Half year 2024 results

Phoenix Group Holdings plc

16 September 2024

Executing on our 3-year strategy

Andy Briggs
Group Chief Executive Officer

Phoenix

Phoenix is on a 3-year journey to build the UK's leading retirement savings and income business

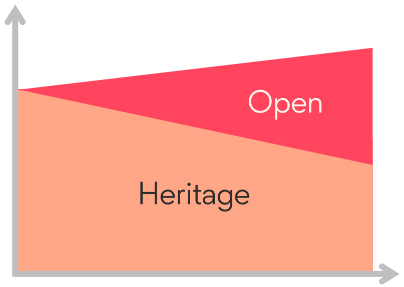
2023 — H1 2024 — 2026

Heritage business | Open business

Pensions and Savings | **Innovative retirement income solutions** | Retirement Solutions

2024-2026: investing to Grow, Optimise and Enhance

Proven the wedge



Sustainable cash generation

Building a compelling customer experience…

- ✓ Range of attractive retirement savings and income solutions offered through Standard Life
- ✓ Digital customer interface with personalised data, guidance and advice
- ✓ Range of simple fund investment options overseen by our Phoenix Asset Management capability
- ✓ Excellent customer service and competitive pricing enabled by a single Group-wide operating model

…to deliver a sustainable, growing business

- ✓ Growing Cash, Capital and Earnings
- ✓ Progressive and sustainable dividend

Good financial performance in H1 as we progress towards our financial targets

H1 2024 progress				Our 3-year targets
Cash	**£647 million** Operating Cash Generation 'OCG'	**£950 million** Total cash generation	**+19%** year-on-year growth in OCG	• £1.4 billion of Operating Cash Generation in 2026 • £1.4-1.5 billion of total cash generation in 2024 • £4.4 billion of total cash generation across 2024-2026
Capital	**168%**[1,2] Shareholder Capital Coverage Ratio 'SCCR'	**35%**[3] Solvency II leverage ratio	**+3%pts** of recurring SII capital generation	• 140-180% Shareholder Capital Coverage Ratio operating range • Solvency II leverage ratio of c.30% by the end of 2026
Earnings	**£360 million** IFRS adjusted operating profit		**+15%** year-on-year growth	• Targeting £900 million of IFRS adjusted operating profit in 2026 • £250 million of annual run-rate cost savings by the end of 2026

Interim dividend per share of 26.65p (HY23: 26.0p)

See Appendix 15 for footnotes

Investing to grow, optimise and enhance on the next phase of our journey

Our capital allocation framework…

Key underpins:

- ✓ Progressive and sustainable ordinary dividend policy[4]
- ✓ 140-180% Shareholder Capital Coverage Ratio operating range

2024-2026 investment priorities:

- c.£700m to grow, optimise and enhance our business
- At least £500m of debt repayment by the end of 2026
- c.£200m p.a. of capital invested into annuities

Surplus capital:

- ✓ Allocate surplus capital to the highest return opportunities

See Appendix 15 for footnotes

…supports the delivery of our strategic objectives over the next three years

	Grow	Optimise	Enhance
Key delivery:	✓ Develop innovative **Retail** propositions for both the adviser and direct markets ✓ Further develop our **Workplace and Annuities** businesses to drive more profitable growth	✓ **Deleverage** our balance sheet ✓ Enhance our **asset management and balance sheet efficiency** capabilities	✓ Complete remaining **customer migrations** ✓ **Simplify our business** by embedding a single and efficient Group-wide operating model
Outcomes:	• Supports OCG that grows to **£1.4bn** in 2026 and then **mid-single digit %** over the long term	• SII leverage ratio of **c.30%** by the end of 2026 • **c.£400m** of annual recurring management actions by 2026	• **£250m** of annual run-rate cost savings by the end of 2026

Demonstrable progress against our strategic priorities in H1

H1 2024 investment:

£164m
to grow, optimise and enhance our business

£250m
of debt repaid

c.£200m
on track to invest full capital allocation into annuities this year

H1 2024 delivery:

Grow

- ✓ Launched Standard Life Smoothed Return Pension Fund and Standard Life Guaranteed Fixed-term Income annuity products
- ✓ Went live with a full-service market proposition for BPA buy-out customers and digitised annuity quotes
- ✓ Targeted workplace employers with consolidation campaigns and building direct customer journeys for annuities

Optimise

- ✓ Deleveraged on path to c.30% SII leverage ratio target by the end of 2026
- ✓ Utilised our in-house capability to deliver £264m of recurring management actions in H1
- ✓ Launched a new private markets investment manager – Future Growth Capital – in partnership with Schroders

Enhance

- ✓ Combined Heritage and Open into a single Group-wide structure
- ✓ Progressed our migrations with an initial c.550k ReAssure customers migrating to the TCS Diligenta platform by the end of September
- ✓ On track to deliver c.£50m of run-rate cost savings by the end of 2024

Our Pensions and Savings propositions help customers journey to and through retirement

c.£184bn AUA

Our capital-light fee-based Pensions and Savings business

Workplace: retain our existing schemes and attract new schemes

c.£40-50bn market flows p.a[5]	Scale player	c.£64bn AUA

Retail: retain existing customers to consolidate and attract new customers through advisers

c.£80-100bn market flows p.a[5]	c.12m existing Phoenix Group customers	c.£120bn AUA

See Appendix 15 for footnotes

H1 strategic execution

- ✓ Strong Workplace net fund inflows of £3.3bn in H1 (+83% year-on-year)
- ✓ Transferred c.£900m of Workplace assets from a technology business new scheme win
- ✓ Investing in our brand with the launch of the Standard Life Trustee Accelerator programme
- ✓ Lobbying for change through our work on increasing auto-enrolment and targeted support
- ✓ Improving our cost efficiency to enhance margins and profitability

Strong financial performance

↑ Growing our assets, with average AUA **+9%** vs 2023…

↑ …enhancing our operating margin through improving cost efficiency, up 3bps to **17bps** in H1…

£149m
+31% vs H2 2023

…drives growing IFRS adjusted operating profit

Our Retirement Solutions help customers secure income certainty in retirement

c.£39bn 

Our capital-utilising spread-based Retirement Solutions business

Bulk Purchase Annuities (BPA): disciplined deployment of capital to optimise IRRs

- **c.£40-60bn market flows p.a[6]**
- **c.16% average market share 2021-2023**

Individual annuities: extend range of products and innovative income solutions

- **c.£6-8bn market flows p.a[7]**
- **Standard Life entered external market in 2023**

H1 strategic execution

- ✓ £1.7bn of annuity premiums written in H1
- ✓ Further £0.4bn of BPAs transacted since end-June and £2.2bn of exclusive transactions in progress
- ✓ Strong H2 pipeline of £15bn of transactions
- ✓ Digital annuity quotes capability with >90% of quotations underwritten and returned in seconds
- ✓ Step change in annuity capital efficiency, due to Part VII funds merger last year and balance sheet diversification

Strong financial performance

↓ Annuity capital strain reduced to **c.3%**†…

↑ …with c.£200m p.a. of capital enabling **c.£6bn** of annual annuity premiums to be written…

+10% **Group CSM growth in H1 2024** …supporting strong ongoing CSM growth

† Post Capital Management Policy
See Appendix 15 for footnotes

Successfully executing on our strategy to create shareholder value

Grow

Profitably growing our Pensions and Savings business by growing our assets and enhancing margin

Grow

Disciplined deployment of capital into annuities to optimise returns and grow our CSM

Optimise

Deleveraging and delivering recurring management actions to create value

Enhance

Progressing our legacy migrations and simplifying our business to reduce costs

Executing on our strategy delivers a growing business

- ✓ Growing Cash, Capital and Earnings
- ✓ Progressive and sustainable dividend

Delivering our financial framework

Stephanie Bruce
Interim Group Chief Financial Officer

Phoenix

H1 2024 financial results summary

Cash

Operating Cash Generation

£647m

HY23: £543m

Total cash generation

£950m

HY23: £898m[8]

Capital

Shareholder Capital Coverage Ratio

168%[1,2]

FY23: 176%[2,9]

Solvency II leverage ratio[3]

35%

FY23: 36%

Earnings

IFRS adjusted operating profit

£360m

HY23: £313m[10]

IFRS loss after tax

£(646)m

HY23: £(245)m

IFRS adjusted shareholders' equity £4.2bn (FY23: £4.8bn† restated)

Interim dividend per share of 26.65p (HY23: 26.0p)

† The Group identified material corrections to previously reported results resulting in a restatement of comparative information, including the restatement of the FY 2023 adjusted equity from £4.6 billion as reported to £4.8 billion. Further information on this restatement can be found in Note 1 to the condensed consolidated financial statements in the 2024 Interim Financial Report.

See Appendix 15 for footnotes

Strong operating momentum with consequences from Solvency II hedging strategy

Strong H1 operating performance

- ✓ Operating Cash Generation +19% YOY
- ✓ +3%pts of recurring SII capital generation
- ✓ Pensions and Savings average AUA +9% vs 2023
- ✓ Workplace net fund flows +83% YOY
- ✓ CSM growth of +10%
- ✓ Reduced annuities capital strain to c.3%†

Our hedging strategy underpins our sustainable dividend

Hedging strategy delivers a sustainable dividend by protecting cash generation from unrewarded market risks

Intended outcomes	**Low volatility in:** Operating Cash Generation SII surplus
Consequences	**Higher volatility in:** IFRS shareholders' equity SII Own Funds SII leverage ratio

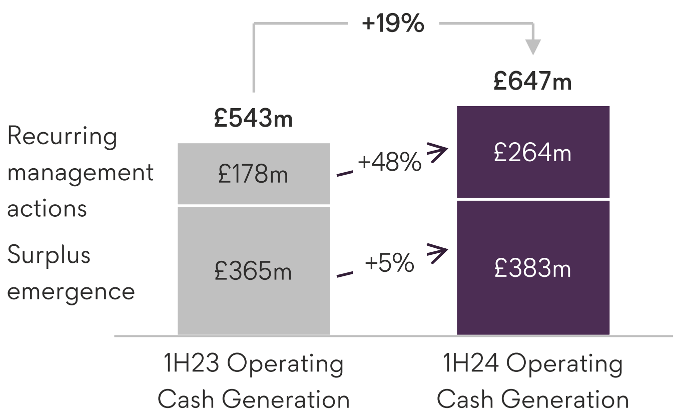
Phoenix's IFRS shareholders' equity, SII Own Funds and SII leverage ratio will benefit as interest rates reduce over time

† Post Capital Management Policy

Confident of delivering at the top-end of cash generation target range for 2024

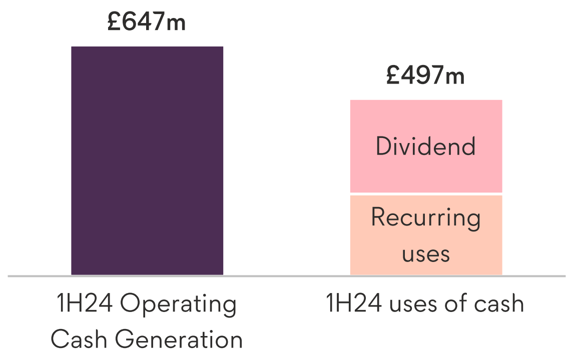
Cash

19% growth in Operating Cash Generation to £647m



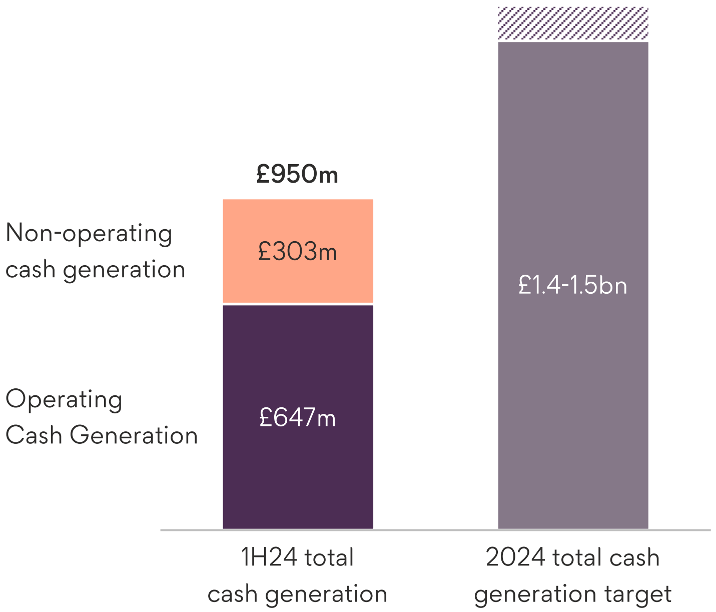
On track to deliver c.£400m of recurring management actions in 2024 and beyond

Operating Cash Generation more than covers our recurring uses and dividend



Operating Cash Generation more than covers our uses of cash in H1

£950m of H1 total cash generation gives confidence in £1.4-1.5bn target range

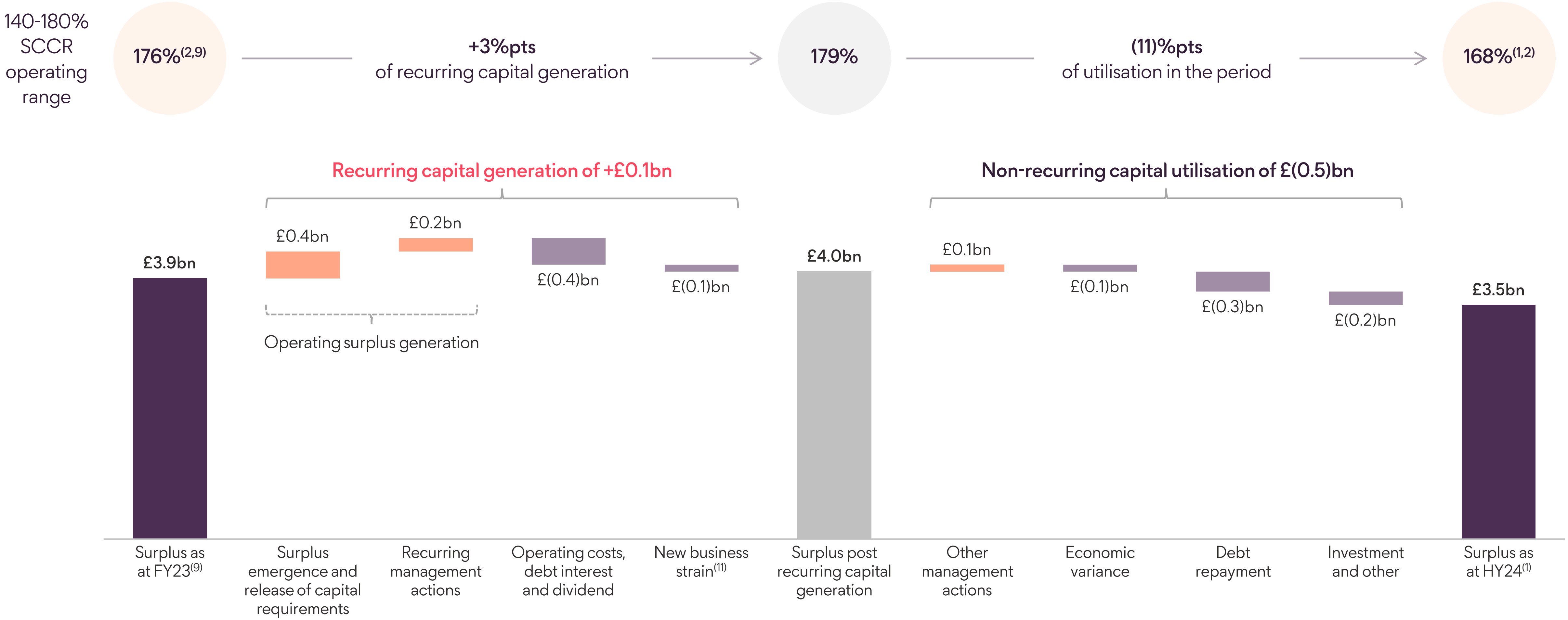


Non-operating cash generation includes one-off management actions and free surplus release

Phoenix

Positive recurring capital generation with utilisation focused on deleveraging

Capital

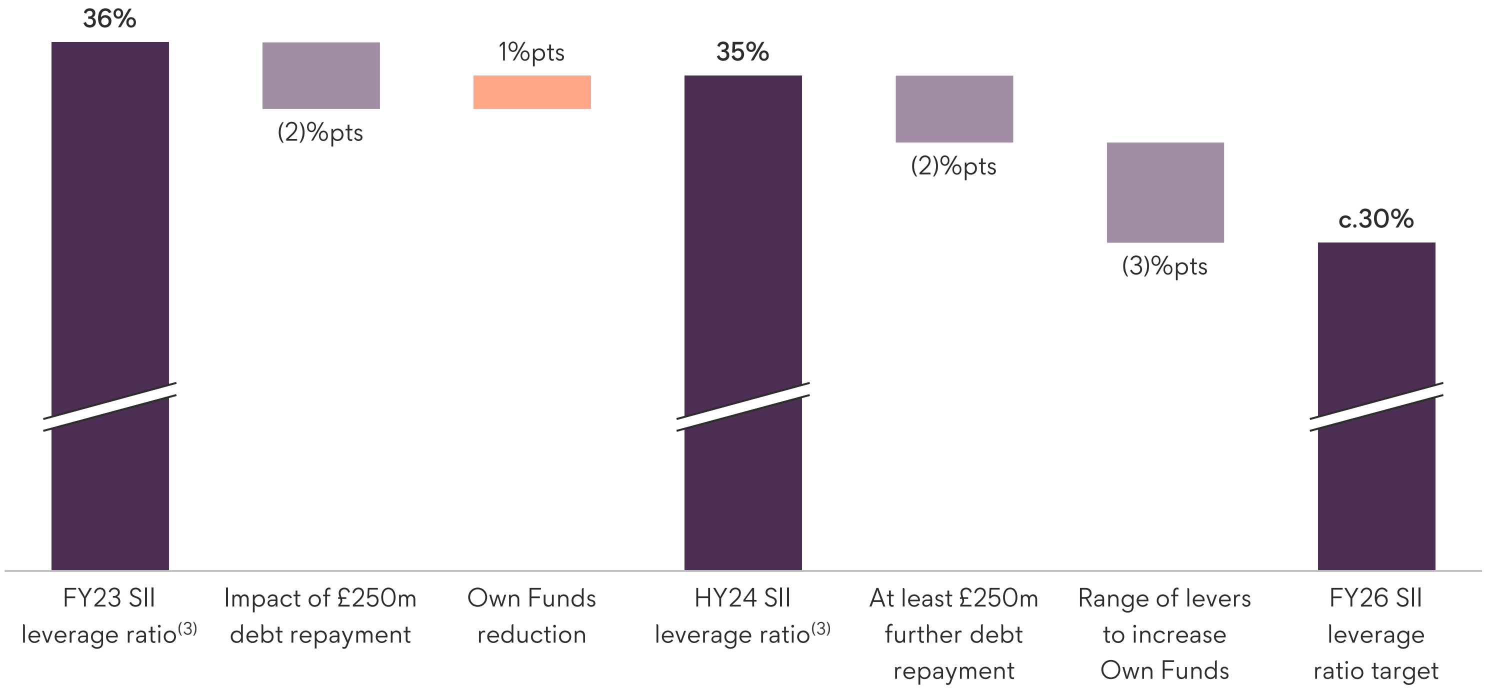


See Appendix 15 for footnotes

Deleveraged by £250m and intend to repay at least £250m more by end of 2026

Capital

Targeting c.30% Solvency II leverage ratio by the end of 2026



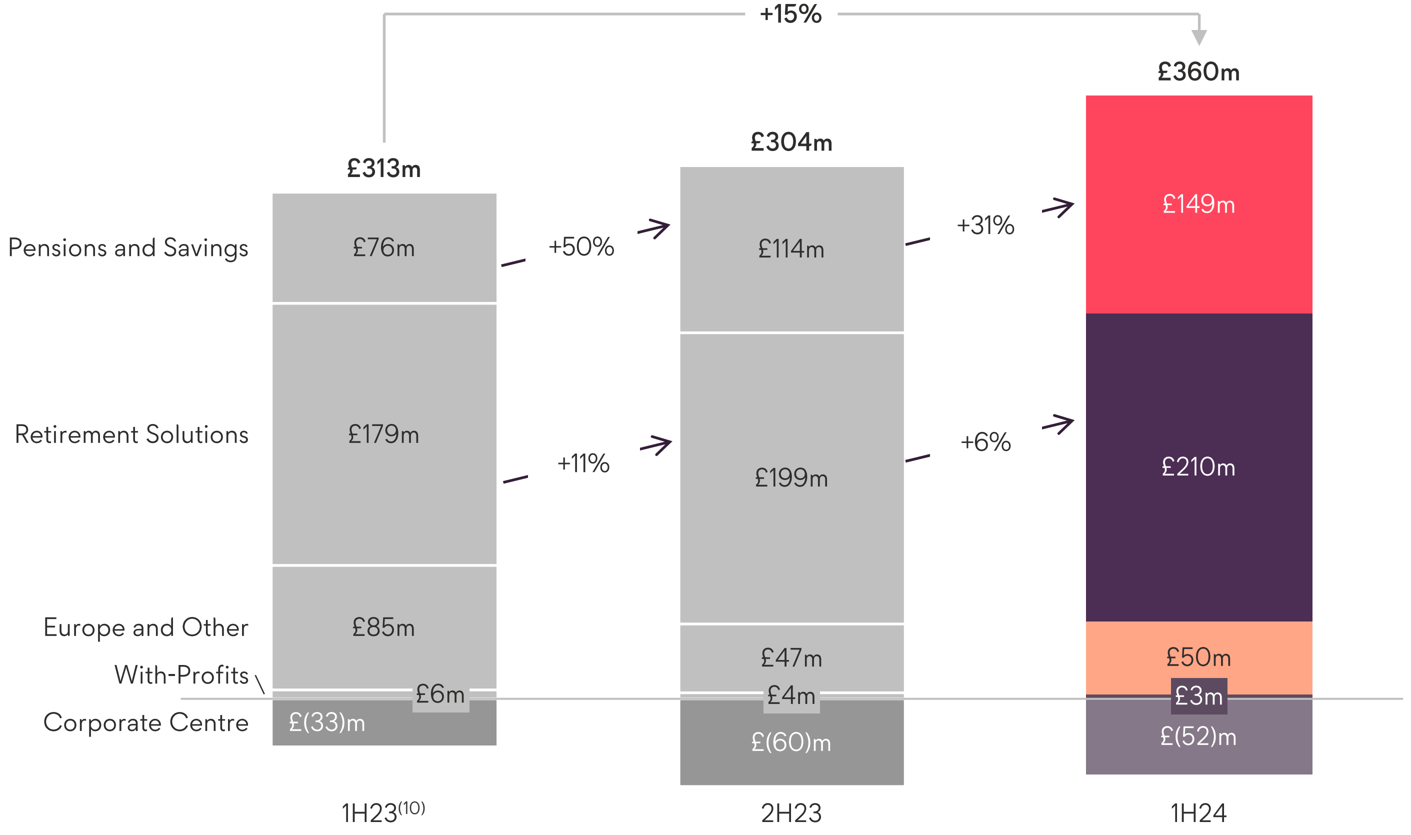
- £250m repayment in H1 reduced leverage ratio by 2%pts
- +1%pt impact from Own Funds reduction, driven principally by hedging impact of higher interest rates in H1
- Own Funds and SII leverage ratio will improve as interest rates reduce
- Intend to repay at least £250m of further debt by end of 2026
- Delivered recurring Own Funds growth in H1 and have a range of levers to drive future growth through new business, customer retention, reduced costs and recurring management actions

See Appendix 15 for footnotes

Strong earnings growth in our core businesses

Earnings

15% year-on-year growth in IFRS adjusted operating profit

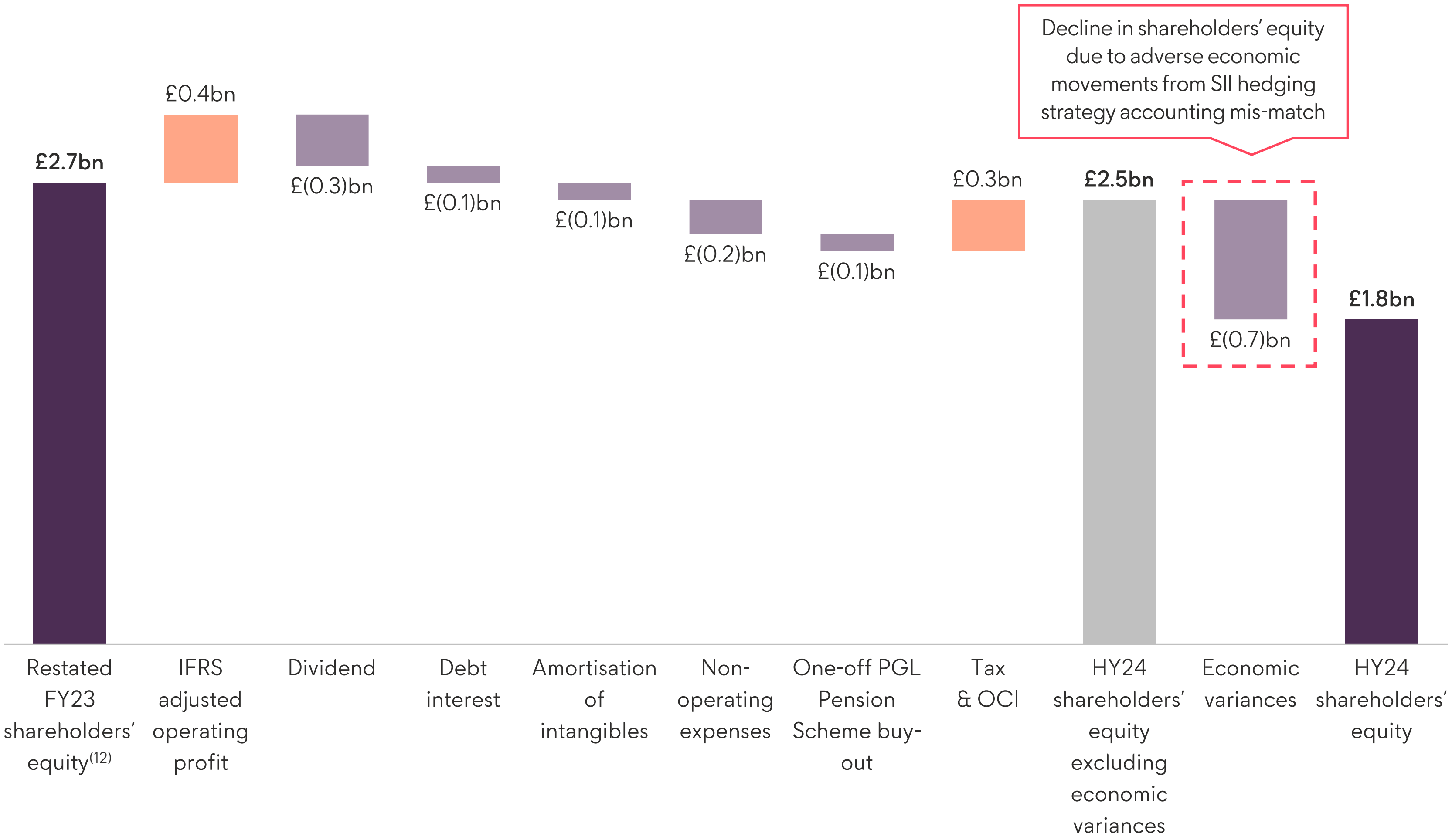


See Appendix 15 for footnotes

- Strong growth in Pensions and Savings operating profit:
  - c.90% of assets are capital-light investment contracts
  - Average AUA in H1 grew 9% vs FY 2023
  - Operating profit margin of 17bps in 1H24 vs 14bps in 2H23, primarily reflects reducing costs
- Retirement Solutions is delivering steady growth due to our growing annuity business, with a stronger CSM release in H1
- Europe and Other reduction reflects 1H23 one-off impact of positive experience and assumption updates
- Expect operating profit growth momentum to continue for a stronger H2 performance

Shareholders' equity reduced in H1 primarily due to hedging consequences

Earnings



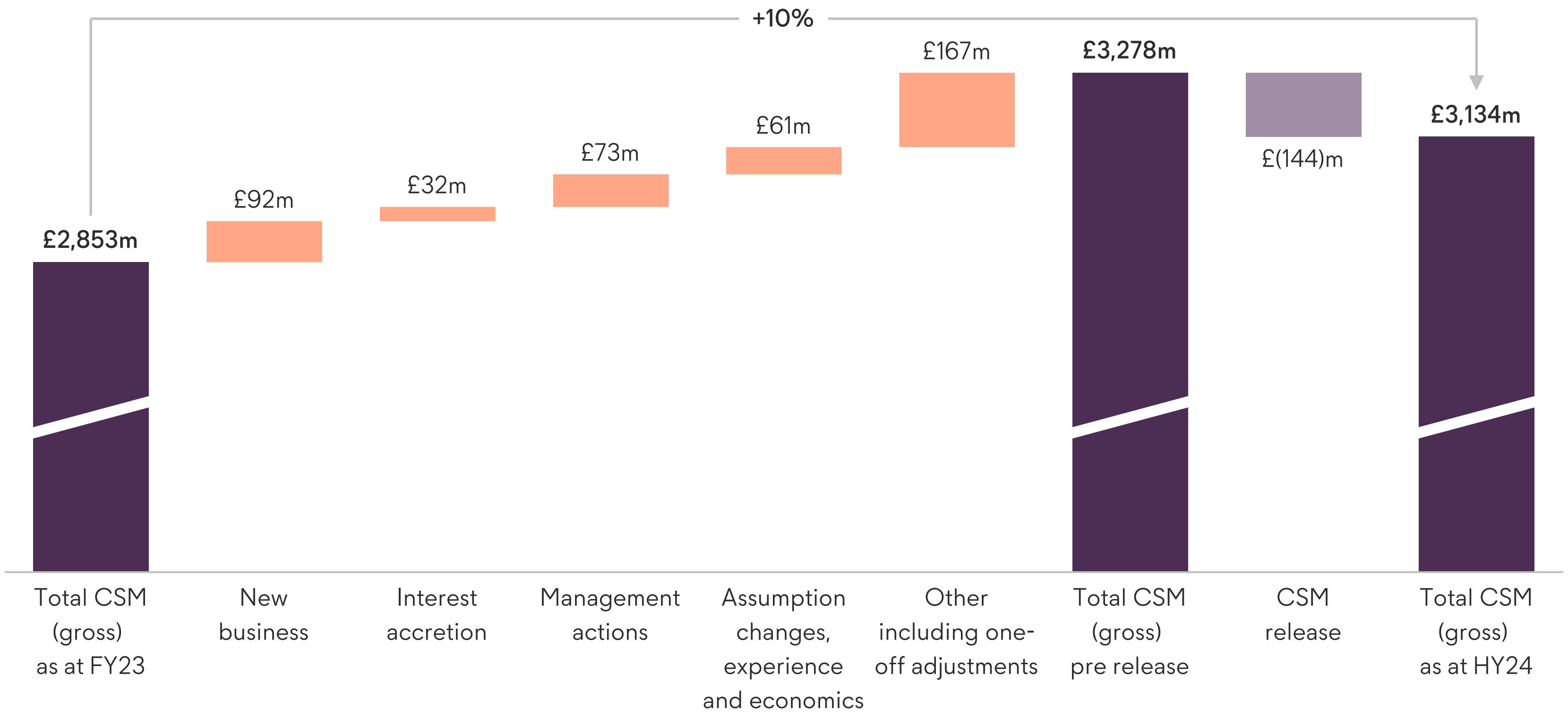
- IFRS adjusted operating profit broadly covers key recurring items of dividend and debt interest
- Amortisation of intangibles is running off over time
- Non-operating expenses higher across 2024-26 reflecting investment into strategic priorities
- Focused on improving shareholders' equity through growth in IFRS adjusted operating profit and IFRS balance sheet optimisation
- Shareholders' equity will improve as long-term interest rates reduce, with c.35bps reduction since June
- Adjusted shareholders' equity of £4.2bn inclusive of CSM

Note: numbers in the graph above do not sum due to rounding
See Appendix 15 for footnotes

Growing CSM is a significant store of future value, driven by Retirement Solutions

Earnings

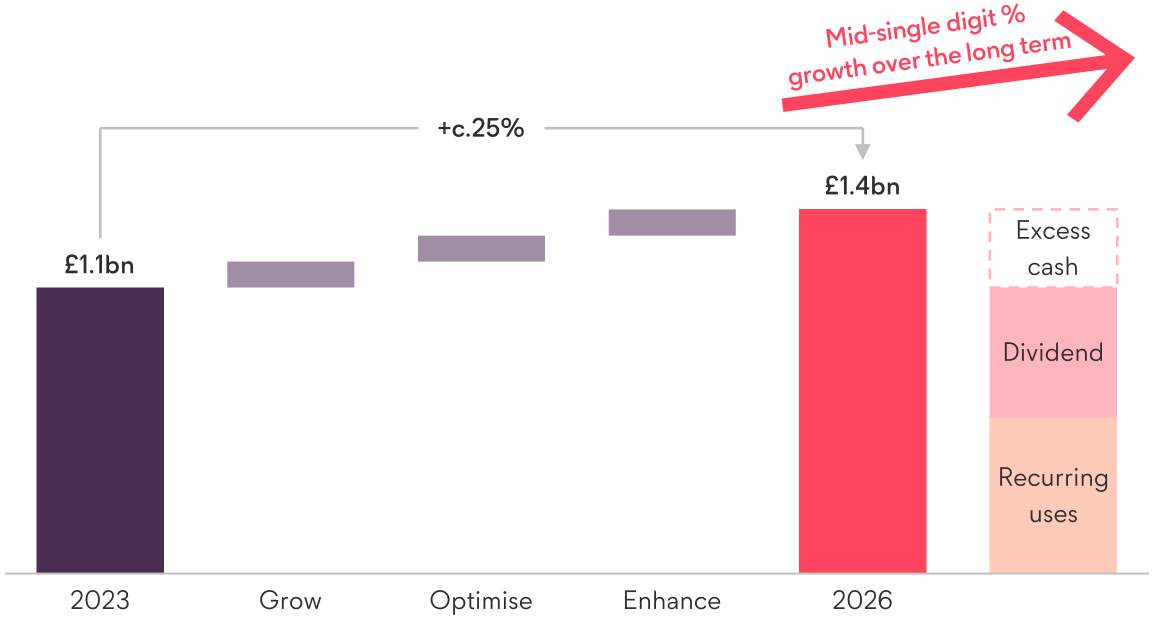
Strong growth of +10% in Group CSM since FY23



- New business CSM principally driven by Retirement Solutions annuities growth
- Management actions in CSM primarily relate to investment management cost savings
- Other includes one-off £87m impact of internal PGL pension scheme buy-out and £81m of other one-off modelling refinements and adjustments
- 9% annualised amortisation of CSM into IFRS adjusted operating profit in H1

On track to deliver our targeted financial outcomes for shareholders

Growing Operating Cash Generation supports our dividend policy



Phoenix Group's dividend policy

The Group operates a progressive and sustainable ordinary dividend policy[(4)]

Focused on a clear set of supporting targets

Cash

- ✓ £1.4-1.5 billion of total cash generation in 2024
- ✓ £4.4 billion of total cash generation across 2024-2026

Capital

- ✓ 140-180% Shareholder Capital Coverage Ratio operating range
- ✓ Solvency II leverage ratio of c.30% by the end of 2026

Earnings

- ✓ Targeting £900 million of IFRS adjusted operating profit in 2026
- ✓ £250 million of annual run-rate cost savings by the end of 2026

See Appendix 15 for footnotes

Summary

Andy Briggs
Group Chief Executive Officer

Our vision is to become the UK's leading retirement savings and income business

We are successfully executing on our 3-year strategy to build a sustainably growing business

We are delivering profitable growth through Pensions and Savings and Retirement Solutions

We are deleveraging and will grow our balance sheet over time

We are on track to deliver our 2026 targets across our financial framework of cash, capital and earnings

Delivering on our strategy supports strong shareholder returns enabled by our progressive and sustainable ordinary dividend policy[(4)]

Q&A

Appendices

Appendices

Appendix 1: Group cash flow analysis

	HY24
Cash and cash equivalents at 1 January 2024	£1,012m
Total cash generation[(1)]	**£950m**
Uses of cash:	
Operating expenses and pension scheme contributions	£(56)m
Non-operating net cash outflows	£(185)m
Debt interest	£(138)m
Support of BPA activity	£(36)m
Free cash flow generation	**£535m**
Shareholder dividend	£(267)m
Debt repayments	£(643)m
Debt issuance	£390m
Closing cash and cash equivalents at 30 June 2024	**£1,027m**

[1] Total cash generation includes £28 million received by the holding companies in respect of tax losses surrendered

- Strong total cash generation of £950m in the period funds our uses of cash
- Non-operating net cash outflows of £185m (HY23: £178m net cash inflows) include:
  - £164m of investment to grow, optimise and enhance our business
  - £21m of net other items
- Strong free cash flow generation of £535m underpins our dividend and deleveraging capacity
- Debt movements reflect the £250m Tier 2 note redemption and the refinancing exercise of $500m Restricted Tier 1 notes, both of which completed in June

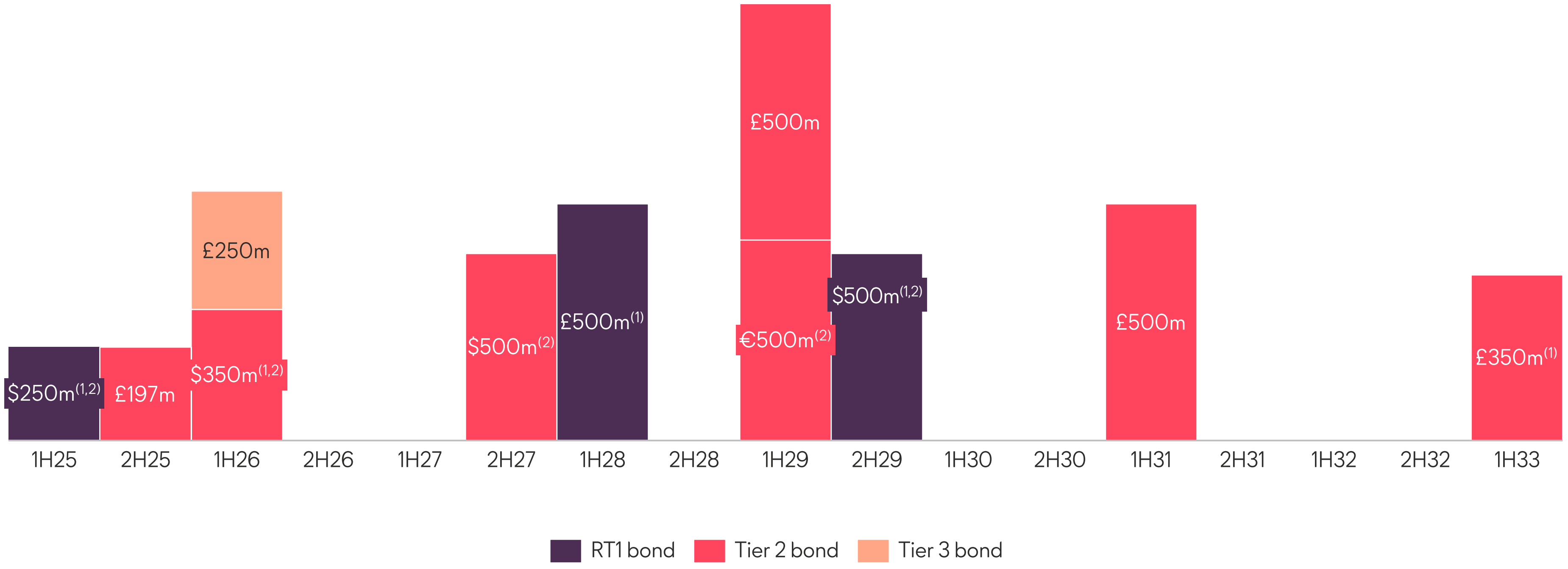
Appendix 2: Change in Life Company Free Surplus

[1] 31 December 2023 Life Company Free Surplus is an an estimated position and reflects a regulator approved recalculation of transitionals as at 31 December 2023

[2] 30 June 2024 Life Company Free Surplus is an estimated position and reflects a dynamic recalculation of transitionals as at 30 June 2024. Had the dynamic recalculation not been assumed, the Life Company Free Surplus would increase by £0.2bn

Appendix 3: Debt maturity profile and leverage ratios as at 30 June 2024

Debt maturity profile



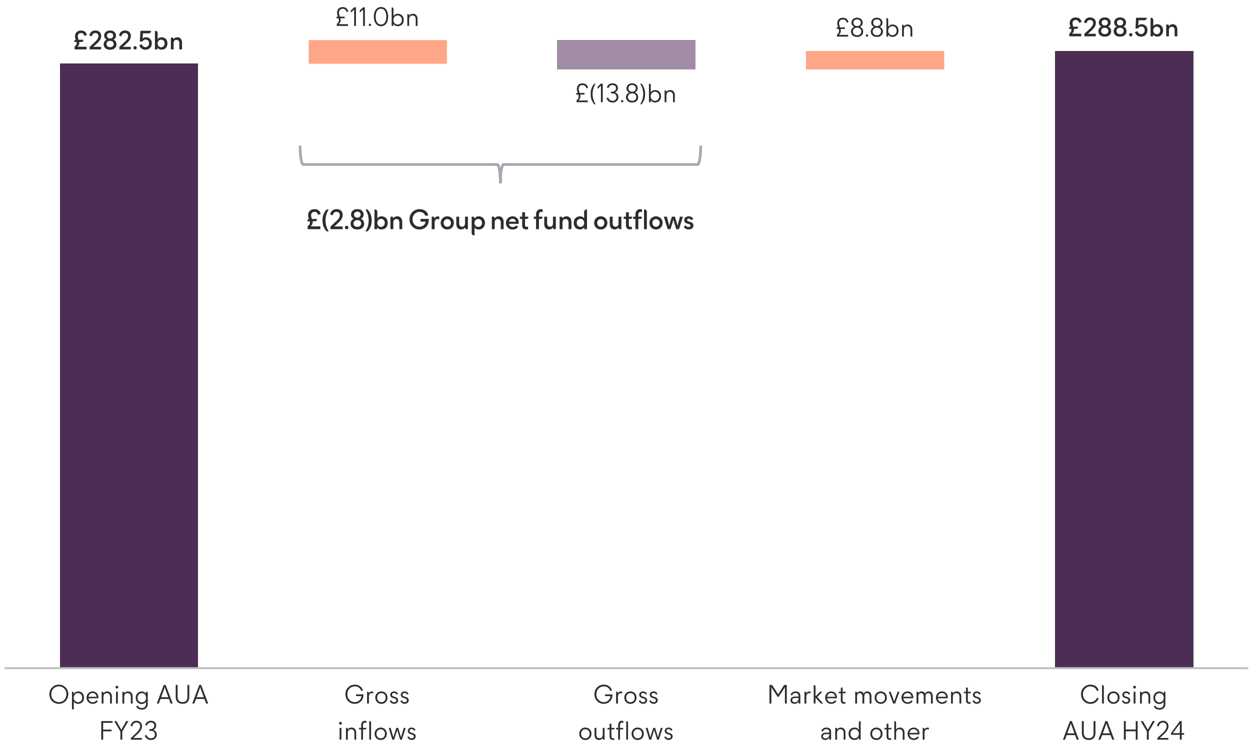
Leverage ratios

	FY23	HY24
SII leverage[3,6]	36%	35%
Fitch basis[4,6]	23%	22%
IFRS basis[5,6,7]	46%	48%

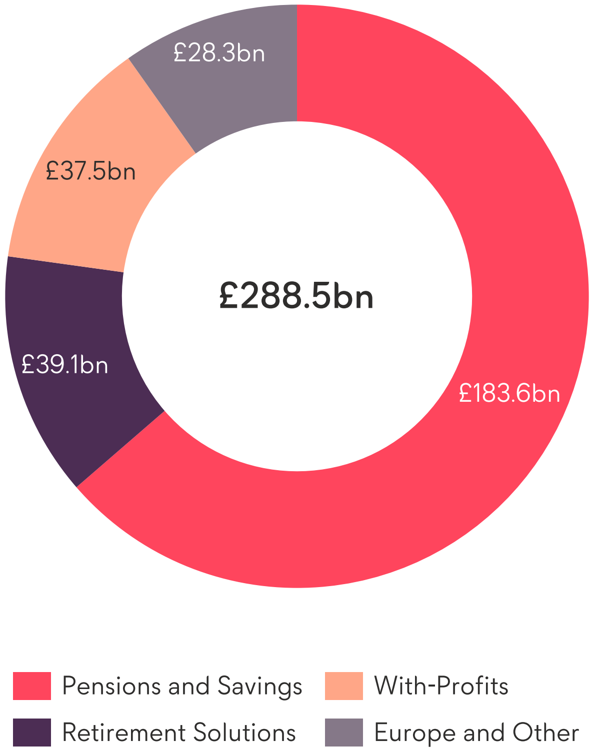
[1] First optional redemption
[2] All currency debt converted into GBP based on the closing 28 June 2024 exchange rates
[3] SII leverage calculation = debt (all debt including RT1) / SII regulatory eligible Own Funds
[4] Fitch leverage ratio is estimated by management based on Fitch's published methodology (calculation = debt (senior debt + RCF + T2 bonds + T3 bonds) / debt + equity (Adjusted shareholders' equity + NCI + policyholder surplus in with-profits funds + RT1))
[5] IFRS leverage calculation = debt (all debt including RT1) / debt + equity (Adjusted shareholders' equity)
[6] Ratios allow for currency hedges over foreign currency denominated debt
[7] FY23 IFRS leverage ratio updated to reflect prior period restatements (see note 1 to the 2024 interim financial statements for further details)

Appendix 4: Movement in assets under administration

Movement in AUA from 1 January 2024 to 30 June 2024

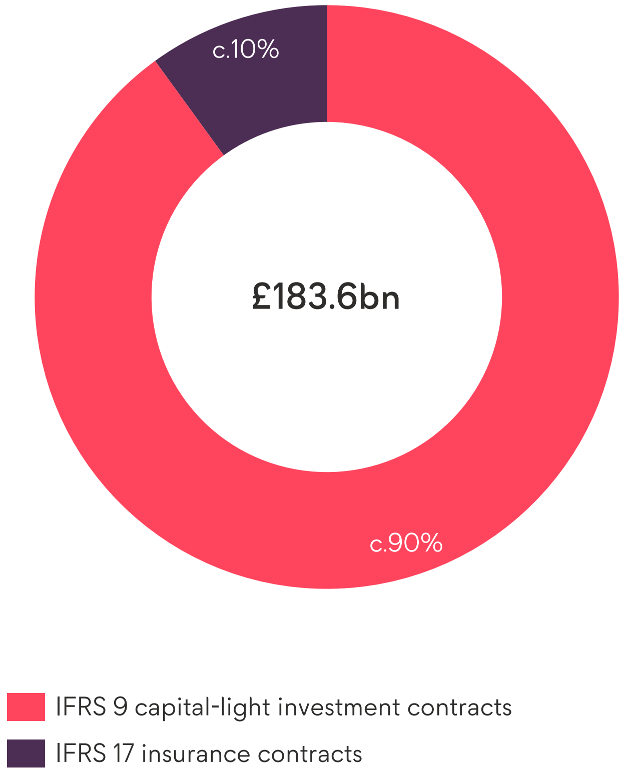


Split by segment

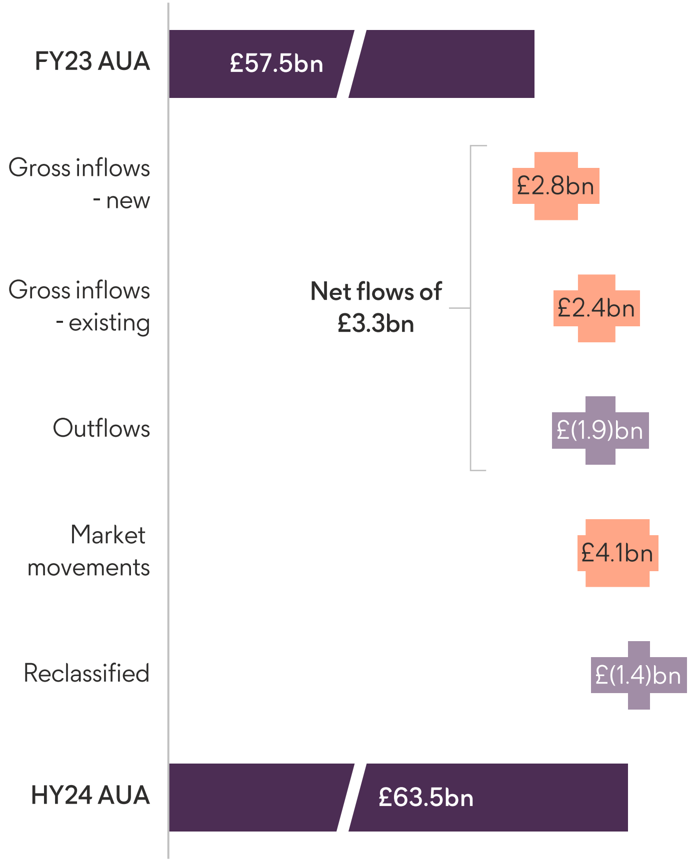


Appendix 5: Movement in assets under administration by segment (Pensions and Savings)

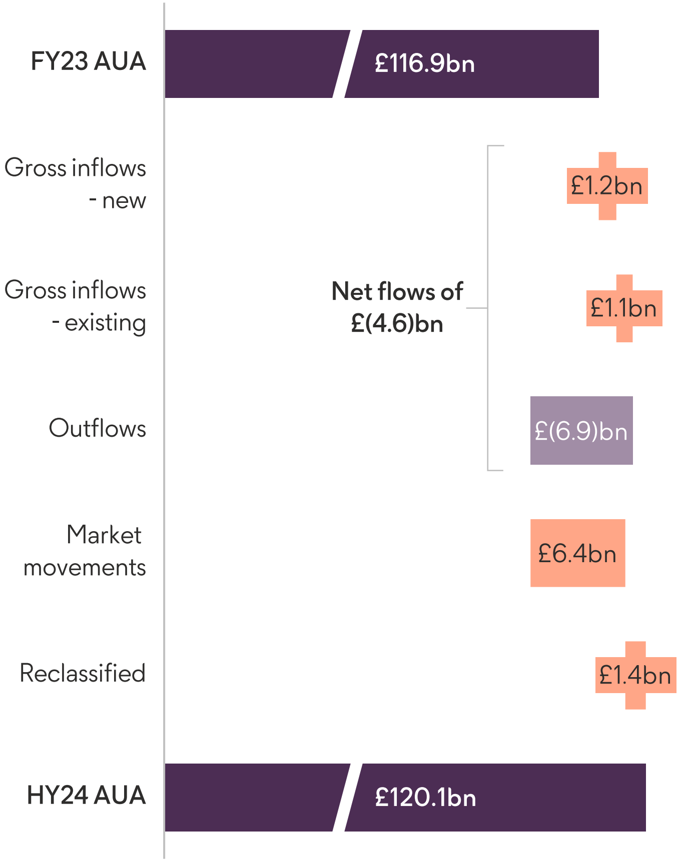
Pensions and Savings – Total AUA



Pensions and Savings – Workplace

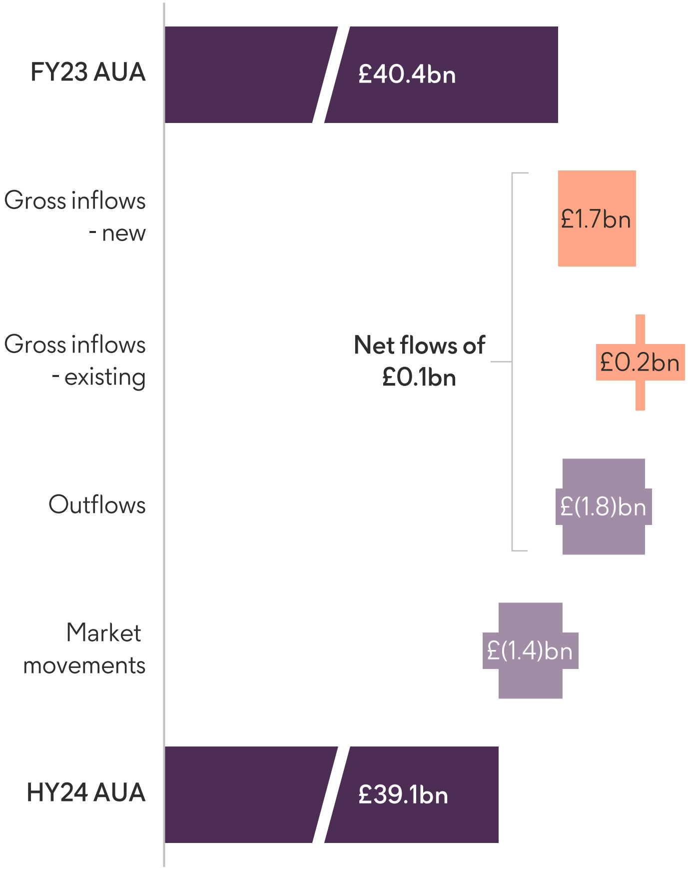


Pensions and Savings – Retail and Legacy

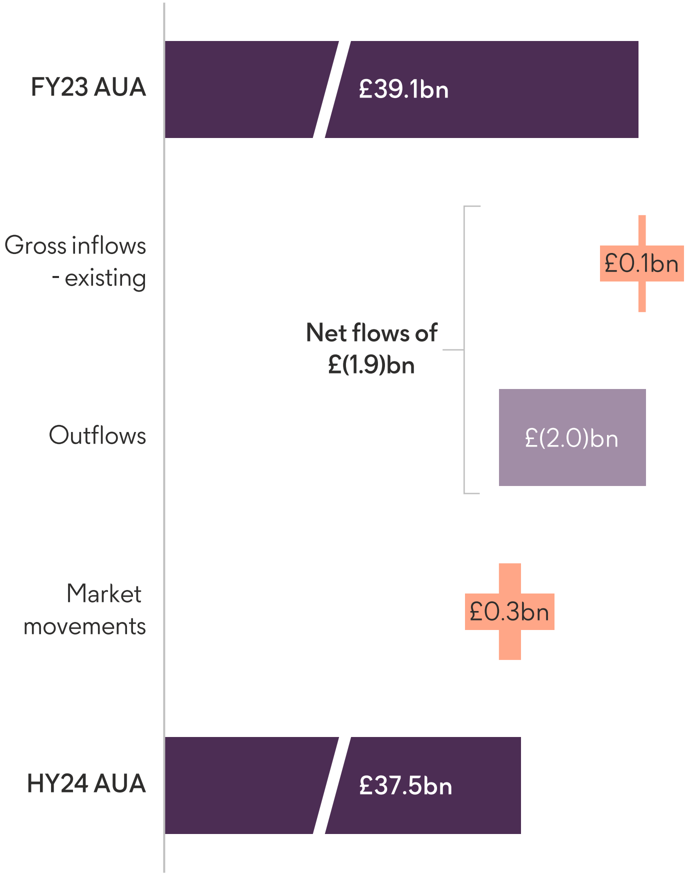


Appendix 6: Movement in assets under administration by segment

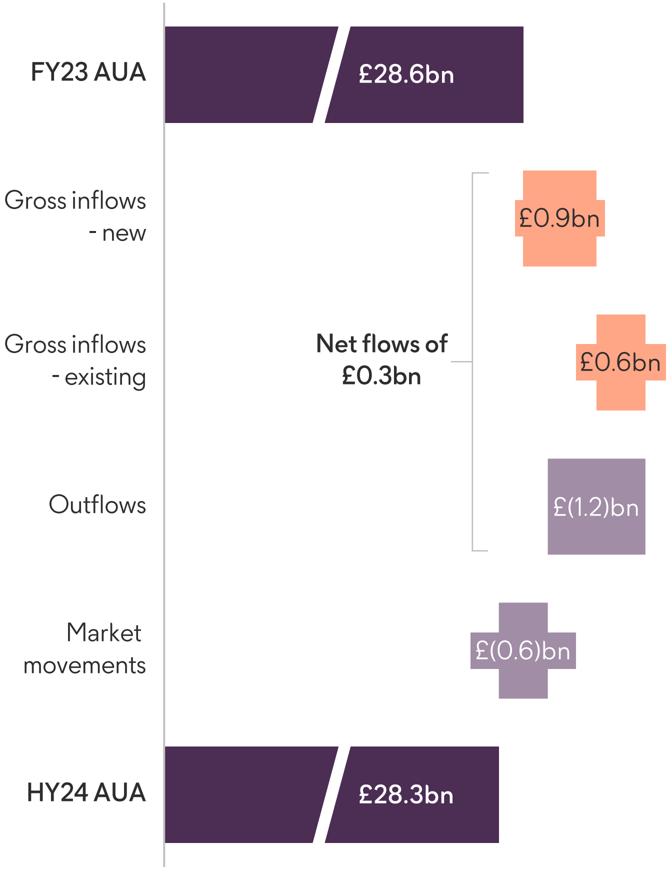
Retirement Solutions



With-Profits

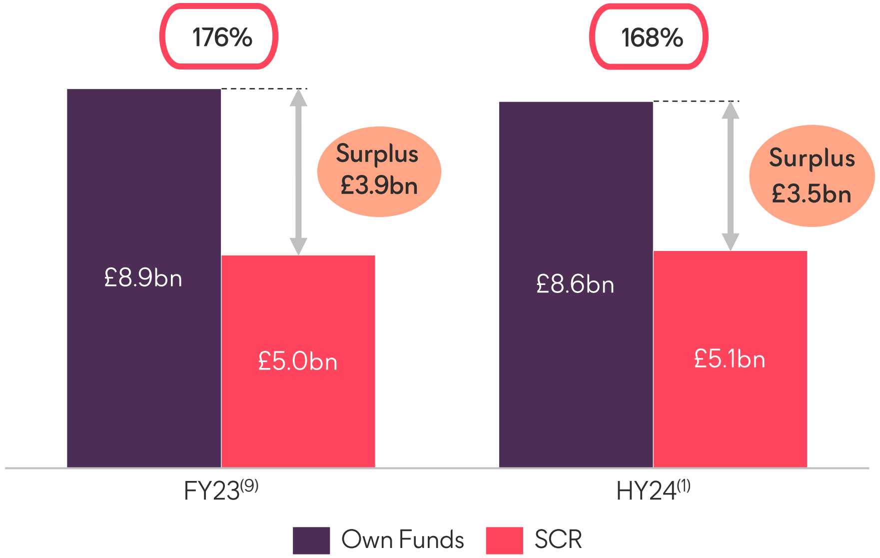


Europe and Other

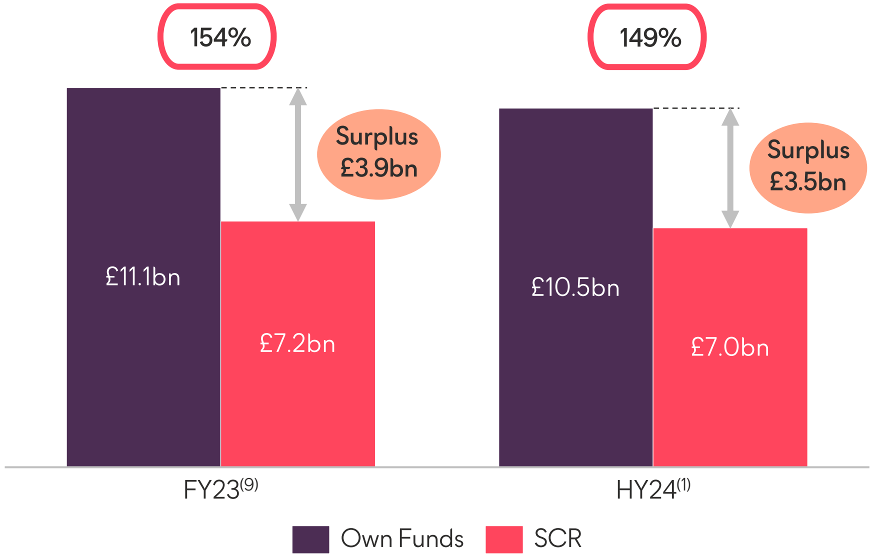


Appendix 7: Estimated PGH Solvency II surplus and coverage ratios

PGH Shareholder Capital Coverage Ratio[1,2]



PGH Solvency II Regulatory Coverage Ratio[1]

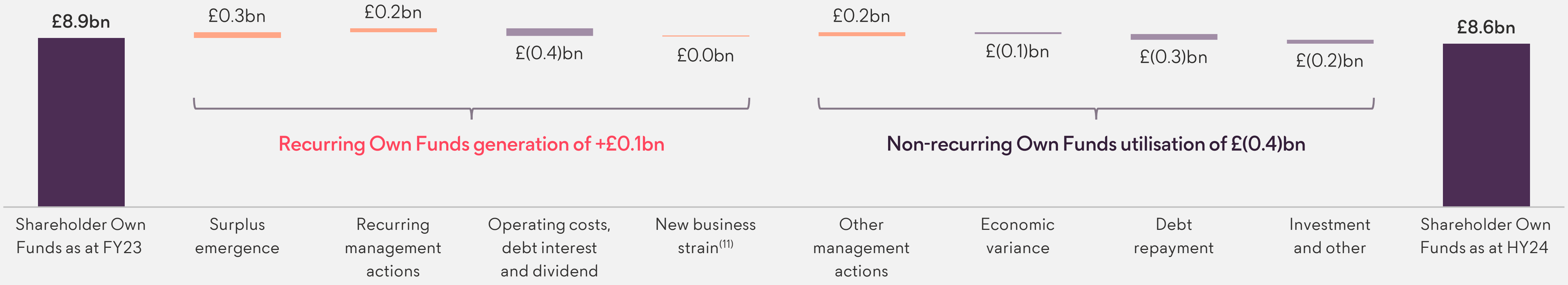


	FY23	HY24
PGH Solvency II Own Funds	**£11.1bn**	**£10.5bn**
Less: Unsupported With-Profit funds	£(2.4)bn	£(2.0)bn
Adjustment for unsupported pension schemes and restrictions	£0.2bn	£0.1bn
PGH Shareholder Own Funds	**£8.9bn**	**£8.6bn**

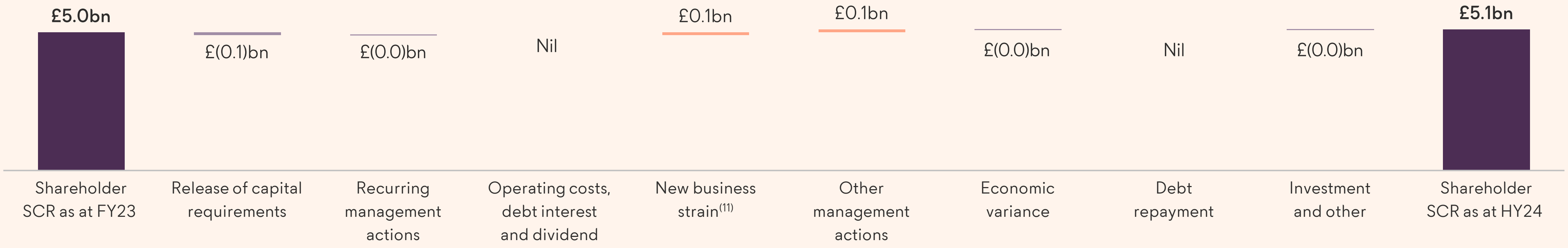
See Appendix 15 for footnotes

Appendix 8: Change in Solvency II Own Funds and SCR

Change in Own Funds



Change in SCR



Impact on SII surplus	**£3.9bn[9]**	£0.4bn	£0.2bn	£(0.4)bn	£(0.1)bn	£0.1bn	£(0.1)bn	£(0.3)bn	£(0.2)bn	**£3.5bn[1]**

See Appendix 15 for footnotes

Phoenix

Appendix 9: PGH Solvency II Shareholder Capital Coverage Ratio sensitivities

	Base position	Unrewarded market risks[13]						Demographic risks[13]		Rewarded market risks[13]		
		Equities 20% fall in markets	**Long-term rates** 100bps rise in interest rates[14]	**Long-term rates** 100bps fall in interest rates[14]	**Long-term inflation** 50bps rise[15]	**Currency** 15% reduction[16]	**Currency** 10% increase[16]	**Lapse** 10% increase/ decrease in rates[17]	**Longevity** 6 months increase[18]	**Property**† 12% fall in values[19]	**Credit** 115bps spread widening[20]	**Credit**†† 20% portfolio full letter downgrade[21]
Impact on Solvency II surplus	**£3.5bn**	£0.1bn	£0.1bn	£(0.1)bn	£(0.1)bn	£0.1bn	£(0.1)bn	£(0.1)bn	£(0.4)bn	£(0.2)bn	£(0.2)bn	£(0.3)bn
Impact on SCCR (Target range: 140-180%)	168%[1,2]	6%pts	5%pts	(5)%pts	(1)%pts	0%pts	0%pts	(2)%pts	(10)%pts	(6)%pts	(3)%pts	(9)%pts

† Property lending includes ERM and Commercial Real Estate
†† Downgrade sensitivity includes an estimate for realistic management actions
See Appendix 15 for footnotes

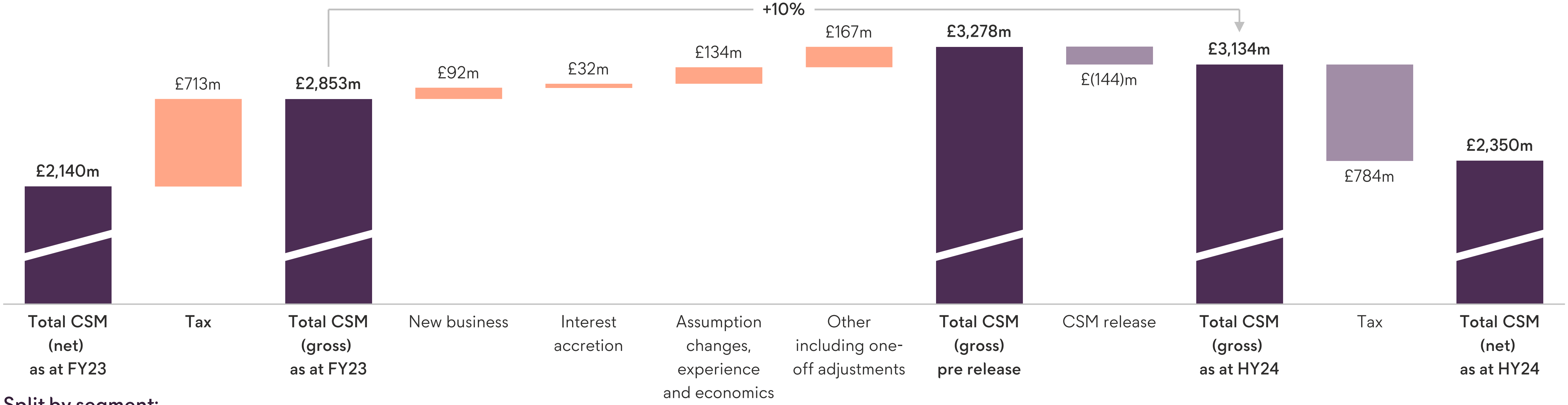
Appendix 10: IFRS income statement

	HY23[10]	HY24
Pensions and Savings	£76m	£149m
Retirement Solutions	£179m	£210m
With-Profits	£6m	£3m
Europe and Other	£85m	£50m
Corporate Centre	£(33)m	£(52)m
Adjusted operating profit	**£313m**	**£360m**
Non-operating items:		
Economic variances	£(313)m	£(698)m
Amortisation and impairment of intangibles	£(161)m	£(131)m
Other non-operating items	£(193)m	£(302)m
Finance costs attributable to owners	£(99)m	£(101)m
Profit before tax attributable to non-controlling interest	£16m	£10m
Loss before tax attributable to owners	**£(437)m**	**£(862)m**
Tax credit attributable to owners	£192m	£216m
Loss after tax attributable to owners	**£(245)m**	**£(646)m**

See Appendix 15 for footnotes

Appendix 11: Movement in Group Contractual Service Margin, including segmental split

Movement of the Group CSM from 1 January 2024 to 30 June 2024



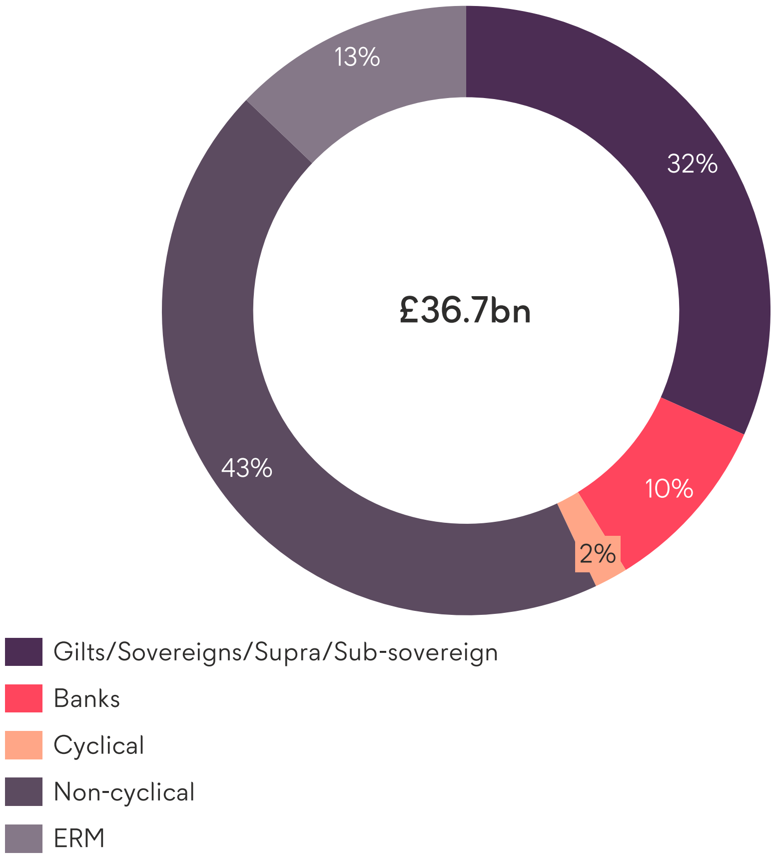
Split by segment:

With-Profits	£442m[1]	-	£3m	£29m	£58m	£532m	£(31)m	£501m	£(125)m	£376m
Retirement Solutions	£2,145m[1]	£69m	£27m	£71m	£26m	£2,338m	£(73)m	£2,265m	£(566)m	£1,699m
Pensions and Savings	£201m	-	-	£27m	£(2)m	£226m	£(13)m	£213m	£(53)m	£160m
Europe and Other	£65m	£23m	£2m	£7m	£85m	£182m	£(27)m	£155m	£(40)m	£115m
Total Group	**£2,853m**	**£92m**	**£32m**	**£134m**	**£167m**	**£3,278m**	**£(144)m**	**£3,134m**	**£(784)m**	**£2,350m**

[1] FY23 CSM (gross) for With-Profits and Retirement Solutions restated due to refinements since FY 2023

Appendix 12: Shareholder credit portfolio

Prudently positioned shareholder credit portfolio



† Excluding non-rated

Credit rating

- ✓ Shareholder credit assets are a small proportion of our c.£289bn balance sheet (c.13%)
- ✓ Our prudent portfolio is c.99% investment grade†
- ✓ More upgrades than downgrades experienced in H1

Appendix 13: Diversification of illiquid asset portfolio as at 30 June 2024

Equity Release Mortgages
£4.7 billion with AA rating

- Broad regional spread with average LTV of 33%
- Secured on property assets with average time to redemption 11 years

Private Corporate Credit
£2.6 billion with A rating

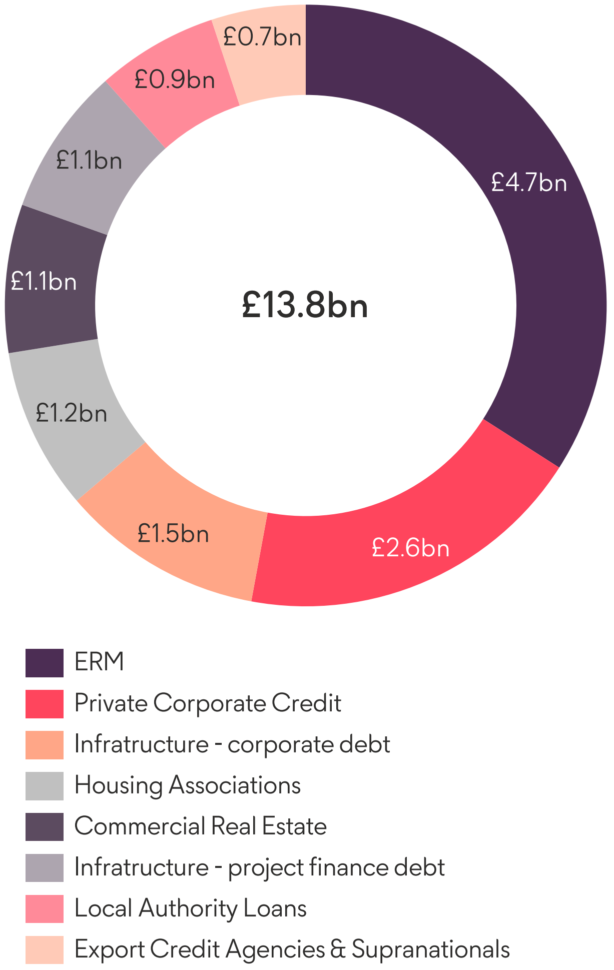
- Diversified portfolio with c.30% of exposure secured on variety of assets
- Loans across 51 different counterparties

Infrastructure – corporate debt
£1.5 billion with BBB+ rating

- Secured on cash flows from long-term contracts with highly rated counterparties
- 10% of portfolio backed by UK Government (directly or indirectly)

Housing Associations
£1.2 billion with A rating

- 100% of portfolio is secured on assets
- Average loan size of c.£21 million across 28 different counterparties



Commercial Real Estate
£1.1 billion with BBB rating

- Structured with robust covenant protection, a combination of loan-to-value and interest coverage ratio
- Average LTV for portfolio is 46%

Infrastructure – project finance debt
£1.1 billion with BBB+ rating

- Secured on cash flows from long-term contracts with highly rated counterparties
- 57% of portfolio backed by UK Government (directly or indirectly)

Local Authority Loans
£0.9 billion with A+ rating

- Unsecured but with implicit Government support
- Loans across 35 different counterparties with average loan size of c.£22m

Export Credit Agencies and Supranationals
£0.7 billion with AA rating

- 58% of portfolio is Government-backed
- Loans across 10 different counterparties

Appendix 14: ESG ratings and key targets

Strong ESG ratings

Ratings agency	FY23	HY24	Change
MSCI	AA	AA(1)	↔
Sustainalytics	20.3 / medium risk	18.6 / low risk	↑
CDP	A-	A-	↔
S&P Global	90^{th} percentile	90^{th} percentile(1)	↔
ISS ESG corporate rating	C prime	C+ Prime	↑

ESG ratings may vary among ESG rating agencies as the methodologies used to determine ESG ratings may differ. The Group's ESG ratings are not indicative of its current or future operating or financial performance, and are only current as of the dates on which they were initially issued. Investors must determine for themselves the relevance of any such ESG ratings information contained in this presentation.

Key 2024 commitments

ESG Theme: Planet

- Complete — Begin implementing customised decarbonising benchmarks for our listed equities and create a roadmap for rolling out decarbonising strategies across the remainder of our listed equity and credit portfolios, in line with delivering good customer outcomes
- Complete — Develop a roadmap for our ambition to invest up to £40 billion in sustainable, transition, and productive[2] assets subject to overcoming barriers, and in line with commercial objectives and delivering good customer outcomes
- On track — Continue 50-70% target range for shareholder illiquid asset origination to be sustainable or transition assets
- On track — Continue our programme of thought leadership, collaboratively driving policy change to unlock investment in climate solutions through roundtables and political manifesto recommendations
- On track — Deliver a programme to engage colleagues to reduce our emissions from business travel

ESG Theme: People

- Complete — Increase awareness of the pensions savings gap and inspire one million people to take action
- On track — Through Phoenix Insights, build and launch a Longer Lives Tracker to provide evidence and insight to policymakers
- Complete — Launch a social impact initiative and partnership with a charity
- On track — Continue to scope the development of a long-term social target
- On track — Scale tailored financial inclusion solutions to meet the needs of different customer segments
- On track — Inspire people to manage and change careers through extending the 'Careers can change' campaign

[1] Most recent scores, expected to change by the end of 2024.
[2] Productive Finance Working Group, convened in November 2020 by the Bank of England, HM Treasury and the FCA. Current guidance.

Appendix 15: Footnotes

1. 30 June 2024 Solvency II capital position is an estimated position and reflects a dynamic recalculation of transitionals for the Group's Life Companies and recognition of the foreseeable 2024 interim shareholder dividend of £267m. Had the dynamic calculation not been assumed, the Solvency II surplus and the Shareholder Capital Coverage Ratio would increase by £0.2bn and 3%pts 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. Solvency II leverage ratio calculation = debt (all debt including RT1) / SII regulatory Own Funds. Ratio allows for currency hedges over foreign currency denominated debt

4. The Board will continue to prioritise the sustainability of our dividend over the long term. Future dividends and annual increases will continue to be subject to the discretion of the Board, following assessment of longer-term affordability

5. Source: Broadridge report (Navigator UK Defined Contribution and Retirement Income 2021)

6. Source: LCP report (A seismic shift in buy-ins/outs: how is the market adapting, October 2023)

7. c.£6-8bn market flows range for 2024 estimated by management. Estimate based on £3.6bn of individual annuities sales in H1 2024, as revealed by the Association of British Insurers - https://www.professionalpensions.com/news/4348724/annuity-sales-reach-gbp-6bn-h1-2024-abi-figures-show

8. HY23 includes £450m of cash remittances in July 2023

9. 31 December 2023 Solvency II capital position is an estimated position and reflects a regulator approved recalculation of transitionals as at 31 December 2023 and recognition of the Final 2023 shareholder dividend of £267m

10. Incorporates changes to the Group’s methodology for determining IFRS adjusted operating profit since HY 2023. Further information on these changes can be found in Note 3 to the condensed consolidated financial statements in the 2024 Interim Financial Report.

11. New business strain principally reflects capital invested into annuities

Appendix 15: Footnotes

12. The Group identified material corrections to previously reported results resulting in a restatement of comparative information, including the restatement of the FY 2023 shareholders' equity from £2.5 billion as reported to £2.7 billion. Further information on this restatement can be found in Note 1 to the condensed consolidated financial statements in the 2024 Interim Financial Report.
13. Illustrative impacts assume changing one assumption on 1 July 2024, while keeping others unchanged, and that there is no market recovery. They should not be used to predict the impact of future events as this will not fully capture the impact of economic or business changes. Given recent volatile markets, we caution against extrapolating results as exposures are not all linear
14. 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
15. Rise in inflation: 15yr inflation +50bps
16. A 15% weakening/10% strengthening of GBP exchange rates against other currencies
17. Assumes most onerous impact of a 10% increase/decrease in lapse rates across different product groups
18. Only applied to the annuity portfolio
19. Property stress represents an overall average fall in property values of 12%
20. Credit stress varies by rating and term and is equivalent to an average 115bps spread widening. It assumes the impact of a dynamic recalculation of transitionals (subject to PRA approval) and makes no allowance for the cost of defaults/downgrades
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 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

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This presentation in relation to Phoenix Group Holdings plc and its subsidiaries (the 'Group') contains, and the Group may make other statements (verbal or otherwise) containing, forward-looking statements and other financial and/or statistical data about the Group's current plans, goals, targets, ambitions, outlook, guidance and expectations relating to future financial condition, 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, political, social, environmental and business conditions; asset prices; market-related risks such as fluctuations in investment yields, interest rates and exchange rates, the potential for a sustained low-interest rate or high interest rate environment, and the performance of financial or credit markets generally; the policies and actions of governmental and/or regulatory authorities including, for example, climate change and the effect of the UK's version of the 'Solvency II' regulations on the Group's capital maintenance requirements; developments in the UK's relationship with the European Union; the direct and indirect consequences for European and global macroeconomic conditions of the conflicts in Ukraine and the Middle East, and related or other geopolitical conflicts; political uncertainty and instability; the impact of changing inflation rates (including high inflation) and/or deflation; information technology or data security breaches (including the Group being subject to cyber-attacks); the development of standards and interpretations including evolving practices in ESG and climate reporting with regard to the interpretation and application of accounting; the limitation of climate scenario analysis and the models that analyse them; lack of transparency and comparability of climate-related forward-looking methodologies; climate change and a transition to a low-carbon economy (including the risk that the Group may not achieve its targets); the Group's ability along with governments and other stakeholders to measure, manage and mitigate the impacts of climate change effectively; 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 any acquisitions, disposals or other strategic transactions; risks associated with arrangements with third parties; inability of reinsurers to meet obligations or unavailability of reinsurance coverage; and the impact of changes in capital, and implementing changes in IFRS 17 or any other regulatory, solvency and/or accounting standards, and tax and other legislation and regulations in the jurisdictions in which members of the Group operate.

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