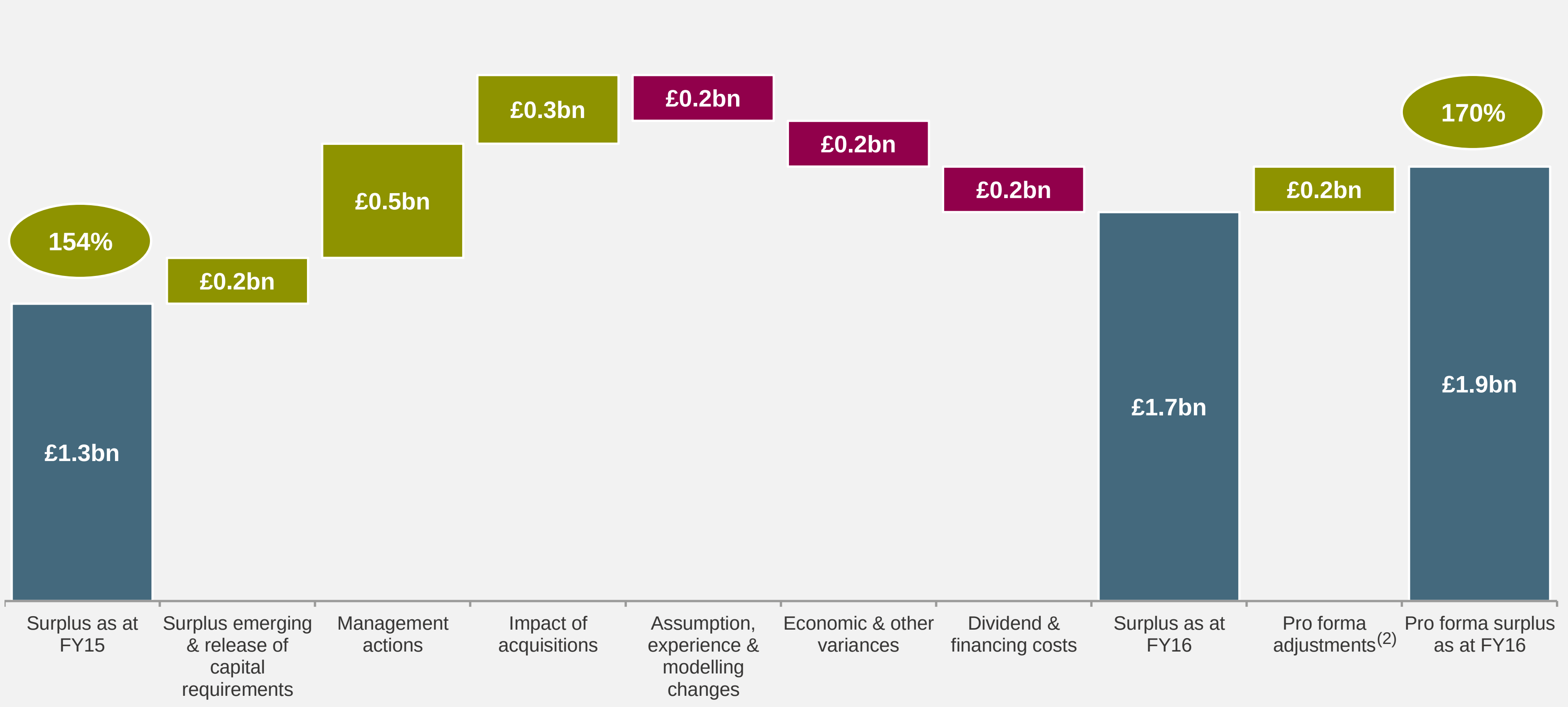
- Shareholder Capital ratio calculation excludes Own Funds and SCR of unsupported with-profit funds and PGL pension scheme[2]
- AXA Wealth businesses incorporated into Phoenix's Internal Model, with Abbey Life currently on Standard Formula
- £0.4 billion of unrecognised surplus in unsupported with-profit funds and PGL pension scheme

(1) FY16 Solvency II capital position is estimated position assuming recalculation of transitionals as at 31 December 2016 and pro forma for Tier 3 bond issuance in January 2017 and impact of moving AXA businesses onto Phoenix's Internal Model

(2) Shareholder Capital ratio excludes both unsupported with-profit funds together with the PGL pension scheme, whose Own Funds exceeds its SCR. Where the Own Funds of a with-profit fund or Group pension scheme do not cover its SCR, those amounts are included in the Shareholder Capital surplus

Acquisitions and management actions have increased Group solvency

Change in Solvency II surplus(1)



(1) FY16 Solvency II capital position is estimated position assuming recalculation of transitionals as at 31 December 2016
(2) Pro forma for Tier 3 bond issuance in January 2017 and impact of moving AXA businesses onto Phoenix's Internal Model

Management actions have added £463 million to Solvency II surplus

Increase overall cashflows

Increase Solvency II Own Funds

- Part VII transfer of annuity portfolio
- Reduced expense agreements with life companies
- ALM – Total Return Swaps
- Balance sheet reviews and Matching Adjustment benefit on new asset classes

£250 million benefit in FY16

Accelerate cashflows

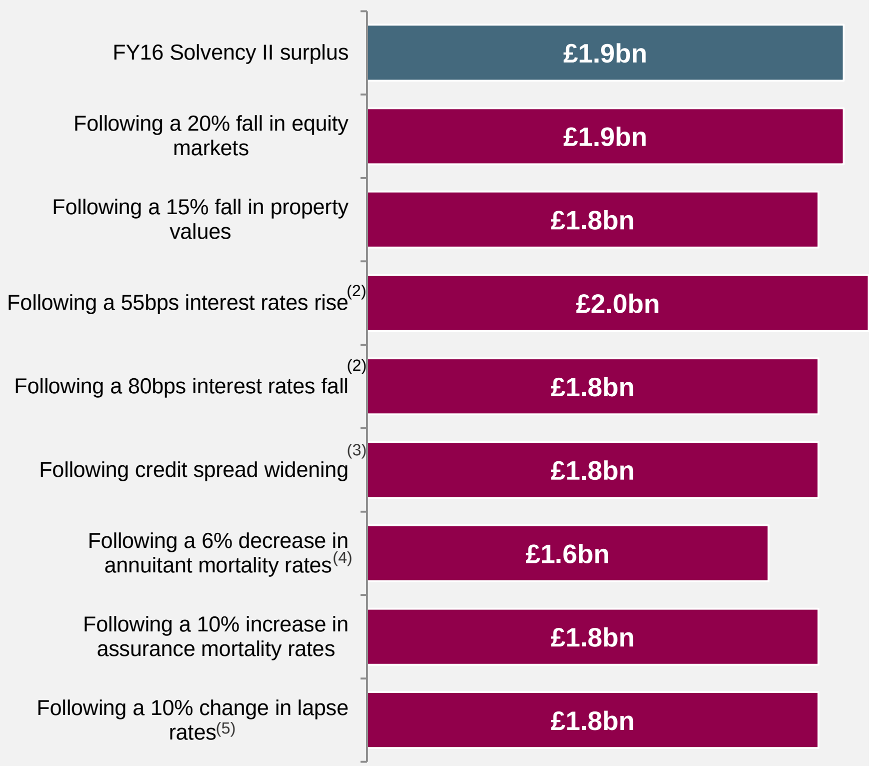
Reduce Solvency II SCR

- Longevity swap with external reinsurer
- Operational risk methodology enhancements
- ALM – hedging and methodology

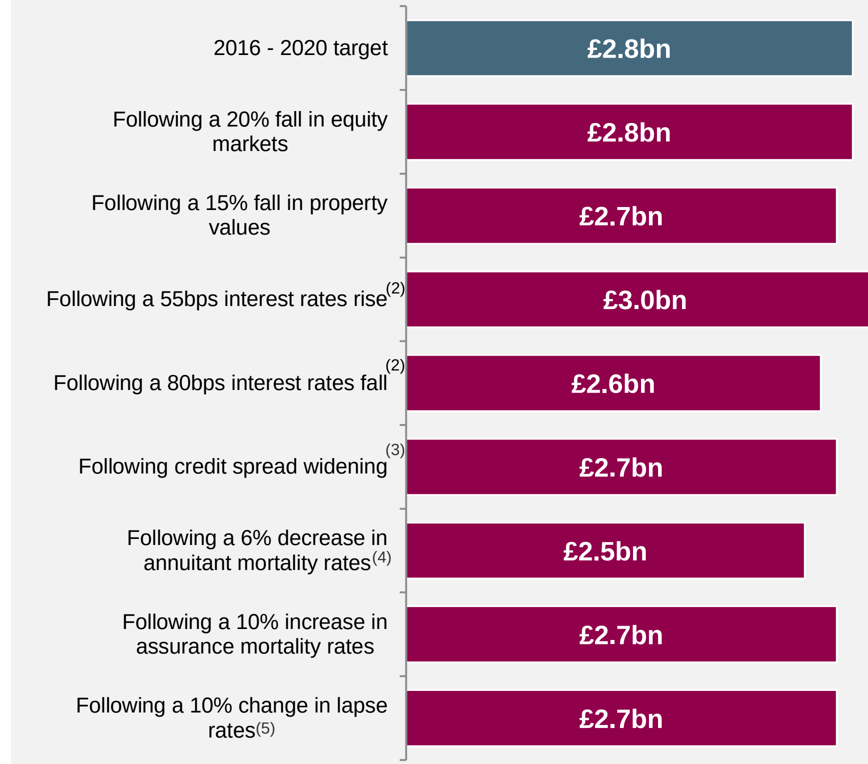
£213 million benefit in FY16

Solvency II surplus and long term cash generation remains resilient to market movements

PLHL Solvency II surplus sensitivities(1)



Cash generation sensitivities(1)



(1) Assumes stress occurs on 1 January 2017

(2) Assumes recalculation of transitionals (subject to PRA approval)

(3) Credit stress equivalent to an average 150bps spread widening across ratings, 10% of which is due to defaults/downgrades

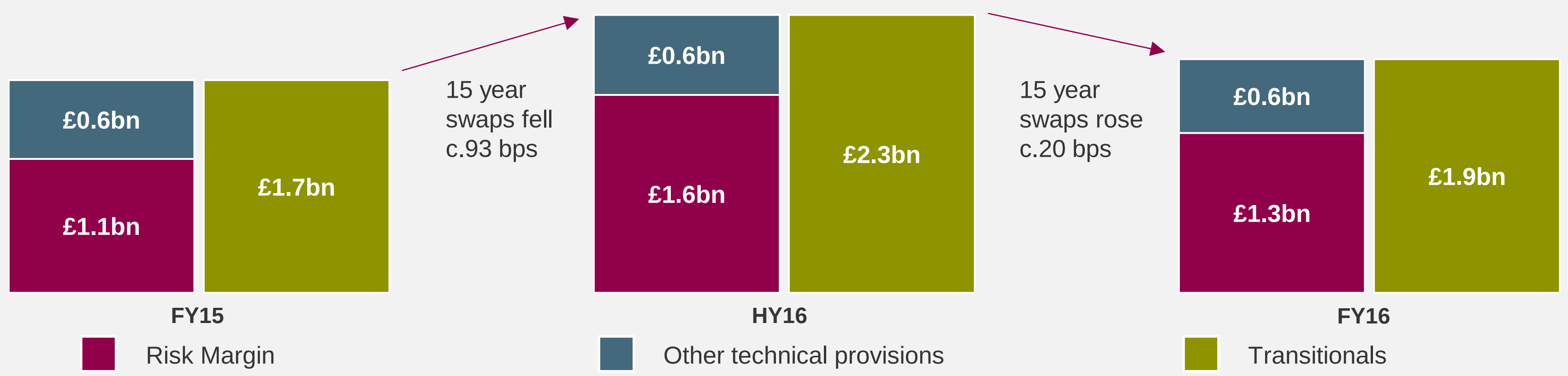
(4) Equivalent of 6 month increase in longevity, applied to the annuity portfolio

(5) Assumes most onerous impact of a 10% increase/decrease in lapse rates across different product groups

Transitional recalculations offset moves in the Risk Margin

- Transitionals are used to smooth the transition to the Solvency II regime
- PRA have stated that transitionals are Tier 1 capital
- Solvency II uses a swaps discount curve less a credit risk adjustment (rather than a gilts curve) together with a requirement to hold a Risk Margin in addition to best estimate liabilities
- Given the liquid UK swaps curve of 50 years, UK firms can use transitionals - other European countries use an Ultimate Forward Rate after 20 years
- The Risk Margin is highly sensitive to interest rates and therefore the transitional benefit is recalculated for a sustained move in interest rates or a material change to the risk profile of the company, subject to regulatory approval

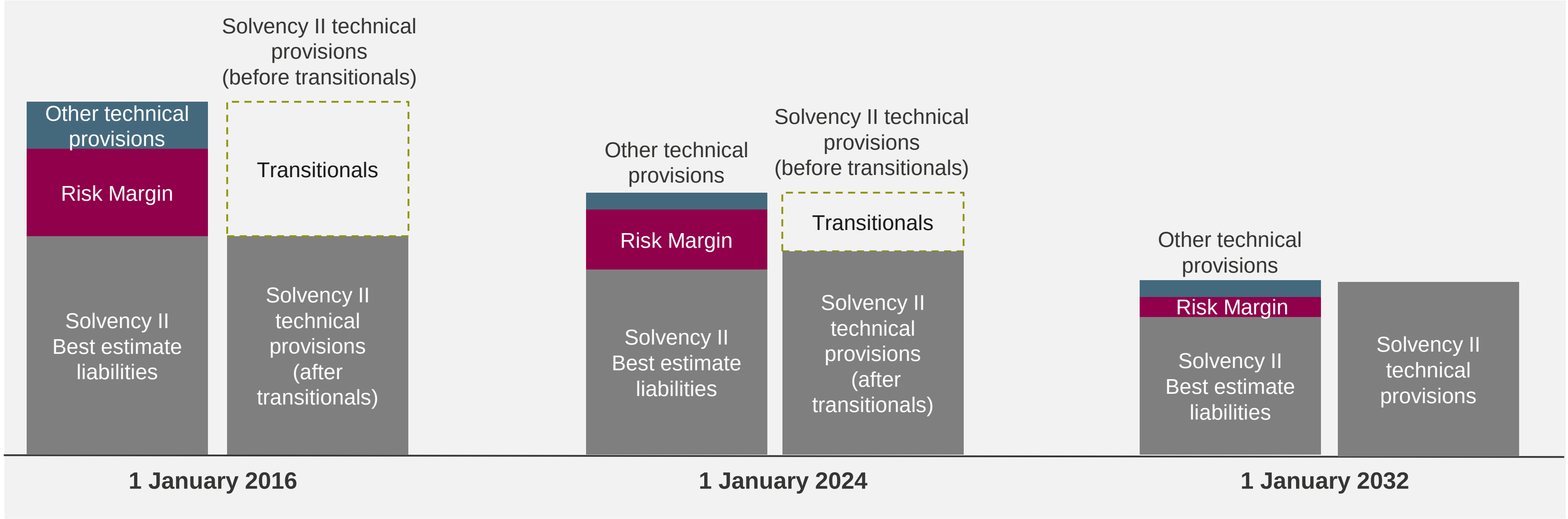
Moves in interest rates drive changes in Risk Margin and recalculation of transitionals[(1)]



(1) FY16 position is estimated. Analysis excludes Risk Margin, other technical provisions and transitionals within strong with-profit funds and Abbey Life

Reduction in Risk Margin substantially offsets the run-off of transitional measures over time

Illustrative Solvency II evolution of liabilities[1]



- Transitional measures will run-off over 16 years from 2016 and will reflect the run-off of the business as per Solvency II implementation
- The Risk Margin and other liabilities will also run-off over the duration of the liabilities to substantially offset the adverse impact of the run-off of transitional measures
- Modest strain of slower Risk Margin and other technical provisions run-off incorporated in cashflow targets

(1) Graphs illustrative and not to scale

Continued significant contribution to operating profit from management actions

£m	FY16	FY15
Phoenix Life	357	336
Group costs	(6)	(12)
Operating profit before tax	**351**	**324**
Investment return variances and economic assumption changes	(212)	1
Amortisation of intangibles	(82)	(90)
Non-recurring items	(95)	49
Finance costs	(90)	(99)
(Loss)/ profit before tax attributable to owners	**(128)**	**185**
Tax credit/ (charge) attributable to owners	28	64
(Loss)/profit for period attributable to owners	**(100)**	**249**

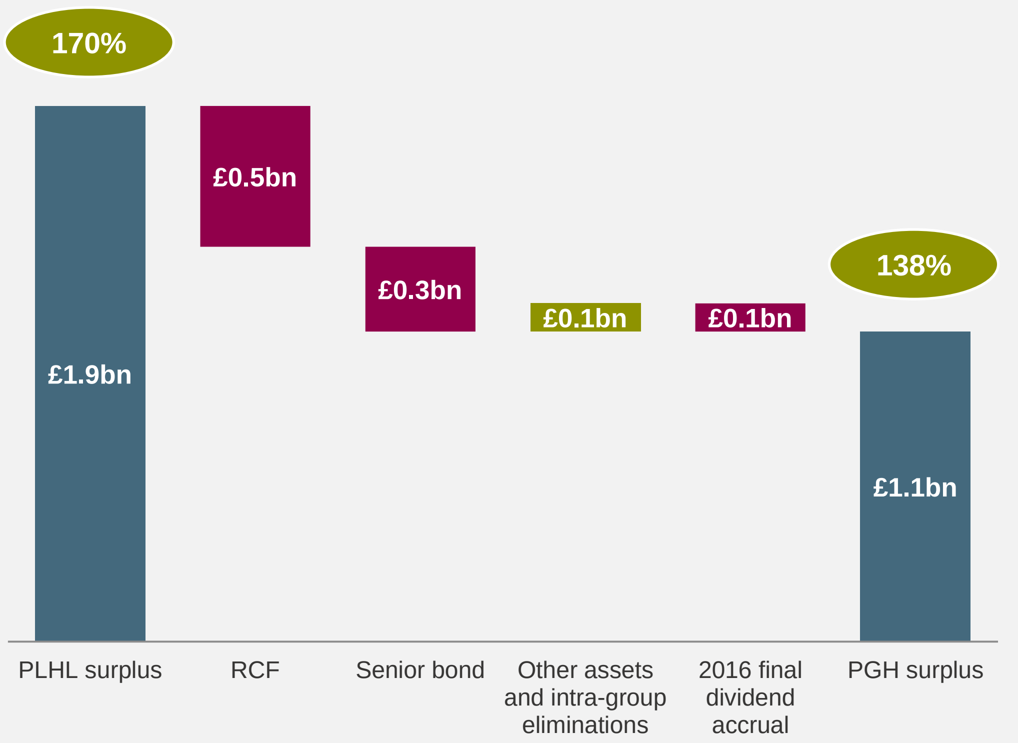
- Phoenix Life operating profits enhanced by £157 million of management actions
- Economics negatively impacted by decline in yields and the impact of rising equity markets on the Group's equity put options which are held to protect solvency position
- Non-recurring items include project costs, integration provision and PA(GI) provision

Phoenix continues to seek simplification of its debt and corporate structure

	Current position	Future plans
Bank debt	✓ £182 million AXA Wealth facility fully repaid in December	• Increased size of RCF provides capacity to finance acquisitions
	✓ Abbey Life facility rolled into expanded £900 million RCF	• Continue to diversify away from senior bank debt to subordinated bonds
	✓ £550 million of RCF currrently utilised	• Further bond issuance will depend on market conditions
Bonds	✓ Residual £6 million Tier 1 bonds repaid	• Actions to simplify corporate structure (onshoring) to continue during 2017 and 2018
	✓ £300 million Tier 3 bond issued in January 2017	
	✓ Fitch investment grade rating on positive outlook	

Onshoring process is supported by the recent Tier 3 bond issue

Surplus at PGH level includes senior debt(1)



Next steps

Q1 2017	PGH substituted as issuer of debt previously issued from PGH Capital
HY17	Solvency II capital position reported at PLHL and PGH level
2018	Governance simplification
2018	Corporate structure simplification, and Solvency II reported at new UK plc Topco

Further subordinated debt issuance to replace senior debt would increase surplus at PGH level

(1) Estimated position assuming recalculation of transitionals as at 31 December 2016 and pro forma for Tier 3 bond issuance in January 2017 and impact of moving AXA businesses onto Phoenix Internal Model. Coverage ratios based on Shareholder Capital position

Phoenix Life

Andy Moss

Key Phoenix Life achievements in 2016

1 Management actions

- ✓ Completion of Part VII transfer of annuity portfolio to ReAssure
- ✓ Further optimisation of Matching Adjustment portfolios
- ✓ Implementation of £2 billion longevity swap

→ **Supported cash flow delivery**

2 Customers

- ✓ Continued improved customer treatment and outcomes in line with FCA Legacy and Annuity reviews
- ✓ Improved website with tools and functionality to help customer decision making and transactions

→ **Improved policyholder outcomes**

3 Integration

- ✓ AXA integration has delivered £282 million of cash since completion
- ✓ Abbey Life integration on track
- ✓ Finalisation in mid 2018

→ **"The Phoenix Way"**

Phoenix will move the acquired businesses to its Target Operating Model

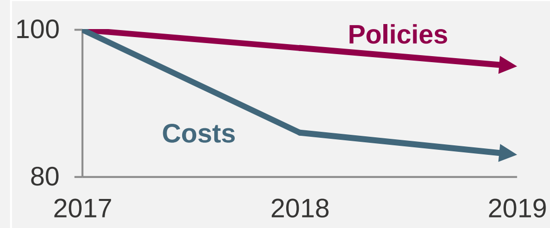
Target Operating Model

- Move policy administration to outsourced model
- Incorporate acquired businesses into Phoenix Internal Model
- Roll out of Risk Management framework
- Integration of actuarial modelling onto MG-ALFA platform
- Core life operations based at Wythall
- Track record of reducing costs faster than policy run-off

Target outcomes

	FY16	HY18
Number of Finance and Actuarial systems	9	3
Number of Core Life Operation locations	4	1

Policy / cost run-off(1)



Cost synergies

AXA Wealth	£13-15m by FY17
	£10m of new business cost savings
Abbey Life	£7m by HY18

(1) Rebased to 100. Phoenix Life direct and allocated costs for running of closed life business, including outsourcer costs

AXA Wealth integration progressing as planned

Key achievements to date

- ✓ Closed to new customers with the exception of SunLife branded products
- ✓ Strong support in place for IFA service
- ✓ SunLife marketing and distribution established as separate operating model based in Bristol
- ✓ New board, governance and risk arrangements established
- ✓ Internal Model application completed and approval achieved
- ✓ Reassurance of business into Phoenix Life Limited
- ✓ Integration programme established and well underway

Future expectations

Operations	✓ Outsource of in-house Customer Service operations and IT, moving to a variable cost model ✓ Continued strong focus on service for IFAs
Cost synergies	✓ Transfer of finance and actuarial systems to Phoenix platform ✓ On track for delivery of cost savings of £13-15 million p.a.
Capital synergies	✓ £282 million of cash from AXA Wealth businesses to date ✓ Part VII transfer into Phoenix Life Limited
New business	✓ SunLife business to focus on over 50s market

Abbey Life business fully operational and integration plans in place

Key achievements to date

- ✓ Business set up to operate from completion
- ✓ Board and governance arrangements established
- ✓ Phoenix management team put in place
- ✓ Integration programme established
- ✓ Work on Internal Model application on track
- ✓ FCA review work ongoing
- ✓ Deed of Indemnity obtained as part of purchase to cover costs of enforcement – monitoring in place

Future expectations

Operations	✓ Customer Service and related IT fully operational and remaining with Capita ✓ Transfer of Finance and Actuarial systems to Phoenix platform
Cost synergies	✓ Expected £7 million of cost synergies by mid 2018
Capital synergies	✓ Application to be made in H2 2017 to move Abbey Life to Phoenix Internal Model
Customer model	✓ Customer Governance model established with plan to address any gaps against Phoenix expectations

Indemnity protection with regards to the Abbey Life enforcement action operating within tolerances expected

Deed of Indemnity		Current position
Scope	✓ Thematic review relating to the treatment of long-standing customers (Enforcement Investigation) ✓ Thematic review relating to annuity sales practices	• The investigations are ongoing but in the early stages
Timeframe	✓ 6 years for long-standing customer investigation ✓ 8 years for annuity sales investigation	• Provision for residual costs has been made as part of acquisition
Protection	✓ £175 million cap ✓ Risk sharing in place for redress costs and associated fees ✓ No risk sharing for potential fines	• Preliminary cost assessments are within tolerances expected

Regulatory changes continue to shape the industry

FCA Conduct Regulation	• Outcome of the Legacy Review published – follow up actions identified and completion in hand • Over 55s cap on pension contract exit charges to be introduced from March 2017 - impact on Phoenix of £10 million and Abbey Life of £16 million • Impact on Abbey Life of FCA enforcement work in progress
Annuities	• Outcome of the FCA Annuity Review published - no significant action required • Delivery of a mandatory 'shopping around' process via a representative whole of market annuity panel hosted by Just Retirement Solutions • Impact on Abbey Life of the annuity sales practices review under assessment
PA(GI) creditor insurance	• Legacy issue related to creditor insurance, written within a subsidiary of the Group that formerly transacted general insurance business • £33 million provision held for potential claims • Claims handling capability established using industry specialists • Time bar set for August 2019

Continuing to deliver improved service and greater options for our customers

Customer 2016 actions

- Improved website with tools to help customer decision making
- Simple digital journey for some key retirement transactions
- Focus on improving communications
- Access to further pensions products via our partner 'Just Retirement Solutions'
- Support for Pensions Dashboard

Customer metrics

	2016	Full year target[1]
Speed of Pension Transfer pay-outs (ORIGO)	11.3 days	<12 days
Customer Satisfaction	91%	90%
FOS overturn rate	18%	<30%
Service complaints (as a percentage of customer transactions)	0.32%	<0.5%
Increase in distributable estate	£103m	£50m

(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

SunLife's new business complements writing of vesting annuities

Vesting annuities

- Phoenix only writes annuities for existing policyholders
- Wrote £370 million of Guaranteed Annuity Rate annuities ("GARs") in FY16 (FY15: £344 million)
- Non-GAR annuities of £172 million in FY16 (FY15: £141 million)
- Customer behaviour stabilising post pension freedoms

SunLife

- SunLife marketing and distribution established as separate operating model
- Products for Over 50s with focus on protection
- Recognised brand with proven track record of direct marketing
- Customer management key focus
- Core protection products underwritten by Phoenix Life Limited

✓ Complementary risk profiles

✓ Capital benefits of writing protection business alongside annuities

✓ Well controlled customer engagement widening potential for current Phoenix customers

✓ Positive contribution to value

Outlook

Clive Bannister

New cash generation targets

Cash generation targets

- Updated cash generation target of £2.8 billion between 2016-2020
- Targeting £1.0 – £1.2 billion of cash generation over 2 year period between 2017 - 2018

Continued focus on management actions

Investment grade credit rating

Stable, sustainable dividend policy

Growth through acquisition

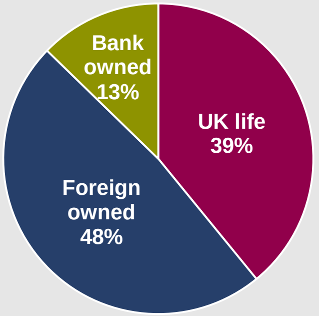
There remains a wide range of further acquisition opportunities for Phoenix

Product types and critical success factors

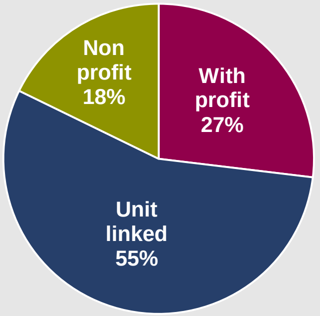
	Key elements	Critical success factors
With-profit	• Sharing of returns between policyholders/shareholders • Complex to manage and administer • Supported funds expose shareholders to all risks	• Specialist actuarial expertise • Estate distribution needs to balance resilience with run-off of policies • Hedging of GAR risks
Unit-linked	• Persistency important for retention of funds • Charging structures/ exit fees	• Investment returns • Operational economies of scale • Customer service levels and product reviews
Annuities	• Longevity exposure can be attractive at the right price • Exposure to asset returns • Knowledge of trustee requirements key for bulk annuities	• Accurate pricing of risks • Skills in managing longevity exposure • Expertise in alternative assets to maximise risk-adjusted returns

Market size is over £300bn

Market opportunities by owner(1)



Market opportunities by product type(1)



(1) Analysis based on FY15 PRA returns. Excludes Phoenix Group

Phoenix will continue to apply its M&A criteria as the market consolidates

Key drivers for consolidation	Phoenix strengths
Trapped shareholder capital within legacy books	Scale offers capital efficiencies through diversification
Fixed cost pressure from policy run-off	Outsourced model offers variable cost structure
Regulatory pressure to invest in customer service and systems	Strong customer proposition in place
Specialist skill sets required eg with-profit funds or annuities	Established teams of subject matter experts
Low interest rate environment	Hedging and ALM expertise
Capital requirements of Solvency II regime	Internal Model provides greater clarity over capital requirements

M&A criteria

- ✓ **UK closed life focus**
- ✓ **Value accretive**
- ✓ **Supports the dividend**
- ✓ **Maintains investment grade rating**

Phoenix has a clear set of strategic priorities

Cash generation	• Updated long-term cash generation target of £2.8 billion between 2016 - 2020 • Between £1.0 – £1.2 billion of cash between 2017 - 2018
Integration of acquisitions	• AXA Wealth synergies of £13-15 million to be achieved by end 2017 • Abbey Life Internal Model application in H2 2017
Improve customer outcomes	• Enhanced website and improved communications
Further debt and Group structure simplification	• Onshoring process targeted to complete in 2018 • Continue to examine further bond issuance
Pursue further M&A opportunities	• Group to seek further opportunities in 2017 • Financing supported by RCF capacity and generation of internal resources

Q&A

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Appendices

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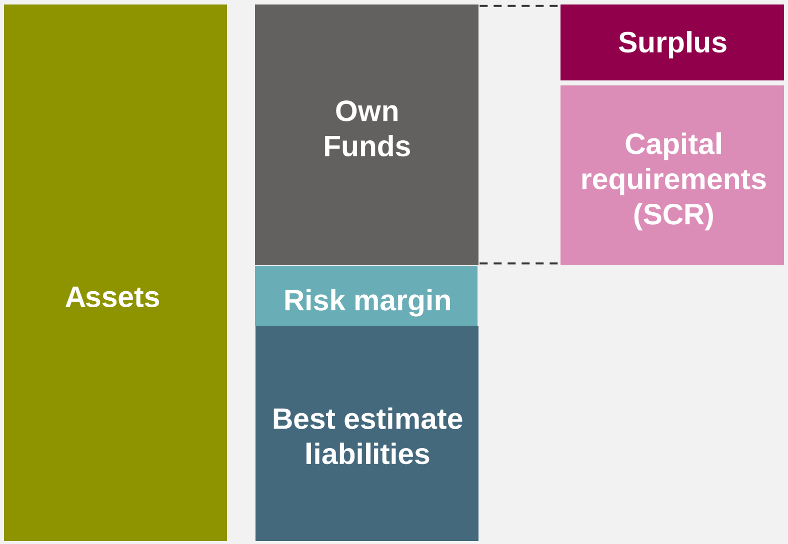
II	Capital management framework
III	Change in Phoenix Life Free Surplus
IV	Estimated PLHL Solvency II surplus and SCR coverage ratio
V	Breakdown of SCR and Own Funds
VI	Phoenix Life operating profit drivers
VII	Asset mix of life companies
VIII	Total debt exposure by country
IX	Credit rating analysis of debt portfolio
X	Current corporate structure
XI	Outline of current debt structure

Appendix I:
Overview of Solvency II

Summary of Solvency II capital regime



Note: Graph illustrative and not to scale. Transitional measures offset Best Estimate Liabilities and Risk Margin

Capital protection for policyholders

"Buffers" that provide protection to policyholders under Solvency II:

- Risk Margin
- Solvency Capital Requirement (SCR)
- Phoenix Life companies capital management policy
- Phoenix Life companies Free Surplus
- Holding company surplus

- Requirement that an insurance entity's capital ("Own Funds") exceeds its capital requirements
- Transitional measures smooth the introduction of Solvency II from the previous capital regime
- Solvency Capital Requirements ("SCR") – calibrated at a 1 in 200 year event

Appendix II:
Current capital management framework under Solvency II

Phoenix Group Holdings

Debt interest and repayments
Shareholder dividends

Cash remittances

Phoenix Life Holdings Limited

Head office costs
Pension scheme contributions

Cash remittances

Phoenix Life companies

Group solvency (PLHL)

- Partial Internal Model(1)
- Group capital position calculated at Phoenix Life Holdings Limited ('PLHL'), the ultimate insurance parent undertaking in EEA

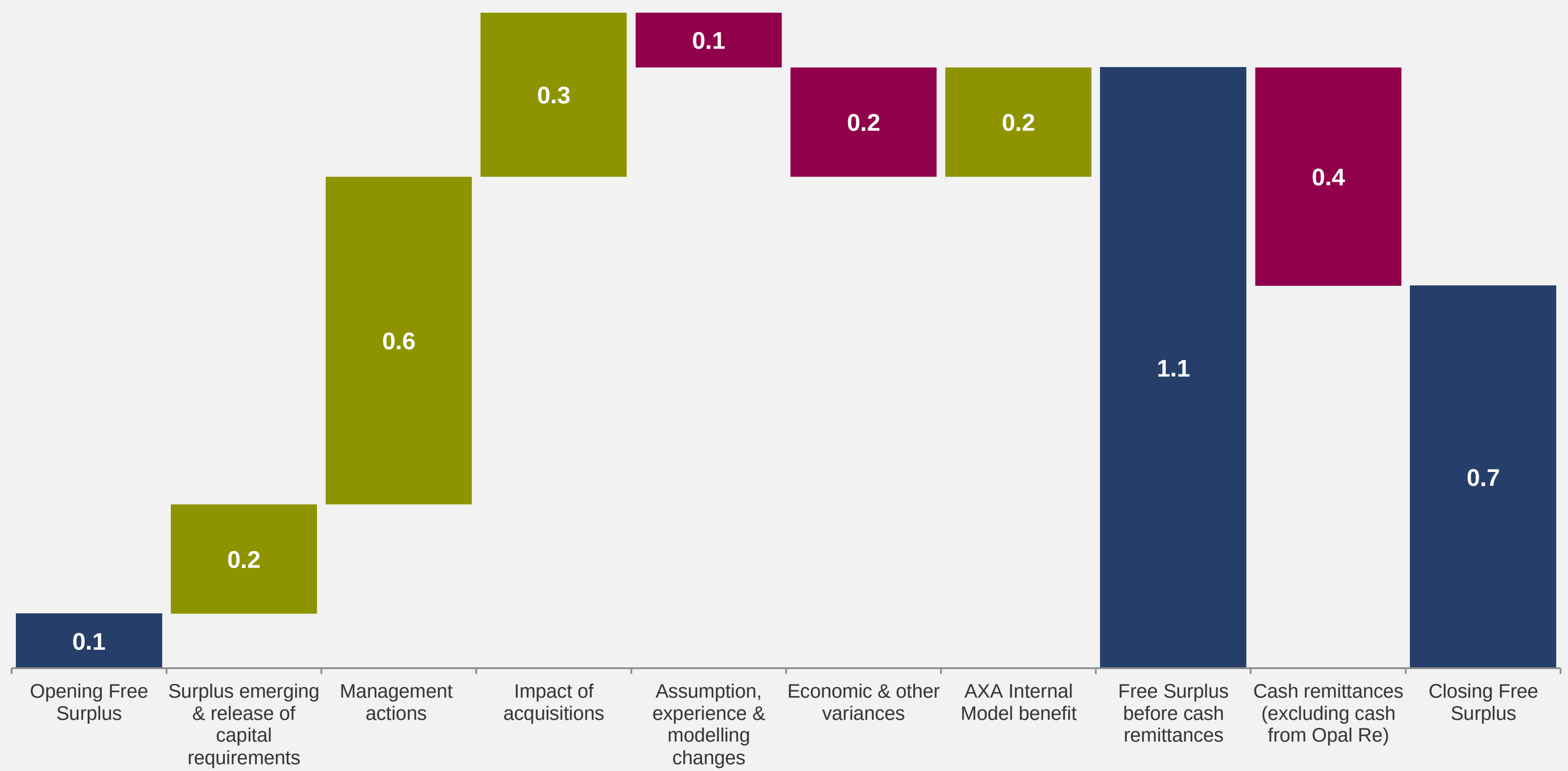
Individual company solvency

- Capital policies held on top of SCR
- Free Surplus represents excess over capital policy and can be distributed to holding companies as cash

(1) The acquired Abbey Life business is currently on Standard Formula. An application will be made to the PRA in H2 2017 to seek approval to bring the Abbey Life business onto the Group's Internal Model

Appendix III:
Change in Phoenix Life Free Surplus

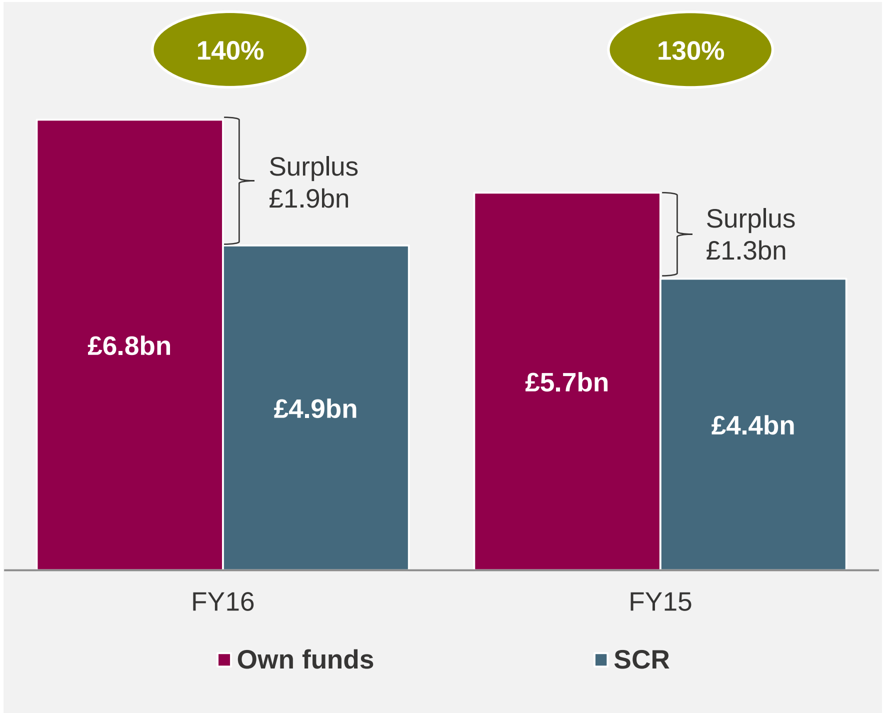
Change in Phoenix Life Free Surplus in 2016 (£bn)(1)



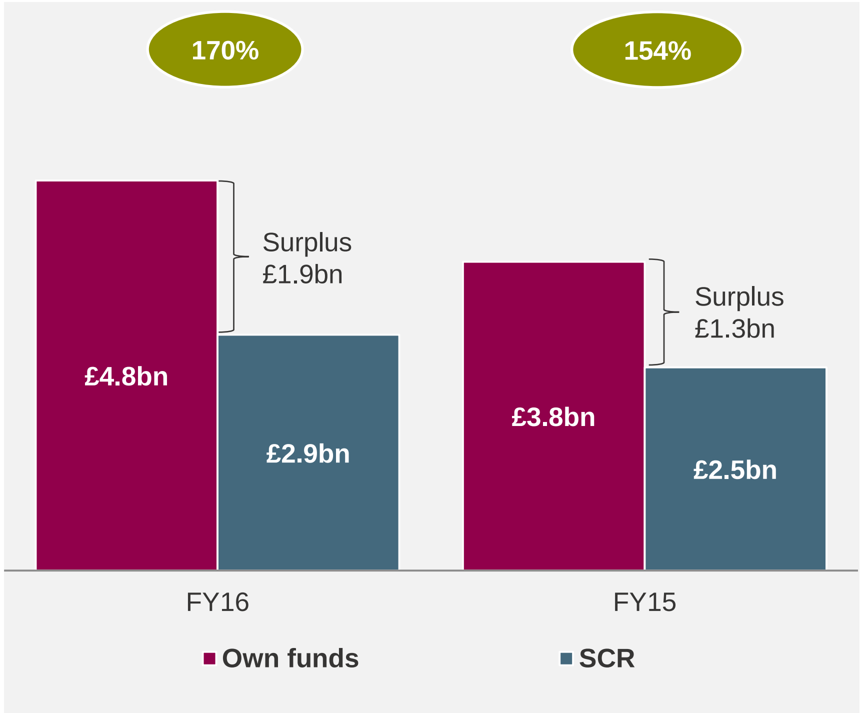
(1) Estimated position assuming recalculation of transitionals as at 31 December 2016 and pro forma for impact of moving AXA businesses onto Phoenix's Internal Model

Appendix IV:
Estimated PLHL Solvency II surplus and SCR coverage ratio

PLHL Solvency II Coverage ratio(1)



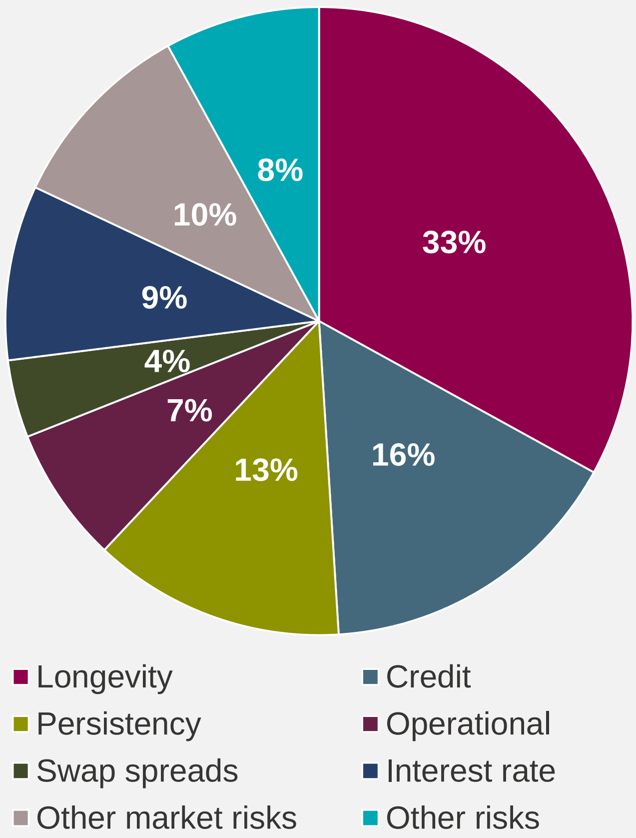
PLHL Shareholder Capital ratio(1)



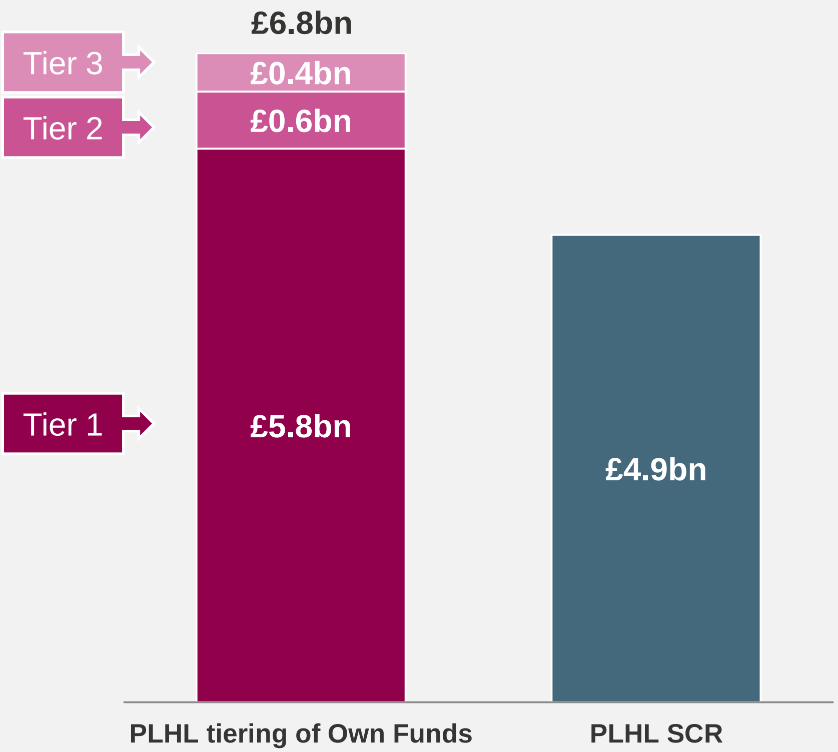
(1) Estimated position assuming recalculation of transitionals as at 31 December 2016 and pro forma for Tier 3 bond issuance in January 2017 and impact of moving AXA businesses onto Phoenix Internal Model

Appendix V:
Breakdown of SCR and Own Funds

PLHL SCR by risk type(1)



PLHL Own Funds by Capital Tier(1)



(1) Estimated position assuming recalculation of transitionals as at 31 December 2016 and pro forma for Tier 3 bond issuance in January 2017 and impact of moving AXA businesses onto Phoenix's Internal Model. Split of SCR at PLHL level (pre diversification benefits)

Appendix VI:
Phoenix Life operating profit drivers

		FY16				FY15			
		Reported Operating Profit	Opening liability/ equity(2)	Closing liability/ equity(2)	Expected return margin(1)	Reported Operating Profit	Opening liability/ equity(2)	Closing liability/ equity(2)	Expected return margin(1)
Fund type	**How profits are generated**	**£m**	**£bn**	**£bn**	**bps**	**£m**	**£bn**	**£bn**	**bps**
With-profit	Our share of bonuses paid to policyholders of with-profit business	81	23.5	24.3	34	92	25.6	23.5	36
With-profit (internal capital support)	Return on with-profit funds which are supported with capital from shareholder funds	(72)	4.3	4.7	nm	84	4.7	4.3	nm
Unit-linked	Margin earned on unit-linked business	25	10.0	23.5	38	(2)	10.9	10.0	49
Annuities	Spread earned on annuities	288	6.0	8.5	70(3)	83	7.6	6.0	45(3)
Protection and other non-profit	Investment return and release of margins	(30)	0.9	0.4	nm(4)	41	0.8	0.9	nm(4)
Shareholder funds	Return earned on shareholder fund assets	35(5)	1.8	1.9	200	38(5)	1.7	1.8	194
One-off impact of IFRS methodology change		31							
Total		**357**				**336**			

(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 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 operating profit and the opening liabilities presented above. Closing liabilities include the impact of AXA Wealth and Abbey Life.

(2) Net of reinsurance

(3) Includes operating profit margin on new business calculated as new business profits as a percentage of opening liabilities: 15bps in FY16 and (5)bps in FY15

(4) Not meaningful as relates to insurance margin

(5) Includes Management Services business unit profit of £27m in FY16 and £30m in FY15

Appendix VII:
Asset mix of life companies

At 31 December 2016 £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	3,696	19	4,342	1,858	6,200	9,896
Debt securities						
Debt securities – gilts	3,546	18	6,724	2,163	8,887	12,433
Debt securities – bonds	10,523	55	6,427	2,926	9,353	19,876
Total debt securities	**14,069**	**73**	**13,151**	**5,089**	**18,240**	**32,309**
Equity securities	235	1	5,699	15,747	21,446	21,681
Property investments	218	1	802	619	1,421	1,639
Other investments(4)	1,021	6	1,849	7,449	9,298	10,319
Total	**19,239**	**100**	**25,843**	**30,762**	**56,605**	**75,844**

(1) The analysis of the asset portfolio comprises assets held by the Group's life companies. It excludes other Group assets such as cash held in holding companies and service companies, 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 equity release mortgages of £433 million, policy loans of £10 million, other loans of £308 million, net derivative assets of £1,468 million, reinsurers' share of investment contracts of £6,808 million and other investments of £1,292 million

Appendix VIII:
Total debt exposure by country

At 31 December 2016 £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	Policyholder	
UK	3,863	9,224	1,672	1,660	1,591	1,041	1,217	659	8,343	12,584	20,927
Supranationals	817	466	-	-	-	-	-	-	817	466	1,283
USA	21	132	658	674	600	386	18	5	1,297	1,197	2,494
Germany	246	571	76	61	294	153	74	29	690	814	1,504
France	65	101	171	194	293	155	29	-	558	450	1,008
Netherlands	28	118	307	302	69	21	93	33	497	474	971
Italy	-	26	15	18	63	40	-	-	78	84	162
Ireland	-	-	30	29	4	7	31	18	65	54	119
Spain	-	10	1	25	48	28	-	-	49	63	112
Other - non Eurozone[2]	159	629	878	1,015	388	248	80	10	1,505	1,902	3,407
Other - Eurozone	16	41	98	86	53	22	3	3	170	152	322
Total debt exposure	**5,215**	**11,318**	**3,906**	**4,064**	**3,403**	**2,101**	**1,545**	**757**	**14,069**	**18,240**	**32,309**
of which Peripheral Eurozone	**-**	**36**	**46**	**72**	**115**	**75**	**31**	**18**	**192**	**201**	**393**
At 31 December 2015 £m											
Total debt exposure	**3,466**	**10,023**	**2,226**	**1,741**	**2,243**	**2,562**	**728**	**538**	**8,663**	**14,864**	**23,527**
of which Peripheral Eurozone	**-**	**8**	**39**	**31**	**104**	**60**	**-**	**13**	**143**	**112**	**255**

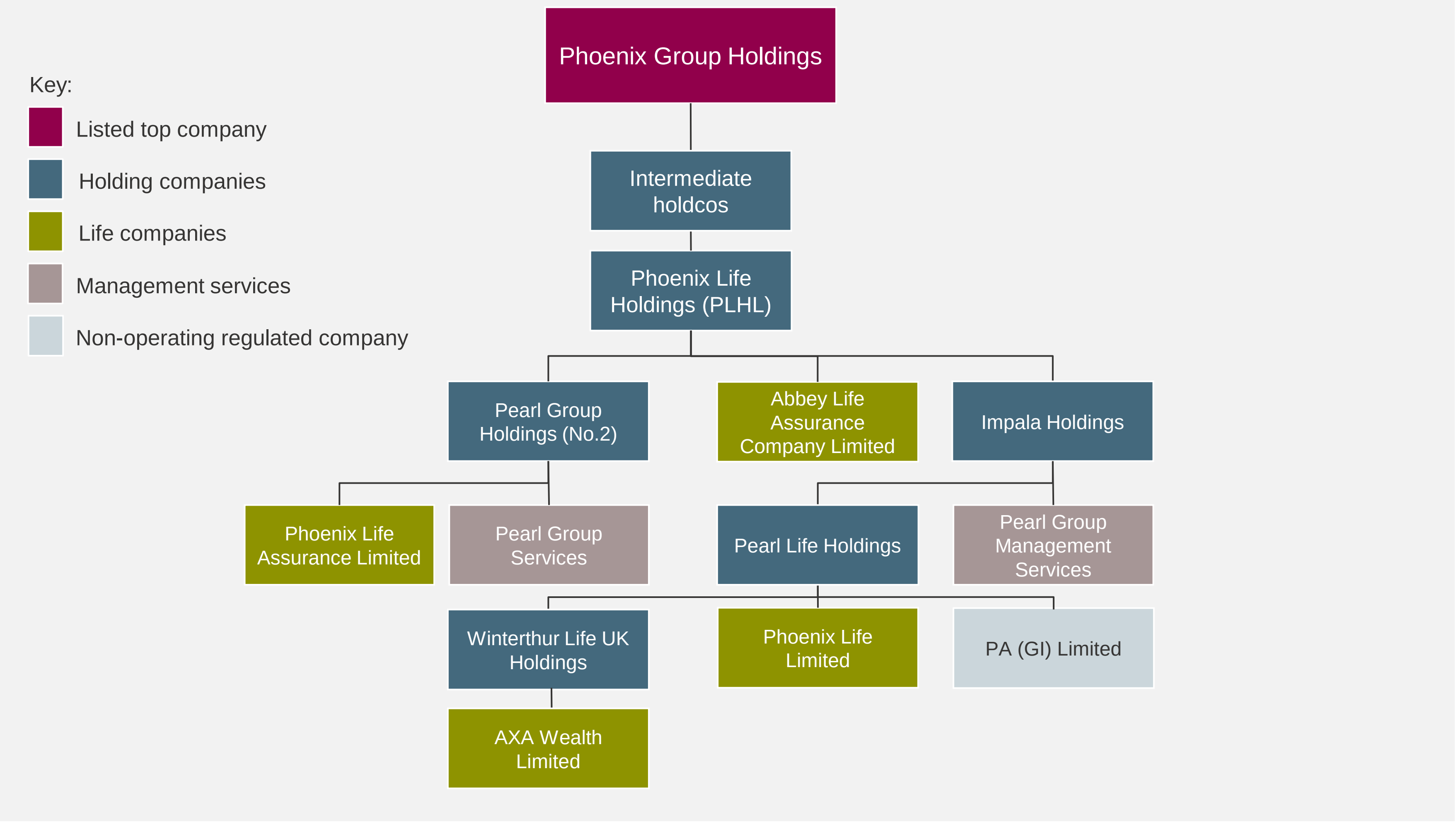
(1) Shareholder includes non-profit and supported with-profits. Policyholder includes non-supported with-profits and unit-linked

(2) Other mainly includes Australia, Switzerland and Japan

Appendix IX:
Credit rating analysis of debt portfolio

At 31 December 2016 £m	Total shareholder, non-profit and supported with-profits	Policyholder funds		Total policyholder	Total assets
		Non-supported with-profits funds	Unit-linked		
AAA	2,268	1,626	519	2,145	4,413
AA	5,521	7,962	1,415	9,377	14,898
A	3,645	1,312	550	1,862	5,507
BBB	2,328	1,624	360	1,984	4,312
BB	136	167	47	214	350
B and below	18	117	11	128	146
Non-rated	153	343	2,187	2,530	2,683
As at 31 December 2016	**14,069**	**13,151**	**5,089**	**18,240**	**32,309**

Appendix X: Current corporate structure



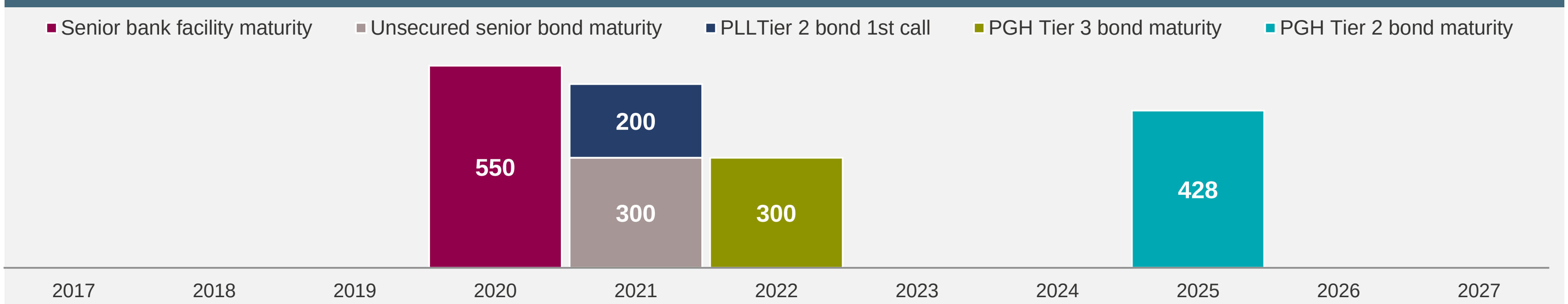
(1) All shareholdings are 100%. Only shows material subsidiaries

Appendix XI:
Outline of current debt structure

Structure of £1,778 million of outstanding debt as at March 2017

	Instrument	Issuer/borrower	Maturity	Face value
Bank Debt	**Unsecured Revolving Credit Facility (L+155bps)**[1]	Phoenix Group Holdings	June 2020	£550m[2]
Bonds	**Unsecured Senior Bond (5.750% due Jul-2021, XS1081768738)**	Phoenix Group Holdings	July 2021	£300m
	Subordinated Tier 3 Bond (4.125% due Jul-2022, XS1551285007)	Phoenix Group Holdings	July 2022	£300m
	Subordinated Tier 2 Bond (6.625% due Dec-2025, XS1171593293)	Phoenix Group Holdings	December 2025	£428m
	Subordinated Tier 2 Bond (7.250% Perpetual NC2021, XS0133173137)	Phoenix Life Limited	March 2021 (first call date)	£200m

Debt maturity profile as at March 2017 (£m)



(1) Revolving Credit Facility has a interest margin of 135bps. In addition, a utilisation fee of 20bps is payable if the RCF is utilised by more than one third of the £900 million facility, and 40bps if utilised by more than two thirds of the £900 million facility. Commitment fees of 35% of margin are payable on undrawn amounts. A one notch uplift in the Group's credit rating will reduce the margin by 25bps

(2) £550m drawn under £900m facility

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- This presentation in relation to Phoenix Group Holdings 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', 'expects', 'may', 'should', 'plans', 'aims', 'seeks', 'continues', 'targets' and 'anticipates' or other words of similar meaning are forward-looking. Such forward-looking statements and other financial and/or statistical data involve risk and uncertainty because they relate to future events and circumstances that are beyond the Group's control. For example, certain insurance risk disclosures are dependent on the Group's choices about assumptions and models, which by their nature are estimates. As such, actual future gains and losses could differ materially from those that the Group has estimated
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- 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
- References to Solvency II relate to the relevant calculation for Phoenix Life Holdings Limited, the ultimate EEA insurance parent undertaking