Phoenix

Helping people secure a life of possibilities

Interim Financial Report 2025

Phoenix Group Holdings plc

Standard Life
Part of Phoenix Group

SunLife
Part of Phoenix Group

PHOENIX LIFE
Part of Phoenix Group

ReAssure
Part of Phoenix Group

Performance

Key performance indicators

Operating Cash Generation
£705m
(HY 2024: £647m) REM APM

Interim ordinary dividend per share
27.35p
(HY 2024: 26.65p)

Total cash generation
£784m
(HY 2024: £950m) REM APM

IFRS adjusted operating profit
£451m
(HY 2024: £360m) REM APM

Group Solvency II surplus
£3.6bn
(FY 2024: £3.5bn) REM

IFRS loss after tax
£(156)m
(HY 2024: £(646) loss after tax)

Group Solvency II Shareholder Capital Coverage Ratio
175%
(FY 2024: 172%) APM

IFRS adjusted shareholders' equity
£3,443m
(FY 2024: £3,656m) APM

All amounts throughout the report marked with REM are KPIs linked to Executive remuneration.

Alternative performance measures
With our financial framework designed to deliver cash, capital and earnings, we recognise the need to use a broad range of metrics to measure and report the performance of the Group, some of which are not defined or specified in accordance with Generally Accepted Accounting Principles ('GAAP') or the statutory reporting framework. We use a range of alternative performance measures ('APMs') to evaluate our business, which are summarised on pages 63 to 68.

Solvency II leverage ratio
34%
(FY 2024: 36%) APM

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Strong growth and strengthening Solvency balance sheet

Delivering against strategic priorities

Improved leverage and solvency ratios

Firmly on track to meet 2026 targets

"This is a strong first half performance with progress against all key financial metrics we use to drive the business, demonstrating continued momentum towards our 2026 targets. We are increasingly well placed to serve our customers' retirement needs and create further customer and shareholder value as we fulfil our vision to become the UK's leading retirement savings and income business. We've strengthened our balance sheet and continued to invest in our market-leading Pensions and Savings and Retirement Solutions businesses. Our strategic delivery includes moving ahead with our advice proposition and in-housing the management of annuity-backing assets to benefit from our scaled asset management capabilities. We support c.12 million customers in managing over £295 billion in assets under administration. Changing our name from Phoenix Group Holdings plc to Standard Life plc in March 2026 brings our most trusted brand to the forefront and demonstrates our commitment to helping customers secure a better retirement."

Andy Briggs, Chief Executive Officer

Continued operating momentum in core businesses

Pensions and Savings: successfully growing our capital-light fee-based business

- 20% IFRS adjusted operating profit growth to £179m
- 5% growth in average assets under administration ('AUA') to £187.9bn
- 2bps improvement in margin to 19bps driven by cost efficiencies
- Workplace net inflows of £2.8bn (H1 2024: £3.3bn) comprised £4.9bn gross inflows; H1 2024 included a £0.9bn one-off bulk win; solid pipeline for H2
- Retail net outflows improved to £4.4bn (H1 2024: £4.6bn) reflecting retail strategy green shoots

Retirement Solutions: strong growth in operating profit and solid pipeline for H2

- 36% IFRS adjusted operating profit growth in our capital-utilising spread-based business to £286m, reflecting higher portfolio enhancement actions and cost discipline
- Group CSM (gross of tax) grew 10% to £3,567m (FY 2024: £3,257m)
- £0.3bn BPA volumes written in HY 2025 reflecting selective pricing in a competitive market
- £3.2bn BPA volumes completed and exclusive on year to date at c.3% capital strain[1] and our largest ever deal of £1.9bn completed in July.
- £0.6bn individual annuity premiums written (HY 2024: £0.5bn)
- Continue to expect to deploy up to c.£200m of capital into annuities in 2025

[1] Annuity capital strain on a Post Capital Management Policy basis.

Progress across all strategic priorities

Grow: meeting more of our existing customer needs and acquiring new ones

- Progressed customer engagement tools
  - Received FCA approval for our own in-house Retail advice proposition, a key milestone and enables imminent launch
  - Launched Annuity Desk for Standard Life customers to support a digital customer experience
- Enhanced product build-out
  - Completed our portfolio of innovative retirement income solution products with the launch of the Guaranteed Lifetime Income plan
  - Innovated BPA solutions through longevity insurance novations making our BPA proposition more attractive to customers

Optimise: optimising our in-force business and balance sheet

- Evolving management of our annuity-backing assets to a predominantly in-house model by leveraging our scaled asset management capabilities to optimise customer outcomes and enhance returns
  - We are now managing £5bn of our £39bn annuities portfolio in-house, and are currently preparing to in-house a further c.£20bn
  - Underpins our ability to deliver recurring management actions and delivers cost savings
- Excess cash generation has enabled further deleveraging
  - $250m debt repaid in February
  - £294m recurring management actions delivered in HY 2025 (HY 2024: £264m)

Enhance: transforming our operating model and culture

- Cumulative cost savings increased to £100m with FY2025 expectations of c.£160m, reflecting a £35m acceleration
  - Progressing our migrations to TCS BaNCS platform; 0.8m policies migrated in HY 2025
  - Entered into strategic partnership with Wipro to manage 1.9m policies

Outlook

- Firmly on track to deliver all our financial targets which support our progressive and sustainable dividend policy[2]
- Continued execution on strategic priorities, with a focus on customer engagement
- Move to Standard Life plc in March 2026 brings our most trusted brand to the forefront and supports our organic growth strategy

Firmly on track across all financial targets

	Financial target	Progress to date	
Cash	• Mid-single digit percentage growth p.a. in Operating Cash Generation	On track	• 9% growth year-on-year in HY 2025
	• Total cash generation 3-year target of £5.1 billion across 2024–26	On track	• 50% achieved / £2.6 billion achieved
Capital	• Operate within our 140–180% Shareholder Capital Coverage Ratio operating range	On track	• 175% at end of HY2025
	• SII leverage ratio of c.30% by the end of 2026	On track	• 2% point improvement to 34% in HY 2025
Earnings	• c.£1.1 billion of IFRS adjusted operating profit in 2026	On track	• 25% growth year-on-year in HY 2025
	• £250 million of annual run-rate cost savings by the end of 2026	On track	• £100 million run-rate savings achieved

[2] In accordance with our dividend policy, the Board will announce any potential annual dividend increase alongside the Group's Full Year results and expects the Interim dividend to be in line with the previous year's Final dividend. The Board continues to prioritise the sustainability of our dividend over the long term. Future dividends and annual increases will be subject to the discretion of the Board, following assessment of longer-term affordability.

Group Chief Executive Officer's report

On track with our 3-year strategy

Phoenix Group manages c.£295 billion of assets under administration ('AUA') for c.12 million customers. Our purpose of 'helping people secure a life of possibilities' is embedded in everything that we do as we help customers journey to and through retirement.

In March 2024 we set out our 3-year strategy, to realise our vision to become the UK's leading retirement savings and income business. Progress towards achieving our vision is delivered through executing against our strategic priorities of Grow, Optimise and Enhance. We are building a sustainable and growing business, which delivers growing cash, capital and earnings, which in turn underpins our progressive and sustainable dividend with excess cash generated creating additional financial flexibility.

We are now halfway through our 3-year strategy and I am delighted with the progress. We have consistently executed against our strategic priorities, and we are seeing our businesses winning in their markets, and growing organically. We are firmly on track for all our financial targets.

I'm particularly pleased that this set of results evidences that the balance sheet pivot is beginning to show, as reflected in improved Solvency II balance sheet metrics, driven by the growth of the businesses post investment.

I am also energised by the opportunities ahead of us to meet more of our customers' needs, and we are uniquely positioned to capture the momentum, in our structurally growing markets.

Alongside our HY 2025 results, we are also announcing that we will change our Group name from Phoenix Group Holdings plc to Standard Life plc in March 2026. This move brings our most trusted brand to the forefront and demonstrates our commitment to helping customers secure a better retirement. The move aligns our brand strategy with our Group strategy, helping with our objective to simplify our business. It unifies our colleagues and strengthens our employer brand. It also reduces duplication and costs, and it supports our organic growth strategy.

Executing on our strategic priorities

To Grow we need to have a full suite of products which meet the needs of our customers, and build out our ability to engage with them. We received approval from the FCA in August for our in-house advice proposition which will launch later this year, further enhancing our Pensions and Savings business. Separately, in Retirement Solutions, the launch in March of the Standard Life Guaranteed Lifetime Income plan with Fidelity International means we now have a full range of savings and retirement products. Both are a key step in unlocking the Retail market where we are now focused on connecting these products and propositions onto the right adviser platforms and into the right direct channels.

To Optimise our scale in-force business and our balance sheet we have been evolving the asset management strategy of our annuity-backing assets towards an in-house model. This underpins our ability to deliver recurring management actions and creates cost savings. Together these contribute to the excess cash generation we are consistently achieving and in turn enabled us to repay debt to support our deleveraging programme.

Under Enhance, our priority is to transform our operating model and culture which in turn helps us to deliver better customer outcomes. A large aspect of this is completing the migration of customer administration to modern, technology-enabled platforms. With a further 0.8 million policies migrated onto the TCS BaNCS platform in the first half and an additional 1.9 million policies scheduled to be managed by Wipro under a new strategic partnership, we have delivered an acceleration in our cost savings run-rate and are simplifying our operating model.

A huge, structurally growing market with regulatory and political tailwinds

The UK long-term savings and retirement market is already large, with c.£3.6 trillion of total stock[3], but it is also structurally growing, with annual flows of c.£280–300 billion[4] across our key markets of Workplace, Retail and Annuities. These flows are driven by the current demographic and socio-economic trends which has seen increasing responsibility for retirement falling on individuals rather than employers as was previously the case.

With only 14% of people on track for the retirement they require[5], we continue to advocate for the changes that will make the biggest difference to our customers, and in this regard I am really encouraged by recent regulatory and political proposals that will support better retirement outcomes.

Raising savings levels through an increase in auto-enrolment contribution rates and a focus on value for money through consolidation and pensions dashboards will also help close the pension savings gap. With only 10% of the population currently paying for financial advice[6], the introduction of Targeted Support by the FCA has the potential to materially help customers make better financial decisions. The Mansion House Accord is a reflection of the continuing industry-led efforts to improve retirement outcomes and in parallel unlock long-term investment in UK growth.

We are well positioned to benefit from these tailwinds that will accelerate the existing structural growth opportunities. As a top three player in workplace, we are already well in excess of the £25 billion minimum scale threshold requirement for default funds, as set out in the Government's Pensions Scheme Bill. So we are ready to take on business from schemes who need a secure provider or who may struggle to meet some of the enhanced requirements within the Bill.

Phoenix is well-positioned to win share

Phoenix is well-positioned to win share in the growing Workplace, Retail and Annuities markets, underpinned by our three competitive advantages of customer engagement, capital and cost efficiency.

With 1 in 5 UK adults being customers of Phoenix we have an exceptional level of customer access. This gives us insights into what customers - both corporate and consumers - really need, which in turn supports how we develop and design propositions.

Our breadth of products means we can support customers not just when they are saving for retirement, but also when they are looking to transition to and secure income in retirement. Offering excellent service is key to winning too. Our ability to succeed here is underpinned by our strong digital capabilities such as our market leading app and by providing the tools our customers' need to empower them to make smarter financial decisions, and there is more for us to do.

We also benefit from capital efficiency from our diversified long-term savings and retirement businesses, comprising both capital-light fee-based and capital-utilising spread-based products.

Our existing cost efficiencies, underpinned by our c.12 million customer base have been achieved by leveraging technology across our business, and will increase further through our cost savings programme.

In parallel, our capital and cost efficiencies mean we can offer our products at competitive prices whilst maintaining attractive margins.

Pensions and Savings: successfully growing our capital-light fee-based business

Our capital-light fee-based Pensions and Savings propositions, comprising Workplace

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3 2024 Purple Book and internal analysis of publicly available company financial disclosures and latest market data

4 Broadridge, LCP, and internal analysis of publicly available company financial disclosures and latest market data

5 phoenix-insights-great-expectations-report.pdf

6 What role could Targeted Support play in supporting consumers at retirement?

and Retail, help customers journey to and through retirement.

Testament to the strength of our Workplace proposition and specifically our Master Trust offering, is the fact we were the first provider to win the Master Trust treble across Corporate Adviser, the Pensions Age and the Professional Pensions awards. Given Master Trust continues to be the fastest growing area of the workplace market, I am particularly proud of this achievement.

From a product perspective, in the first half we widened the availability of Standard Life drawdown products to ReAssure customers to support our desire to meet more of our existing customer needs. We also continued to embed sustainable investing principles to improve financial outcomes across our core investment range including the Sustainable Multi Asset default with the successful adoption of 'Sustainability Improvers' labelling across equities and corporate bonds for £35 billion AUA.

We now have a full range of savings and retirement products so our focus is on continuing to improve engagement. Our soon to be launched Retail advice proposition will be a key enabler on this journey. As we start to roll out trusted, in-house advice, we'll provide customers with a compelling reason to stay with Standard Life. To be clear, we'll start small here and scale over time.

To support our excellent digital-first member engagement, Standard Life completed its connection to the pension dashboard ecosystem. Separately, in partnership with Life Moments we launched Family Finance Hub, a new digital coaching platform designed to help families navigate key financial moments with confidence and clarity.

We continue to improve our Pensions and Savings profitability through growing our AUA and enhancing our operating margin through improved cost efficiency. This has supported increased IFRS adjusted operating profit of £179 million in the first half (HY 2024: £149 million). In terms of flows, Workplace saw £2.8bn net inflows, slightly lower year-on-year owing to the lumpy nature of bulk scheme wins, and the second half pipeline is solid. Retail net outflows improved to £4.4bn reflecting green shoots of our strategy.

Retirement Solutions: strong growth in operating profit and solid pipeline for H2

Our capital-utilising spread-based Retirement Solutions business, comprising Bulk Purchase Annuity ('BPA') and Individual annuities, help customers secure income certainty in retirement. Our strategy is based on disciplined capital deployment, with up to c.£200 million allocated per annum.

Alongside the launch of the Standard Life Guaranteed Lifetime Income plan product we've continued to enhance our BPA offering. This included leveraging our extensive novation experience, to support schemes with existing longevity insurance into BPA transactions. This means we have the expertise to help customers with their broad range of requirements. This, amongst other innovations, enabled us to complete our largest ever BPA deal in July worth £1.9bn.

To further enhance our digital experience for individual annuity customers in May we launched the UK's first fully digital, signature-free, annuity application process which is fully integrated with a number of key portals. This follows the launch of Annuity Desk for Standard Life customers, which provides customers with a seamless, personalised journey when exploring annuity options.

Annuity volumes of £0.8 billion in the first half were lower year-on-year due to current BPA market dynamics and our continued discipline. We have completed and are exclusive on an additional £2.9 billion BPA premiums since the period end reflecting a solid pipeline for the second half. We delivered strong ongoing Contractual Service Margin ('CSM') growth in the first half, with Group CSM up 10%, and a 36% increase in IFRS adjusted operating profit to £286 million (HY 2024: £210 million).

Evolving our approach to asset management to deliver better customer outcomes

To optimise customer outcomes and enhance returns we have been evolving our approach to asset management. Historically we have operated an out-sourced operating model for all assets, partnering with the best asset manager in each asset class that we operate across.

For our Pensions and Savings business, which represents the majority of our AUA, this strategy is unchanged. Moving forward we expect to consolidate the number of asset managers we partner with, with Aberdeen continuing to be our key asset management strategic partner into the future, and potentially attracting a greater share of these assets.

As signalled in March, our strategy for the management of our annuity-backing assets is evolving to one which is predominantly in-house, leveraging the internal capabilities we have built to manage derivatives, public credit and private assets alongside partnerships to source differentiated and unique private assets. We are now managing £5 billion of our £39 billion portfolio in-house, and are currently preparing to in-house a further c.£20 billion.

The shift to this in-housing model covers our annuity-backing assets. We have no intention of becoming a fully-fledged asset manager nor are we looking to manage third party assets.

We're excited about the benefits this brings by underpinning the delivery of annuity portfolio re-optimisation management actions and greater cost efficiency.

Firmly on track for all our financial targets

Consistently executing on each of our strategic priorities is translating directly into the delivery of attractive financial outcomes. Our first half performance has been strong across our financial framework of cash, capital and earnings and we are firmly on track to deliver all of our targets.

Operating Cash Generation ('OCG') continues to be the metric which best demonstrates the long-term underlying value generation from our business. OCG grew by 9% in the period to £705 million (HY 2024: £647 million). We continue to expect mid-single digit percentage growth per annum in OCG. This level of cash generation not only means that our dividend is well covered, and secure but also increases our financial flexibility, as we are generating at least £300 million of excess cash per annum after financing our recurring capital uses. We will deploy this excess in accordance with our capital allocation framework, with our immediate focus being deleveraging.

Please see more detail in our Business Review on pages 7 – 12.

H2 2025 priorities

Looking forward, we expect the second half of 2025 to be just as busy as the first whilst we continue to execute against each of our strategic priorities.

I'm particularly excited about the imminent launch of our Retail advice proposition and the launch of our Smooth Managed Fund on the Quilter platform to support our ambitions in the Retail market and to build out our engagement capabilities. In parallel we will progress the shift to in-housing of our annuity-backing assets and with strong operational and financial momentum in the business that will support our deleveraging programme. Lastly, we will migrate 1.1 million Standard Life policies to TCS BaNCS which is one of a number of actions that will support us achieving our increased FY2025 annual cost savings run-rate target of c.£160 million, up from £125 million as previously indicated. At this point 75% of policies will be on their end state platforms.

Summary

I continue to be delighted with the progress we are making against our strategic priorities. We are winning in our markets, and we are growing as a business. I am also pleased to see a stronger solvency balance sheet and to be firmly on track to deliver all of our 2026 financial targets.

Looking ahead, I am optimistic. The UK retirement savings and income market is huge and structurally growing and we are increasingly well placed to take advantage of the attractive opportunities it presents and deliver strong returns to our shareholders, supported by changing to Standard Life plc in March 2026.

Thank you

Our performance is only achieved through the continued hard work and dedication of our outstanding people. As we navigate this period of change it has been a challenging environment for some, so I would like to thank each and every one of my colleagues across the Group for their contributions.

Andy Briggs

Group Chief Executive Officer

Delivering cash, capital and earnings

H1 2025 financial summary

Financial performance metrics:		30 June 2025	30 June 2024	YOY change
Cash	Operating Cash Generation[1]	£705m	£647m	+9%
	Total cash generation[1]	£784m	£950m	-17%
IFRS	Adjusted operating profit[1]	£451m	£360m	+25%
	Loss after tax attributable to owners	£(156)m	£(646)m	+76%
Dividend	Interim dividend per share	27.35p	26.65p	+2.6%

Balance sheet metrics:		30 June 2025	31 December 2024	6-mth change
Solvency II capital	PGH Solvency II surplus	£3.6bn	£3.5bn	+2%
	PGH Shareholder Capital Coverage Ratio[1]	175%	172%	+3%pts
	Solvency II leverage ratio[1]	34%	36%	-2%pts
IFRS	Shareholders' equity	£768m	£1,213m	-37%
	Contractual Service Margin (gross of tax)	£3,567m	£3,257m	+10%
	Adjusted shareholders' equity[1]	£3,443m	£3,656m	-6%
Assets	Assets under administration[1]	£295bn	£292bn	+1%

1 Denotes metrics that are alternative performance measures ('APMs') – further information can be found on pages 63 to 68.

Strong momentum towards our 2026 targets
We are halfway through executing our 3-year strategy and the results so far are clear – our strong operating momentum has been carried into 2025 with improvement across our core financial framework metrics, as demonstrated by the growth in Operating Cash Generation ('OCG') (up 9%) and IFRS adjusted operating profit (up 25%). Our strong operating performance reinforces our ability to deliver sustainable cash generation and gives us improved financial flexibility to support our strategic priorities. As a result, we are firmly on track to deliver our 2026 financial targets across cash, capital and earnings.

Delivering our financial framework targets
In the first half of 2025, we delivered total cash generation of £784 million and we have now generated over half of our 2024-26 cumulative £5.1 billion total cash generation target.

Underpinning this is a strong 9% growth in OCG to £705 million, largely driven by a higher contribution from recurring management actions of £294 million (H1 2024: £264 million) executed by our in-house asset management team, and enabled by the investment into our Optimise strategic priority. We therefore remain on track to deliver an annual mid-single digit OCG % growth in 2025 and beyond. Importantly, OCG more than covered all of our recurring cash uses including the dividend, which totalled £459 million in the period, generating excess cash to deploy in line with our capital allocation framework, currently focused on deleveraging.

Our capital position remains resilient with a Solvency II ('SII') surplus of £3.6 billion as at 30 June 2025, £0.1 billion higher than our FY 2024 position, despite the planned redemption of $250 million (£200 million) of Restricted Tier 1 notes in February. The improvement reflects £0.2 billion of net recurring capital generation and a further £0.1 billion of net capital generation from non-recurring sources.

Our strong operating performance means the Shareholder Capital Coverage Ratio ('SCCR') has improved to 175% and is towards the top-end of our 140–180% operating target range.

We continue to demonstrate operational momentum, evidenced by a 25% increase in IFRS adjusted operating profit to £451 million, with improved performances reported in both of our main operating businesses, Pensions and Savings and Retirement Solutions. This reflects the focus and investment across our Grow and Enhance strategic priorities. Encouragingly, our IFRS adjusted operating profit has covered a greater proportion of our recurring uses.

Our capital-light fee-based Pension and Savings business has reported a 20% increase in IFRS adjusted operating profit, driven by higher revenue from a growing asset base and lower expenditure.

Our capital-utilising spread-based Retirement Solutions business grew its IFRS adjusted operating profit by 36% driven by a higher Contractual Service Margin ('CSM') release and higher combined investment margin and trading profits. We wrote £0.8 billion of new annuity premiums reflecting the timing of Bulk Purchase Annuity ('BPA') deals (H1 2025: £0.3 billion; H1 2024: £1.5 billion). We have since secured a further £2.9 billion of BPA premiums, either completed or in exclusive negotiations.

We reported an IFRS statutory loss after tax of £156 million in the period principally as a result of the adverse economic variances of £275 million, predominantly driven by rising equity markets, which reflect the known consequence of the Group's hedging programme.

As a reminder, our hedging programme aims to protect cash and Solvency II capital from volatility in equities and interest rates in order to protect the Group's ability to deliver a progressive and sustainable dividend. The hedging covers components of the Solvency balance sheet which are not present under IFRS, giving rise to accounting volatility. We continue to prioritise stable SII surplus capital and predictable dividends, and accept the hedge-related volatility in the IFRS result.

The CSM (gross of tax) rose by 10% to £3,567 million at 30 June 2025 (FY 2024: £3,257 million) driven by a £296 million contribution from strategic projects, comprising the impact of the lower cost of managing the annuity-backing assets which will be in-housed and the acceleration of net expense benefits related to the Wipro strategic partnership.

Adjusted shareholders' equity stood at £3,443 million at 30 June 2025 (FY 2024: £3,656 million), which has reduced principally as a result of the loss in the period.

Our SII leverage ratio has improved by 2%pts to 34% as at 30 June 2025 due to the redemption of £200 million of debt in February. This drove a 1%pt reduction in the leverage ratio, with a further 1%pt decrease due to growth in Regulatory Own Funds during the period supported by net capital generative actions. This reflects our focus on optimising our balance sheet in line with our strategic priorities.

In accordance with our dividend policy, the Board has declared a 2025 Interim dividend of 27.35 pence per share, which is in line with the 2024 Final dividend. This equates to a 2.6% year-on-year increase.

Thank you
The strong performance that we have continued to deliver in the first half of 2025 has been achieved by the continued efforts of my colleagues across the Group. I would therefore like to take this opportunity to thank them for their contributions in 2025 thus far.

Nicolaos Nicandrou
Group Chief Financial Officer

Cash

£705m

Operating Cash Generation REM APM

£784m

Total cash generation REM APM

Phoenix Group holding companies' sources and uses of cash

£m	H1 2025	H1 2024
Cash and cash equivalents at 1 January	**1,117**	**1,012**
Operating Cash Generation	705	647
Non-operating cash generation	79	303
Total cash generation[1]	**784**	**950**
Operating expenses	(33)	(56)
Debt interest	(133)	(138)
Shareholder dividend	(274)	(267)
Support of annuities activity	(19)	(36)
Total recurring uses of cash	**(459)**	**(497)**
Non-operating cash outflows	**(285)**	**(185)**
Closing cash and cash equivalents, pre-debt movements	**1,157**	**1,280**
Debt repayments	(200)	(643)
Debt issuance	–	390
Closing cash and cash equivalents at 30 June	**957**	**1,027**

1 Includes £114 million received by the holding companies in respect of tax losses surrendered (H1 2024: £28 million).

Operating Cash Generation ('OCG')

OCG represents the sustainable level of ongoing cash generation from our underlying business operations that is remitted from our Life Companies to the Group.

In the first half of 2025, OCG grew 9% to £705 million (H1 2024: £647 million). This was partly driven by an increase in surplus emergence to £411 million (H1 2024: £383 million), supported by the growing value of our in-force business.

The remaining £294 million of OCG was generated through recurring management actions (H1 2024: £264 million), a strong performance that means we are on track to deliver an annual contribution of c.£500 million in 2025. The majority of these actions were portfolio optimisation actions, contributing £189 million (H1 2024: £184 million), with a further £105 million (H1 2024: £80 million) from capital improvement and fund simplification actions.

Given the importance of this cash measure in tracking the Group's progress, we intend to provide additional analysis of the drivers of OCG by business segment at FY 2025. In H1 2025, Retirement Solutions generated c.£440 million of OCG and Pensions and Savings generated c.£165 million. The remaining c.£100 million of OCG was from Europe, With-Profits and Other.

Importantly, OCG of £705 million more than covered our recurring uses of cash in the period of £459 million, which includes dividends, operating costs, debt interest payments and annuities new business capital. The resulting £246 million of net recurring cash generation is flattered by the low level of annuity strain in the first half, reflecting the timing of BPA deals. We expect the full year net recurring cash generation to be at least in line with the £0.3 billion reported in 2024.

Looking ahead to the full year, we remain on track to deliver annual mid-single digit percentage rate growth in OCG, in line with our guidance, which reflects a more even delivery across the half year periods compared to 2024.

Total cash generation

Total cash generation represents the total cash remitted from the operating entities to the Group, comprising OCG, non-recurring management actions and the release of free surplus above capital requirements in the Life Companies.

In addition to the OCG generated this year, £79 million of non-operating cash generation was remitted in the period (H1 2024: £303 million). Total cash remitted during the period was therefore £784 million (H1 2024: £950 million). The quantum of this non-operating component reflects the timing of execution of capital actions, many of which were delivered after the remittance from the Life Company subsidiaries.

Including the 2024 total cash generation of £1,779 million, we have cumulatively delivered c.£2.6 billion, which is over half of our 2024-26 total cash generation target of £5.1 billion.

The 2024–26 total cash generation target is expected to exceed both our expected recurring uses of c.£3.3 billion over this period and the planned c.£0.7 billion investment in our business, and deliver excess cash of c.£1.1 billion.

In line with our capital allocation framework, the financial headroom created by this excess cash will be primarily directed to deleveraging in order to meet our c.30% SII leverage ratio target by the end of 2026. Some c.£450 million of debt has already been retired across 2024 and H1 2025.

Recurring uses of cash

Operating expenses reduced to £33 million (H1 2024: £56 million), in part reflecting the timing of certain cash settlements as well as cost reductions. Debt interest also declined to £133 million (H1 2024: £138 million) as we reduce the level of debt on our balance sheet.

The £274 million shareholder dividend represents the payment of the 2024 Final dividend in May. This has increased year-on-year, from £267 million, following the 2.6% increase announced with our FY 2024 results.

We have invested a more modest £19 million of capital into our annuities business (H1 2024: £36 million) to support the writing of £0.8 billion of new business annuity premiums in the year (H1 2024: £1.9 billion). In line with current market dynamics, we anticipate BPA activity to increase in the second half of 2025 and we have already written or are in an exclusive stage for an additional £2.9 billion of BPA premiums since the end of June. We remain focused on disciplined capital deployment in a competitive market.

Non-recurring uses of cash

Non-operating net cash outflows increased to £285 million (H1 2024: £185 million) primarily driven by £113 million of cash collateral outflows on currency derivatives used to hedge non-sterling debt instruments, following the depreciation of USD in the period. Non-operating costs also include £149 million (H1 2024: £164 million) of planned investment across our strategic priorities.

The debt repayment of £200 million (H1 2024: £253 million net repayment) represents the redemption of $250 million of Restricted Tier 1 notes in February 2025, in support of the Group's deleveraging programme.

Capital

£3.6bn

Solvency II surplus REM

175%

Group Shareholder Capital Coverage Ratio APM

34%

Solvency II leverage ratio APM

Solvency II economic sensitivity analysis[1]

	Surplus (£bn)	SCCR (%)
Solvency II base	**3.6**	**175**
Equities: 20% fall in markets	–	5
Long-term rates: 100bps rise in interest rates	–	5
Long-term rates: 100bps fall in interest rates	–	(4)
Long-term inflation: 50bps rise in inflation	–	(1)
Property: 12% fall in values	(0.2)	(5)
Credit spreads: 130bps widening with no allowance for downgrades	(0.1)	(1)
Credit downgrade: immediate full letter downgrade on 20% of portfolio[2]	(0.3)	(7)
Lapse: 10% increase/decrease in rates	(0.2)	(2)
Longevity: 6 months increase	(0.4)	(9)

1 Illustrative impacts assume changing one assumption on 1 July 2025, 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.

2 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.

Group Solvency II capital position

Our SII capital position remains resilient, with a surplus of £3.6 billion (FY 2024: £3.5 billion) and is stated after the accrual for the 2025 Interim dividend. This has grown by £0.1 billion in the period, despite the retirement of £200 million of debt in February, due to positive net recurring capital generation and other non-recurring management actions outweighing non-recurring uses in the period. Our SCCR increased 3%pts to 175% (FY 2024: 172%) and is towards the top-end of our target operating range of 140–180%.

Recurring capital generation

Net recurring SII capital generation totalled £0.2 billion in the first half of 2025 (H1 2024: £0.1 billion), which increased the SCCR by 4%pts (H1 2024: 3%pts).

In-force business surplus emergence and release of capital requirements contributed £0.4 billion to the SII surplus and 9%pts to the SCCR. We also delivered recurring management actions of £0.3 billion, increasing the SCCR by 6%pts, with the majority being Own Funds accretive as a result of portfolio optimisation and other actions.

Operating costs, dividends and debt interest totalled £0.4 billion, reducing the SCCR by 9%pts.

New business strain was negligible in the period and reduced the SCCR by 2%pts.

Non-recurring capital generation

Net non-recurring capital generation increased the SII surplus by £0.1 billion (H1 2024: £0.2 billion decrease) and the SCCR by 3%pts (H1 2024: 6%pts decrease). Other management actions generated £0.1 billion of surplus, primarily driven by the benefits of evolving to the in-house management of our annuity-backing assets. This action improves cost efficiency and strengthens our ability to deliver long-term value to shareholders. Investment spend and other primarily reflects our planned investment to grow, optimise and enhance our business, partially offset by the Day 1 benefit from our decision to appoint a new strategic partner, Wipro, that will assume the management of the existing ReAssure platform ALPHA sooner than our previous plan.

We continue to be well hedged on an economic basis under Solvency II, with a £0.1 billion SII capital adverse economic impact experienced from market movements in the first half of 2025. The majority of the £0.1 billion adverse economic impact relates to losses on currency derivatives used to hedge non-sterling debt instruments, driven by USD depreciation.

Since this debt qualifies as Solvency II eligible capital (Own Funds neutral), the valuation changes are not reflected in Own Funds. This temporary effect will reverse upon debt maturity. The adverse economic impact was offset by a £0.1 billion benefit relating to the unwind of the previous year's temporary annuity strain, as we source assets to match prior year annuity transactions.

Life Companies Free Surplus

Free Surplus represents the SII surplus of the Life Companies that is in excess of their Board-approved capital management policies. As at 30 June 2025, the Life Companies Free Surplus remained stable at £1.9 billion (FY 2024: £1.9 billion).

Leverage

SII leverage ratio has improved by 2%pts to 34% as at 30 June 2025 (FY 2024: 36%), driven by a 1%pt reduction from the $250 million debt repayment in February, as well as a further 1%pt decrease from growth in Regulatory Own Funds, supported by net capital generation actions.

We remain on track to achieve our c.30% SII leverage ratio target by the end of 2026, albeit the path will not be linear.

Movement in Group SII capital during H1 2025

		Recurring capital generation of +£0.2bn surplus and +4%pts SCCR				Non-recurring capital generation of +£0.1bn surplus and +3%pts SCCR					
£bn	2024	Surplus emergence and release of SCR	Recurring management actions	Operating costs, debt interest and dividends	New business strain	Other management actions	Economics and temporary strain	Investment spend and other	H1 2025 (pre-debt repayment)	Debt repayment	H1 2025
Own Funds	**8.4**	0.3	0.3	(0.4)	0.0	0.1	0.0	(0.1)	**8.6**	(0.2)	**8.4**
SCR	**(4.9)**	0.1	0.0	–	(0.1)	0.0	(0.0)	0.1	**(4.8)**	–	**(4.8)**
SII surplus	**3.5**	0.4	0.3	(0.4)	(0.0)	0.1	(0.0)	(0.0)	**3.8**	(0.2)	**3.6**
SCCR[1]	**172%**	9%	6%	(9)%	(2)%	3%	–	–	**179%**	(4)%	**175%**

Numbers may not sum due to rounding

1 The Shareholder Capital Coverage Ratio excludes SII Own Funds and Solvency Capital Requirements ('SCR') of unsupported With-Profit funds and unsupported pension schemes.

Earnings

£451m

IFRS adjusted operating profit REM APM

£3,567m

Contractual Service Margin (gross of tax)

£3,443m

IFRS adjusted shareholders' equity APM

IFRS income statement

£m	H1 2025	H1 2024
Pensions and Savings	179	149
Retirement Solutions	286	210
Europe and Other	41	50
With-Profits	4	3
Corporate Centre	(59)	(52)
Adjusted operating profit	**451**	**360**
Amortisation and impairment of intangibles	(116)	(131)
Other non-operating items	(184)	(302)
Finance costs attributable to owners	(97)	(101)
Profit/(loss) before economics, tax and NCI	**54**	**(174)**
Economic variances	(275)	(698)
Loss before tax and NCI	**(221)**	**(872)**
Profit before tax attributable to non-controlling interest	12	10
Loss before tax attributable to owners	**(209)**	**(862)**
Tax credit attributable to owners	53	216
Loss after tax attributable to owners	**(156)**	**(646)**

IFRS adjusted operating profit
IFRS adjusted operating profit is an alternative performance measure (see pages 63 to 68).

The Group generated a 25% year-on-year increase in IFRS adjusted operating profit to £451 million (H1 2024: £360 million) driven by continued growth in the contribution from both of our main operating businesses, Pensions and Savings and Retirement Solutions.

Our Pensions and Savings business delivered 20% growth in IFRS adjusted operating profit to £179 million (H1 2024: £149 million). This reflects the benefit of growing our asset base, with average Assets under Administration ('AUA') increasing 5% year-on-year and driving year-on-year investment contract revenue growth of 6%, combined with a reduction in the overall level of investment contract and non-attributable expenses. Workplace net inflows of £2.8bn (H1 2024: £3.3bn) were lower year-on-year owing to bulk scheme wins, and the H2 pipeline is solid. Retail net outflows improved to £4.4bn (H1 2024: £4.6bn). AUA growth in Pensions and Savings is supported by higher equity markets, and is up to £189.7 billion in the period (FY 2024: £186.5 billion). Based on average AUA, the IFRS adjusted operating profit represents an operating profit margin of 19bps in H1 2025, 2bps higher than both the H1 2024 and FY 2024 margin.

Our Retirement Solutions business reported IFRS adjusted operating profit of £286 million (H1 2024: £210 million). The 36% year-on-year increase is supported by a 25% increase in the CSM release to £91 million (H1 2024: £73 million) reflecting ongoing growth in our annuities book, and from higher combined investment margin and trading profits of £201 million (H1 2024: £154 million), reflecting portfolio management actions in the period. AUA in Retirement Solutions benefited from £0.8 billion of gross annuity inflows, lower than last year due to the timing of writing BPA new business. As a result, gross inflows did not fully cover annuity payments during the period, leading to a slight reduction in AUA to £38.8 billion (FY 2024: £40.3 billion). However, since the end of June, we have secured a further £2.9 billion of BPA premiums, either completed or in exclusive negotiations.

Europe and Other IFRS adjusted operating profit decreased to £41 million (H1 2024: £50 million), primarily due to current period one-off experience. With-Profits reported an IFRS adjusted operating profit of £4 million in line with last year (H1 2024: £3 million profit).

The Group's Corporate Centre includes net operating costs of £59 million (H1 2024: £52 million). The increase is primarily due to lower investment income on holding companies cash of £21 million (HY24: £27 million). This was driven by a decline in short-term interest rates and lower average cash holdings in the first half of this year, compared to H1 2024, reflecting the debt repayments.

Looking ahead to the full year, we would expect a more even delivery of IFRS adjusted operating profit across the half year periods compared to 2024.

IFRS loss after tax attributable to owners
The Group generated an IFRS loss after tax attributable to owners of £156 million (H1 2024: loss of £646 million). While we delivered a profit before economics, tax and NCI of £54 million (HY24: loss of £174 million), the statutory IFRS loss is primarily driven by £275 million of adverse hedging related economic variances.

Economic variances
Adverse economic variances of £275 million (H1 2024: £698 million adverse) reflected the result of the Group's hedging programme, which aims to protect cash and SII capital from volatility in equities and interest rates.

In the first half of 2025, higher UK interest rates (15-year swap rates up 7bps) and higher equity markets (FTSE: +7.2%, S&P500: +5.5%), produced net negative marks on the hedges, giving rise to the reported losses. In comparison, H1 2024 experienced a larger adverse economic experience driven by higher UK interest rates in the period (15-year swap rates up 56bps) with higher equity markets experienced as well (FTSE: +5.6%, S&P500: +14.8%).

Amortisation and impairment of intangibles
The previously acquired in-force business, relating to IFRS 9 capital-light fee-based business is being amortised in line with the expected run-off profile of the investment contract profits to which it relates. Amortisation during the period reduced to £116 million (H1 2024: £131 million) reflecting the run-off of this acquired business. This accounting impact will continue to reduce over time.

Other non-operating items
Other non-operating items totalled a loss of £184 million (H1 2024: £302 million loss), the majority of which reflects our planned investment spend across our strategic priorities, with the balance reflecting the expected cost of implementing the Wipro strategic partnership in so far as it relates to investment contracts. The reduction year-on-year in other non-operating items is largely due to H1 2024 having included a £106 million adverse impact from the buy-out of our internal PGL Pension Scheme.

Finance costs
Finance costs of £97 million (H1 2024: £101 million) reflect interest borne on the Group's debt instruments and is lower year-on-year due to the bond redemptions completed in 2024 and early 2025 net of refinancing activities, in support of the Group's deleveraging programme.

IFRS shareholders' equity and adjusted shareholders' equity

£m	H1 2025	FY 2024	H1 2024[1]
Adjusted operating profit	**451**	**825**	**360**
Recurring uses:			
Dividend	(274)	(533)	(267)
Debt interest	(97)	(204)	(101)
Amortisation of intangibles	(116)	(270)	(131)
Adjusted operating profit before tax, less recurring uses	**(36)**	**(182)**	**(139)**
Non-recurring uses, economics and tax:			
Non-operating items	(184)	(520)	(302)
Economic variances	(275)	(1,297)	(698)
Tax and other items recognised in equity	50	470	278[1]
Movement in shareholders' equity	**(445)**	**(1,529)**	**(861)**
Opening shareholders' equity	**1,213**	**2,742**	**2,742**
Movement in shareholders' equity	(445)	(1,529)	(861)
Closing shareholders' equity	**768**	**1,213**	**1,881[1]**
CSM (net of tax)	2,675	2,443	2,350
Adjusted shareholders' equity	**3,443**	**3,656**	**4,231[1]**

1 The Group identified material corrections to previously reported results that gave rise to a restatement of comparative information (see note 1 to the consolidated interim financial statements for further details.

Run-rate cost savings

The Group is targeting £250 million of annual run-rate cost savings, net of inflation, by the end of 2026, as we enhance our business and move to a more efficient Group-wide operating model. In the first half of 2025, the Group's cost savings programme delivered £37 million of run-rate savings, which will predominantly benefit our Pensions and Savings business. Including the savings achieved in 2024, this brings our cumulative annual run-rate cost savings to £100 million (of which £40 million has been earned in the period) and we expect to reach c.£160 million of cumulative run-rate cost savings by the end of 2025, some c.£35 million ahead of our previously announced plan. We therefore remain on track to achieve our 2026 target.

Shareholders' equity and adjusted shareholders' equity

We made significant progress in 2024 towards increasing the level of pre-tax IFRS adjusted operating profit to cover a greater proportion of our recurring uses, and this progress continued into the first half of 2025.

As previously signposted, our non-operating items remain high at present, as they are primarily driven by the impact of our planned 3-year non-recurring investment spend on migrations and transformation programmes across 2024-26. Our targeted IFRS adjusted operating profitability level of c.£1.1 billion in 2026 is expected to be sufficient to fully cover our recurring uses and create excess to fund non-recurring uses.

As with the prior periods, the economic variances in H1 2025 reflect the outcome of our hedging programme, which is designed to protect our cash and SII capital, and supports our progressive and sustainable dividend policy. The Board continues to prioritise stable SII surplus capital and predictable dividends, and accepts the hedge-related volatility in the IFRS result.

The resulting IFRS loss after tax in the period drove shareholders' equity lower at 30 June 2025 to £768 million (FY 2024: £1,213 million).

Adjusted shareholders' equity comprises IFRS shareholders' equity and the CSM (net of tax), and stood at £3,443 million at 30 June 2025 (FY 2024: £3,656 million).

Contractual Service Margin ('CSM')

The Group's CSM (gross of tax) rose by 10% to £3,567 million at 30 June 2025 (FY 2024: £3,257 million) and represents a sizeable stock of value that will unwind into IFRS adjusted operating profit in future years.

The increase in the period was driven by a £296 million contribution from strategic projects, which comprises the impact of the lower cost of managing our annuity-backing assets which will be in-housed and the acceleration of net expense benefits related to the Wipro strategic partnership. An additional £95 million was generated from assumption changes, experience, economics and other items (H1 2024: £301 million).

The Group's CSM in H1 2024 benefitted from a one-off £87 million increase related to the internal PGL Pension Scheme buy-out, and an £81 million one-off benefit relating to modelling refinements and adjustments.

A further £24 million increase was driven by new business written in the period (H1 2024: £92 million), with the lower year-on-year contribution reflecting timing of BPA deals.

The H1 2025 CSM release into the income statement was 7.5% on an annualised basis, broadly in line with the FY 2024 CSM release (8%), and contributed £138 million to pre-tax adjusted operating profit (H1 2024: £144 million). The net of tax value of the CSM increased to £2,675 million at 30 June 2025 (FY 2024: £2,443 million).

Movement in Group CSM during H1 2025, including segmental split

£m	Opening CSM (gross)	New business	Interest accretion	Assumption changes, experience, economics and other	Strategic project initiatives	Closing CSM, pre-release (gross)	CSM release	Closing CSM (gross)	Tax	Closing CSM (net)
Retirement Solutions	**2,306**	7	28	94	271	**2,706**	(91)	**2,615**	(654)	**1,961**
Pensions and Savings	**263**	–	–	23	10	**296**	(16)	**280**	(70)	**210**
Europe and Other	**196**	17	2	(2)	5	**218**	(18)	**200**	(50)	**150**
With-Profits	**492**	–	3	(20)	10	**485**	(13)	**472**	(118)	**354**
H1 2025 Total Group CSM	**3,257**	**24**	**33**	**95**	**296**	**3,705**	**(138)**	**3,567**	**(892)**	**2,675**
H1 2024 Total Group CSM[1]	**2,853**	**92**	**32**	**301**	**–**	**3,278**	**(144)**	**3,134**	**(784)**	**2,350**
FY 2024 Total Group CSM[2]	**2,853**	**248**	**67**	**370**	**–**	**3,538**	**(281)**	**3,257**	**(814)**	**2,443**

1 H1 2024 assumption changes, experience, economics and other includes £87 million relating to the internal PGL Pension Scheme buy-out and £81 million relating to modelling refinements and adjustments.

2 FY 2024 assumption changes, experience, economics and other includes £87 million relating to the internal PGL Pension Scheme buy-out and £71 million relating to modelling refinements and adjustments.

Dividend

27.35p

2025 Interim dividend

+2.6%

Year-on-year increase in Interim dividend

In accordance with our dividend policy, the Board will announce any potential annual dividend increase alongside the Group's Full Year results and expects the Interim dividend to be in line with the previous year's Final dividend. The Board continues to prioritise the sustainability of our dividend over the long term. Future dividends and annual increases will be subject to the discretion of the Board, following assessment of longer-term affordability.

In operating the policy and assessing longer-term affordability the Board considers the quantum and trajectory of the Group's Operating Cash Generation, SII surplus, Shareholder Capital Coverage Ratio and the distributable reserves at the Group's holding company.

At 31 December 2024, distributable reserves at Phoenix Group Holdings plc, the Group's holding company that pays dividends to shareholders, stood at £5,571 million, supported by sizeable distributions from its main operating subsidiaries which continue to report under UK GAAP and carry significant distributable reserves. In 2024 the Group's main operating subsidiaries generated strong UK GAAP net profits after covering hedging, which supported the cash remittances to Group.

In the consolidated IFRS financial statements, the Group is targeting a positive pre-hedge post-dividend IFRS net profit contribution to the IFRS shareholders' equity. The Group accepts the hedge-related volatility that impacts IFRS shareholders' equity, which is a known consequence of our Solvency II hedging strategy that is designed to protect our cash, capital and dividend.

In this overall context and consistent with previous guidance, the Board considers that the Group's consolidated IFRS shareholders' equity is not a constraint to the payment of our dividends.

In line with our policy, the Board has declared a 2025 Interim dividend of 27.35 pence per share, equal to the 2024 Final dividend announced at the Group's Full Year results in March.

The 2025 Interim dividend equates to a 2.6% year-on-year increase compared to the 2024 Interim dividend, in line with the increase of our 2024 Final dividend, which reflected the result of our improved operating performance in 2024 and our ongoing confidence in the Group's strategy.

Financial Targets

Phoenix Group's financial targets

Cash

- Mid-single digit percentage growth p.a. in Operating Cash Generation
- Total cash generation 3-year target of £5.1 billion across 2024–26

Capital

- Operate within our 140–180% Shareholder Capital Coverage Ratio operating range
- SII leverage ratio of c.30% by the end of 2026

Earnings

- c.£1.1 billion of IFRS adjusted operating profit in 2026
- £250 million of annual run-rate cost savings by the end of 2026

In March 2024 we reiterated our ambition to become the UK's leading retirement savings and income business and set 3-year targets under our financial framework of cash, capital and earnings, and were able to upgrade a number of targets in March 2025.

We are now halfway into our 3-year strategy and have built clear momentum, and despite a more volatile economic environment we are firmly on track to deliver all of our 2026 targets.

Our Risks and Risk Management

The Group's principal risks and uncertainties over the remainder of 2025 remain consistent with the Group's 2024 Annual Report and Accounts, published in March 2025. The seven principal risks facing the Group remain those detailed on pages 46 to 48 of the 2024 Annual Report, albeit recognising we have made considerable progress in the delivery of our migrations (which reduces our Strategic Risk).

This section provides an update on key elements of the risk environment in which the Group operates.

Risk environment and management response

The Group continues to operate in an uncertain risk environment, shaped by a range of external factors that must be navigated to deliver on the Group's Strategic priorities. These include:

- **Persistent macroeconomic and geopolitical uncertainty**, driven by ongoing global conflicts and a range of geopolitical factors. Central Banks reduced interest rates over 2024 and the first half of 2025, but the pace and extent of further reductions is uncertain. Market volatility remains a key factor that the Group is monitoring, whilst maintaining a robust hedging programme to help protect cash and Solvency capital from volatility in interest rates and equity and currency markets. The Group continues to operate investment strategies and controls to monitor market risk against the obligations we have made to our customers with an aim of delivering consistent, fair and sustainable outcomes.

- **The Retail Pensions market is evolving rapidly** shaped by regulatory reforms underpinned by growing expectations of value for money and guidance on advice that encourages digital first solutions. The Group continues to invest in broadening product offerings and embedding affordable accessible support to close the advice gap and improve customer outcomes. We remain committed to modernising legacy systems, building digital platforms and developing solutions to tailor guidance and customer communications.

- **Cyber risk remains a significant and evolving threat**, with attacks growing in scale and sophistication. High profile incidents in early 2025 underscore the increasing use of AI-driven techniques for phishing, malware and ransomware attacks. Generative AI is rapidly gaining traction and becoming a competitive imperative as firms explore its use in things like pricing, fraud detection and unlocking operational efficiencies. This brings new different types of risks around data security, fairness and transparency but harnessed in the right way will transform the sector. Phoenix maintains a robust cybersecurity framework, and we remain committed to a continuous programme focusing on data security, secure cloud environments, and continuous improvement in cyber detection and response capabilities.

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Statement of Directors' responsibilities

The Board of Directors of Phoenix Group Holdings plc hereby declares that, to the best of its knowledge:

- the condensed consolidated interim financial statements set out on pages 18 to 52 have been prepared in accordance with UK adopted IAS 34 'Interim Financial Reporting'; and
- the Interim Financial Report includes a fair review of the information required by DTR 4.2.7R and DTR 4.2.8R:
    - indication of important events that have occurred during the first six months ended 30 June 2025 and their impact on the condensed set of interim financial statements, and description of principal risks and uncertainties for the remaining six months of the year; and
    - transactions with related parties and any material changes in related party transactions described in the last Annual Report and Accounts that could have a material effect on the financial position or performance of Phoenix Group in the six months ended 30 June 2025.

Information on the current Directors responsible for providing this statement can be found on the Phoenix Group Holdings plc website at www.thephoenixgroup.com

By order of the Board

Andy Briggs
Group Chief Executive Officer

5 September 2025

Phoenix Group Holdings plc Board of Directors

Chair
Sir Nicholas Lyons

Executive Directors
Andy Briggs
Nicolaos Nicandrou

Non-Executive Directors
Eleanor Bucks
Siobhan Boylan
Karin Cook
Sherry Coutu, CBE
Karen Green
Mark Gregory
Hiroyuki Iioka
Katie Murray
Margaret Semple, OBE

Independent Review Report to Phoenix Group Holdings plc

Conclusion
We have been engaged by Phoenix Group Holdings plc ('the Company') to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2025 which comprises the condensed consolidated income statement, condensed statement of consolidated comprehensive income, condensed statement of consolidated financial position, condensed statement of consolidated changes in equity, condensed statement of consolidated cash flows and the related notes to the condensed consolidated interim financial statements.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2025 is not prepared, in all material respects, in accordance with IAS 34 *Interim Financial Reporting* as adopted for use in the UK and the Disclosure Guidance and Transparency Rules ('the DTR') of the UK's Financial Conduct Authority ('the UK FCA').

Basis for conclusion
We conducted our review in accordance with International Standard on Review Engagements (UK) 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* ('ISRE (UK) 2410') issued for use in the UK. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. We read the other information contained in the half-yearly financial report and consider whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusions relating to going concern
Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis for conclusion section of this report, nothing has come to our attention that causes us to believe that the Directors have inappropriately adopted the going concern basis of accounting, or that the Directors have identified material uncertainties relating to going concern that have not been appropriately disclosed.

This conclusion is based on the review procedures performed in accordance with ISRE (UK) 2410. However, future events or conditions may cause the Group to cease to continue as a going concern, and the above conclusions are not a guarantee that the Group will continue in operation.

Directors' responsibilities
The half-yearly financial report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the half-yearly financial report in accordance with the DTR of the UK FCA.

As disclosed in note 1, the annual financial statements of the Group are prepared in accordance with UK-adopted international accounting standards. The Directors are responsible for preparing the condensed set of financial statements included in the half-yearly financial report in accordance with IAS 34 as adopted for use in the UK.

In preparing the condensed set of financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Our responsibility
Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review. Our conclusion, including our conclusions relating to going concern, are based on procedures that are less extensive than audit procedures, as described in the Basis for conclusion section of this report.

The purpose of our review work and to whom we owe our responsibilities

This report is made solely to the Company in accordance with the terms of our engagement to assist the Company in meeting the requirements of the DTR of the UK FCA. Our review has been undertaken so that we might state to the Company those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company for our review work, for this report, or for the conclusions we have reached.

Stuart Crisp
For and on behalf of KPMG LLP
Chartered Accountants
15 Canada Square
London
E14 5GL

5 September 2025

Condensed consolidated income statement (unaudited)

For the half year ended 30 June 2025

	Notes	Half year ended 30 June 2025 £m	Half year ended 30 June 2024 £m
Insurance revenue	5	2,698	2,572
Insurance service expenses		(2,362)	(2,223)
Insurance service result before reinsurance contracts		336	349
Net expenses from reinsurance contracts		(159)	(91)
Insurance service result		177	258
Fees and commissions		510	483
Net investment income		7,895	11,571
Other operating income		20	19
Total income		8,602	12,331
Net finance expense from insurance contracts		(2,630)	(2,116)
Net finance income/(expense) from reinsurance contracts		79	(56)
Net insurance finance expense	6	(2,551)	(2,172)
Change in investment contract liabilities		(5,756)	(9,779)
Change in reinsurers' share of investment contract liabilities		720	341
Amortisation and impairment of acquired in-force business		(115)	(129)
Amortisation of other intangibles		(5)	(3)
Administrative expenses		(736)	(996)
Net expense attributable to unit holders		(15)	(115)
Profit/(loss) before finance costs and tax		144	(522)
Finance costs		(136)	(147)
Profit/(loss) for the period before tax		8	(669)
Tax charge attributable to policyholders' returns	7	(217)	(193)
Loss before the tax attributable to owners		(209)	(862)
Tax (charge)/credit	7	(164)	23
Add: tax attributable to policyholders' returns	7	217	193
Tax credit attributable to owners	7	53	216
Loss for the period attributable to owners		(156)	(646)
Attributable to:			
Owners of the parent		(168)	(656)
Non-controlling interests	16	12	10
		(156)	(646)
Earnings per ordinary share			
Basic (pence per share)	8	(18.2)p	(66.6)p
Diluted (pence per share)	8	(18.2)p	(66.6)p

Condensed statement of consolidated comprehensive income (unaudited)

For the half year ended 30 June 2025

	Notes	Half year ended 30 June 2025 £m	Half year ended 30 June 2024 £m
Loss for the period		**(156)**	(646)
Other comprehensive income:			
Items that are or may be reclassified to profit or loss:			
Cash flow hedges:			
Fair value (losses)/gains arising during the period		**(91)**	2
Reclassification adjustments for amounts recognised in profit or loss		**73**	(9)
Exchange differences on translating foreign operations		**-**	17
Items that will not be reclassified to profit or loss:			
Remeasurements of net defined benefit asset/liability		**15**	71
Tax charge relating to other comprehensive income items	7	**-**	(16)
Total other comprehensive (expense)/income for the period		**(3)**	65
Total comprehensive expense for the period		**(159)**	(581)
Attributable to:			
Owners of the parent		**(171)**	(591)
Non-controlling interests	16	**12**	10
		(159)	(581)

Condensed statement of consolidated financial position (unaudited)

As at 30 June 2025

	Notes	30 June 2025 £m	31 December 2024 £m
Assets			
Pension scheme asset	10	33	35
Reimbursement right asset	10	177	183
Intangible assets			
Goodwill		10	10
Acquired in-force business		1,531	1,646
Other intangibles		130	128
		1,671	1,784
Property, plant and equipment		73	91
Investment property		4,488	4,370
Investment in associate accounted for using the equity method		12	4
Financial assets			
Loans and deposits		346	261
Derivatives		4,224	2,600
Equities		98,184	96,351
Debt securities		91,568	88,322
Collective investment schemes		79,675	82,740
Reinsurers' share of investment contract liabilities		9,681	9,265
	11	283,678	279,539
Insurance assets			
Reinsurance contract assets	13	5,417	5,187
Deferred tax assets		209	146
Current tax		455	523
Prepayments and accrued income		470	399
Other receivables		3,297	3,043
Cash and cash equivalents		9,977	9,453
Assets classified as held for sale	2	14	3,100
Total assets		309,971	307,857

Condensed statement of consolidated financial position (unaudited)

As at 30 June 2025

	Notes	30 June 2025 £m	31 December 2024 £m
Equity and liabilities			
Equity attributable to owners of the parent			
Share capital	14	100	100
Share premium		18	16
Shares held by employee benefit trust		(11)	(18)
Foreign currency translation reserve		124	124
Merger relief reserve		593	593
Other reserves	15	5	23
Retained earnings		(61)	375
Total equity attributable to owners of the parent		768	1,213
Tier 1 Notes		494	494
Non-controlling interests	16	530	539
Total equity		1,792	2,246
Liabilities			
Pension scheme liability	10	1,266	1,312
Reimbursement right liabilities	10	40	34
Insurance liabilities			
Insurance contract liabilities	13	115,027	115,791
Reinsurance contract liabilities	13	148	158
		115,175	115,949
Financial liabilities			
Investment contracts		175,119	170,747
Borrowings	12	3,414	3,622
Derivatives		6,452	4,085
Net asset value attributable to unit holders		1,894	2,486
Obligations for repayment of collateral received		985	849
	11	187,864	181,789
Provisions		241	206
Deferred tax liabilities		266	198
Current tax		20	21
Lease liabilities		52	64
Accruals and deferred income		465	583
Other payables		2,790	2,280
Liabilities classified as held for sale	2	-	3,175
Total liabilities		308,179	305,611
Total equity and liabilities		309,971	307,857

Condensed statement of consolidated changes in equity (unaudited)

For the half year ended 30 June 2025

	Share capital (note 14) £m	Share premium £m	Shares held by the employee benefit trust £m	Foreign currency translation reserve £m	Merger relief reserve £m	Other reserves (note 15) £m	Retained earnings £m	Total £m	Tier 1 Notes £m	Non-controlling interests (note 16) £m	Total equity £m
At 1 January 2025	100	16	(18)	124	593	23	375	1,213	494	539	2,246
(Loss)/profit for the period	-	-	-	-	-	-	(168)	(168)	-	12	(156)
Other comprehensive (expense)/income for the period	-	-	-	-	-	(18)	15	(3)	-	-	(3)
Total comprehensive (expense)/income for the period	-	-	-	-	-	(18)	(153)	(171)	-	12	(159)
Issue of ordinary share capital, net of associated commissions and expenses	-	2	-	-	-	-	-	2	-	-	2
Dividends paid on ordinary shares		-	-	-	-	-	(274)	(274)	-	-	(274)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	(6)	(6)
Credit to equity for equity-settled share-based payments	-	-	-	-	-	-	13	13	-	-	13
Taxation on share schemes	-	-	-	-	-	-	3	3	-	-	3
Reserve movement on exercise of share scheme awards	-	-	11	-	-	-	(11)	-	-	-	-
Shares acquired by the employee benefit trust	-	-	(4)	-	-	-	-	(4)	-	-	(4)
Decrease in non-controlling interests	-	-	-	-	-	-	-	-		(15)	(15)
Coupon paid on Tier 1 Notes	-	-	-	-	-	-	(14)	(14)	-	-	(14)
At 30 June 2025	100	18	(11)	124	593	5	(61)	768	494	530	1,792

Condensed statement of consolidated changes in equity (unaudited)

For the half year ended 30 June 2024

	Share capital (note 14)	Share premium	Shares held by the employee benefit trust	Foreign currency translation reserve	Merger relief reserve	Other reserves (note 15)	Retained earnings	Total	Tier 1 Notes	Non-controlling interests (note 16)	Total equity
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
At 1 January 2024[1]	100	16	(15)	91	1,819	16	715	2,742	494	549	3,785
(Loss)/profit for the period	-	-	-	-	-	-	(656)	(656)	-	10	(646)
Other comprehensive income/(expense) for the period	-	-	-	17	-	(7)	55	65	-	-	65
Total comprehensive income/(expense) for the period	-	-	-	17	-	(7)	(601)	(591)	-	10	(581)
Dividends paid on ordinary shares	-	-	-	-	-	-	(267)	(267)	-	-	(267)
Dividends paid to non-controlling interests	-	-	-	-		-	-	-	-	(6)	(6)
Credit to equity for equity-settled share-based payments	-	-	-	-	-	-	12	12	-	-	12
Reserve movement on exercise of share scheme awards	-	-	11	-	-	-	(11)	-	-	-	-
Shares acquired by the employee benefit trust	-	-	(4)	-	-	-	-	(4)	-	-	(4)
Decrease in non-controlling interests	-	-	-	-	-	-	-	-	-	(11)	(11)
Coupon paid on Tier 1 Notes, net of tax relief	-	-	-	-	-	-	(11)	(11)	-	-	(11)
Transfer of merger relief reserve	-	-	-	-	(525)	-	525	-	-	-	-
At 30 June 2024 (restated[2])	100	16	(8)	108	1,294	9	362	1,881	494	542	2,917

1 As reported in 2024 Annual Report and Accounts.

2 See note 1 for details of the prior period retained earnings restatement.

Condensed statement of consolidated cash flows (unaudited)

For the half year ended 30 June 2025

	Notes	Half year ended 30 June 2025 £m	Half year ended 30 June 2024 £m
Cash flows from operating activities			
Cash generated by operations	17	1,150	3,200
Taxation paid		(91)	(106)
Net cash flows from operating activities		1,059	3,094
Cash flows from investing activities			
Capitalised software development costs		(6)	-
Net cash flows from investing activities		(6)	-
Cash flows from financing activities			
Proceeds from issuing ordinary shares, net of associated commission and expenses		2	-
Acquisition of non-controlling interests		(10)	(11)
Ordinary share dividends paid	9	(274)	(267)
Dividends paid to non-controlling interests	16	(6)	(6)
Repayment of policyholder borrowings		(9)	(15)
Repayment of shareholder borrowings		(200)	(643)
Repayment of lease liabilities		(5)	(6)
Payment by the Employee Benefit Trust to acquire shares		(4)	-
Proceeds from new shareholder borrowings, net of associated expenses		-	390
Proceeds from new policyholder borrowings, net of associated expenses		80	68
Coupon paid on Tier 1 Notes		(14)	(14)
Interest paid on policyholder borrowings		(3)	(3)
Interest paid on shareholder borrowings		(119)	(124)
Net cash flows from financing activities		(563)	(631)
Net increase in cash and cash equivalents		491	2,463
Cash and cash equivalents at the beginning of the period (before reclassification of cash and cash equivalents held for sale)		9,486	7,220
Less: cash and cash equivalents of operations classified as held for sale		-	(24)
Cash and cash equivalents at the end of the period		9,977	9,659

Notes to the condensed consolidated interim financial statements (unaudited)

1.Basis of preparation

The condensed consolidated interim financial statements ('the interim financial statements') for the half year ended 30 June 2025 comprise the interim financial statements of Phoenix Group Holdings plc ('the Company') and its subsidiaries (together referred to as 'the Group') as set out on pages 18 to 52 and were authorised by the Board of Directors for issue on 5 September 2025.

These interim financial statements are unaudited but have been reviewed by the Group's auditor, KPMG LLP. They do not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. The comparative results for the year ended 31 December 2024 are not the Group's statutory accounts for that financial year but have been derived from the Group's 2024 Annual Report and Accounts. The report of the auditor on those accounts was unqualified, did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report, and did not contain a statement under section 498 (2) or (3) of the Companies Act 2006. The comparative information for the half year ended 30 June 2024 is derived from the 2024 Interim Financial Statements. Detail of any restatement to the comparative information is set out in this note below. The interim financial statements should be read in conjunction with the audited consolidated financial statements of the Group for the year ended 31 December 2024.

The interim financial statements have been prepared on a going concern basis and on a historical cost basis except for investment property, owner-occupied property, those financial assets and financial liabilities (including derivative instruments) that have been measured at fair value, and for insurance and reinsurance contracts that are measured using estimates of future cash flows, as explained in the accounting policies below.

The interim financial statements are presented in sterling (£), the presentational currency for the Group, rounded to the nearest million except where otherwise stated.

Assets and liabilities are offset and the net amount reported in the condensed statement of consolidated financial position only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liability simultaneously. Income and expenses are not offset in the condensed consolidated income statement unless required or permitted by an International Financial Reporting Standard ('IFRS') or interpretation, as specifically disclosed in the accounting policies of the Group.

The interim financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting* as adopted by the UK. The accounting policies applied in the interim financial statements are consistent with those set out in the 2024 consolidated financial statements. In preparing the interim financial statements the Group has adopted the following amendment effective from 1 January 2025 which has been endorsed by the UK Endorsement Board ('UKEB'):

- Lack of Exchangeability (Amendments to IAS 21 *The Effects of Changes in Foreign Exchange Rates*).

The above amendment is not considered to have a material effect on these interim financial statements. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Going concern

As part of the Directors' consideration of the appropriateness of adopting the going concern basis for the preparation of the interim financial statements, the Directors have assessed whether the Group can meet its obligations as they fall due and can continue to meet its solvency requirements over a period of at least twelve months from the approval of this report.

The Board performs a comprehensive assessment of whether the Group and the Company are a going concern and as part of this assessment the Board has considered financial projections over the period to 31 December 2026, which demonstrate the ability of the Group to withstand market shocks in a range of severe but plausible stress scenarios. The projections demonstrate that appropriate levels of capital and liquidity would remain in the Life Companies supporting cash generation in the going concern period. In addition, the Board noted Phoenix Group's access to additional funding through its undrawn £1.5 billion revolving credit facility. The stresses do not give rise to any material uncertainties over Phoenix Group's ability to continue as a going concern.

As a result of the above assessment, these interim financial statements have been prepared on the basis that the Group will continue to operate as a going concern. The Directors consider that there are no material uncertainties that may cast significant doubt over this assumption. They have formed a judgement that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the period covered by the assessment.

Restatement of prior period primary statements

Deferred acquisition costs ('DAC') – On transition to IFRS 17, DAC recognised under IFRS 4 in respect of insurance contracts was derecognised. It was identified that the DAC on a portfolio of IFRS 9 contracts had been derecognised in error and acquisition costs on new business to this portfolio were not deferred in line with the Group's accounting policy. At 31 December 2023, retained earnings and other receivables were restated in the 2024 Annual Report and Accounts by £74 million and the balances at 1 January 2024 reflect this adjustment. Consequently, retained earnings in the condensed statement of consolidated changes in equity for the half year ended 30 June 2024 have been restated by £74 million from £288 million to £362 million. There has been no restatement in the condensed consolidated income statement for the period.

2. Assets and liabilities classified as held for sale

The major classes of assets and liabilities classified as held for sale at are as follows:

	30 June 2025	31 December 2024
	£m	£m
Property, plant and equipment	10	-
Investment property	4	1,082
Financial assets	-	1,985
Cash and cash equivalents	-	33
Assets classified as held for sale	14	3,100
Assets in consolidated funds[1]	-	75
Total assets of the disposal group	14	3,175
Investment contract liabilities	-	(3,175)
Liabilities classified as held for sale	-	(3,175)

1 Included in assets of the disposal group at 31 December 2024 were assets in consolidated funds, which were held to back investment contract liabilities of the TIP business and were disclosed within financial assets in the condensed consolidated statement of financial position. The Group controlled these funds at 31 December 2024 and therefore consolidated 100% of the assets with any non-controlling interest recognised as net asset value attributable to unit holders.

2.1 Transfer of business to Aberdeen Group

On 28 March 2025, the Group completed the Part VII transfer of the UK Trustee Investment Plan ('TIP') business to Aberdeen Group. This business was classified as a disposal group held for sale prior to the transfer. The self-invested elements of the Wrap SIPP business, which are held off-balance sheet, are still expected to transfer in the second quarter of 2026. At 30 June 2025, there are no remaining assets or liabilities to be classified as held for sale that are associated with this transaction.

An agreement was reached with Aberdeen Group to enter into an External Funds Link ('EFL') reinsurance arrangement upon completion of the Part VII to provide access to the retained pooled property funds. On completion of the Part VII in 2025, a financial liability has been recognised in respect of the EFL arrangement. No profit or loss has been recognised upon completion of the Part VII and initial recognition of the EFL reinsurance arrangement.

2.2 Disposal of Wythall Green site

During the period the Group finalised the details of the agreed sale of the Wythall Green site which includes land and an owner-occupied building. The sale is expected to complete before the end of 2025. The land and buildings are measured at the value of the expected net sales proceeds at 30 June 2025.

3. Segmental analysis
The Group defines and presents operating segments in accordance with IFRS 8 *Operating Segments* which requires such segments to be based on the information which is provided to the Board, and therefore segmental information in this note is presented on a different basis from profit or loss in the interim financial statements.

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses relating to transactions with other components of the Group. For management purposes the Group is organised into value centres and has five operating segments comprising Retirement Solutions, Pensions & Savings, With-Profits, SunLife & Protection, and Europe & Other. Operating segments are aggregated where they share similar economic characteristics including the nature of products and services, types of customers and the nature of the regulatory environment. The SunLife & Protection segment has been aggregated with the Europe segment to form a single Europe & Other operating segment. Details of each operating segment are included in note B1 of the 2024 Annual Report and Accounts.

The Corporate Centre segment, which is not a reportable segment, principally comprises central head office costs that are not directly attributable to the Group's insurance or investment contracts. Management services costs are allocated to the four operating segments.

Inter-segment transactions are set on an arm's length basis in a manner similar to transactions with third parties. Segmental results include those transfers between business segments which are then eliminated on consolidation.

Segmental measure of performance: Adjusted operating profit
The Group uses a non-GAAP measure of performance, being adjusted operating profit, to evaluate segmental performance. Adjusted operating profit is considered to provide a comparable measure of the underlying performance of the business as it excludes the impact of short-term economic volatility, one-off items and certain other items. Further details of the Group's adjusted operating profit methodology are included in note B1 of the 2024 Annual Report and Accounts.

The items excluded from adjusted operating profit are referred to as 'non-operating items'. Whilst the excluded items are important to an assessment of the consolidated financial performance of the Group, management considers that the presentation of adjusted operating profit provides a good indicator of the underlying performance of the Group's operating segments and the Group uses this, as part of a suite of measures, for decision-making and monitoring performance. The Group's adjusted operating profit should be read in conjunction with the IFRS profit/(loss) before tax.

3.1 Segmental result

	Half year ended 30 June 2025 £m	Half year ended 30 June 2024 £m
Adjusted operating profit		
Retirement Solutions	286	210
Pensions & Savings	179	149
With-Profits	4	3
Europe & Other	41	50
Corporate Centre	(59)	(52)
Total segmental adjusted operating profit	451	360
Economic variances	(275)	(698)
Amortisation and impairment of acquired in-force business	(113)	(128)
Amortisation of other intangibles	(3)	(3)
Other non-operating items	(184)	(302)
Finance costs attributable to owners	(97)	(101)
Loss before the tax attributable to owners of the parent	(221)	(872)
Profit before tax attributable to non-controlling interests	12	10
Loss before the tax attributable to owners	(209)	(862)

Other non-operating items in respect of the half year ended 30 June 2025 include:

- £70 million of costs associated with the delivery of the Group Target Operating Model for IT and Operations, including the provision for costs associated with the strategic decision to migrate customer administration of ReAssure policies to Wipro. Under IFRS 17, the expected costs in respect of this activity that are directly attributable to insurance contracts have been included within the measurement of insurance contract liabilities;
- costs of £35 million associated with finance transformation activities, including the migration to cloud-based systems and enhancements to actuarial modelling and reporting capabilities and the related control environment;
- £29 million of costs associated with strategic growth initiatives, including investment in digital and direct asset sourcing capabilities, establishment of the Group's integrated capital requirement model and transformation of the Group's operating model to support efficient growth;
- £13 million of costs associated with delivery of the Group's 3-year cost saving programme;
- £4 million of costs associated with ongoing integration programmes; and
- Corporate project costs and net other one-off items totalling a cost of £33 million.

Other non-operating items in respect of the half year ended 30 June 2024 include:

- £208 million loss reflecting the net loss from the derecognition of the IAS 19 *defined benefit obligation* and reimbursement rights and the recognition of an insurance contract and associated reinsurance contracts following the completion of the PGL Pension Scheme buy-out transaction. A gain of £108 million arose on the remeasurement of the BEL and risk adjustment using the discount rate implicit in the buy-out transfer amount at initial recognition and the Group's discount rate applied for the subsequent measurement of annuity insurance and reinsurance contracts immediately after initial recognition. The resulting net loss of £106 million also includes pension scheme wind up costs of £6 million incurred in the period to date;
- £48 million of costs associated with strategic growth initiatives, including investment in digital and direct asset sourcing capabilities, establishment of the Group's Bermudan reinsurance operations and transformation of the Group's operating model to support efficient growth;
- £47 million of costs associated with the delivery of the Group Target Operating Model for IT and Operations, including the migration of policyholder administration onto the Tata Consultancy Services ('TCS') platform. Under IFRS 17, the expected costs in respect of this activity that are directly attributable to insurance contracts have been included within the measurement of insurance contract liabilities;
- costs of £35 million associated with finance transformation activities, including the migration to cloud-based systems and enhancements to actuarial modelling and reporting capabilities and the related control environment;
- £19 million of costs associated with delivery of the Group's 3-year cost saving programme;
- £10 million of costs associated with ongoing integration programmes; and
- Corporate project costs and net other one-off items totalling a cost of £37 million.

Further details of the economic variances are included in note 4.

3.2 Segmental revenue

Half year ended 30 June 2025	Retirement Solutions £m	Pensions & Savings £m	With-Profits £m	Europe & Other £m	Total £m
Revenue from external customers:					
Insurance revenue	2,116	149	164	269	2,698
Fees and commissions	-	438	21	51	510
Total segmental revenue	2,116	587	185	320	3,208

Of the revenue from external customers presented in the table above for the half year ended 30 June 2025, £3,076 million is attributable to customers in the United Kingdom ('UK') and £132 million to the rest of the world. No revenue transaction with a single customer external to the Group amounts to greater than 10% of the Group's revenue.

The Group has total non-current assets (other than financial assets, deferred tax assets, pension schemes and rights arising under insurance contracts) as at 30 June 2025 of £4,359 million located in the UK and £342 million located in the rest of the world.

Half year ended 30 June 2024	Retirement Solutions £m	Pensions & Savings £m	With-Profits £m	Europe & Other £m	Total £m
Revenue from external customers:					
Insurance revenue	1,974	152	154	292	2,572
Fees and commissions	-	414	26	43	483
Total segmental revenue	1,974	566	180	335	3,055

Of the revenue from external customers presented in the table above for the half year ended 30 June 2024, £2,924 million is attributable to customers in the United Kingdom ('UK') and £131 million to the rest of the world. No revenue transaction with a single customer external to the Group amounts to greater than 10% of the Group's revenue.

The Group has total non-current assets (other than financial assets, deferred tax assets, pension schemes and rights arising under insurance contracts) as at 30 June 2024 of £3,884 million located in the UK and £253 million located in the rest of the world.

4. Economic variances

The long-term nature of much of the Group's operations means that, for internal performance management, the effects of short-term economic volatility are treated as non-operating items. The Group focuses instead on an adjusted operating profit measure that incorporates an expected return on investments supporting its long-term business. The methodology for the determination of the expected investment return is explained below together with an analysis of investment return variances and economic assumption changes recognised outside of adjusted operating profit.

4.1 Calculation of the long-term investment return

Adjusted operating profit for life assurance business is based on expected investment returns on financial investments backing shareholder, annuity, other non-profit business, with-profits funds receiving shareholder support and surplus assets, with allowance for the corresponding movements in liabilities.

The methodology to determine the expected investment returns on financial investments uses the 1-year risk-free rate for deriving the expected investment return assumption on assets backing the insurance contract liabilities to reduce unintended economic volatility.

The long-term risk-free rate used as the basis for deriving the long-term investment return is consistent with that set out in note 13.1 at the 1-year duration for assets backing the insurance contract liabilities and surplus cash assets, and at the 15-year duration for surplus non-cash assets.

A risk premium of 380 bps is added to the risk-free yield for equities (30 June 2024: 400 bps) and 160 bps for debt securities (30 June 2024 restated: 170 bps). The comparative risk premium for debt securities has been restated as there was an error in the disclosed rate. The restatement has had no impact on any of the other comparative information disclosed in the interim financial statements.

The principal assumptions, determined as at 1 January of each reporting period, underlying the calculation of the long-term investment return for surplus assets are:

	Half year ended 30 June 2025 %	Half year ended 30 June 2024 restated %
Equities	**8.0**	7.4
Debt Securities	**5.8**	5.1

4.2 Life assurance business

The economic variances excluded from the long-term business adjusted operating profit are as follows:

	Half year ended 30 June 2025 £m	Half year ended 30 June 2024 £m
Economic variances	(275)	(698)

The net adverse economic variances of £275 million (half year ended 30 June 2024: adverse £698 million) have primarily arisen as a result of rising global equity markets and a decrease in inflation expectations. Movements in equity markets and inflation are hedged to protect our Solvency II surplus from volatility, but our IFRS balance sheet is, in effect, 'over-hedged' as it does not recognise the additional Solvency II balance sheet items such as future profits on investment contracts measured under IFRS 9 and the Solvency Capital Requirements.

5. Insurance revenue

An analysis of insurance revenue from groups of insurance contracts held is included in the following table. Additional information on amounts recognised in profit or loss is included in the insurance contract balances reconciliation in note 13.

	Half year ended 30 June 2025 £m	Half year ended 30 June 2024 £m
Amounts relating to changes in liabilities for remaining coverage:		
CSM recognised in period for services provided	226	222
Change in risk adjustment for non-financial risk	59	31
Expected claims and other insurance service expenses	2,379	2,280
Expected policyholder tax charges	30	34
Amounts relating to recovery of insurance acquisition cash flows	4	5
Insurance revenue	**2,698**	2,572

6. Net insurance finance expense

An analysis of insurance finance income and expenses for insurance contracts issued and reinsurance contracts held is provided in the table below.

	Half year ended 30 June 2025 £m	Half year ended 30 June 2024 £m
Insurance contracts		
Changes in fair value of underlying items of direct participating contracts	(543)	(1,466)
Group's share of changes in fair value of underlying items or fulfilment cash flows that do not adjust the CSM	4	19
Unwind of discount on fulfilment cash flows	(2,612)	(2,807)
Interest accreted on the CSM	(56)	(56)
Effect of changes in interest rates and other financial assumptions	577	2,194
Net finance expense from insurance contracts	**(2,630)**	(2,116)
Reinsurance contracts		
Unwind of discount on fulfilment cash flows	133	197
Interest accreted on the CSM	24	24
Effect of changes in interest rates and other financial assumptions	(78)	(277)
Net finance income/(expense) from reinsurance contracts	**79**	(56)
Net insurance finance expense	**(2,551)**	(2,172)

7. Tax charge /(credit)

7.1 Current period tax charge/(credit)

Income tax comprises current and deferred tax. Income tax is recognised in the condensed consolidated income statement except to the extent that it relates to items recognised in the condensed statement of consolidated comprehensive income or the condensed statement of consolidated changes in equity, in which case it is recognised in these statements. Current tax is the expected tax payable on the taxable income for the period, using tax rates and laws enacted or substantively enacted at the date of the condensed statement of consolidated financial position together with adjustments to tax payable in respect of previous periods. The tax charge/(credit) is analysed between tax that is payable in respect of policyholders' returns and tax that is payable on owners' returns.

	Half year ended 30 June 2025 £m	Half year ended 30 June 2024 £m
Current tax:		
UK corporation tax	**57**	40
Overseas tax	**65**	50
	122	90
Adjustment in respect of prior periods	**39**	(5)
Total current tax charge	**161**	85
Deferred tax:		
Origination and reversal of temporary differences	**14**	(81)
Adjustment in respect of prior periods	**(11)**	(27)
Total deferred tax charge/(credit)	**3**	(108)
Total tax charge/(credit)	**164**	(23)
Attributable to:		
– policyholders	**217**	193
– owners	**(53)**	(216)
Total tax charge/(credit)	**164**	(23)

The Group, as a proxy for policyholders in the UK, is required to pay taxes on investment income and gains each year. Accordingly, the tax credit or expense attributable to UK life assurance policyholder earnings is included in the income tax expense. The tax charge attributable to policyholder earnings was £217 million (half year ended 30 June 2024: £193 million charge).

The current tax prior year adjustment primarily arises due to a Court of Appeal ruling in 2025. The Group in conjunction with a number of other companies challenged HMRC's position on the corporation tax treatment of overseas portfolio dividends from companies resident in the EU ('EU dividends') using a Group Litigation Order ('GLO'). The issue relates to whether the UK tax rules, which taxed EU dividends received prior to 1 July 2009, were contrary to EU law given that dividends received from UK companies were exempt from tax. In 2009 UK tax law was changed with both overseas and UK dividends being treated as exempt from corporation tax. The Court of Appeal ruled in favour of HMRC in 2025 and accordingly the tax receivable and the associated amount payable to policyholders were derecognised in the period.

7.2 Tax charged to other comprehensive income

	Half year ended 30 June 2025 £m	Half year ended 30 June 2024 £m
Current tax credit	**(4)**	(1)
Deferred tax charge on defined benefit schemes	**4**	17
Total tax charge relating to other comprehensive income items	**-**	16

7.3 Tax credited to equity

	Half year ended 30 June 2025 £m	Half year ended 30 June 2024 £m
Current tax credit on Tier 1 Notes	**-**	(4)
Deferred tax credit on share schemes	**(3)**	-

7.4 Reconciliation of tax charge/(credit)

	Half year ended 30 June 2025 £m	Half year ended 30 June 2024 £m
Profit/(loss) before tax	8	(669)
Tax charge attributable to policyholders' returns	(217)	(193)
Loss before the tax attributable to owners	(209)	(862)
Tax credit at standard UK rate of 25%[1]	(52)	(216)
Disallowable expenses	-	1
Prior year tax credit for shareholders[2]	(11)	(44)
Movement on acquired in-force amortisation at rates other than 25%	4	5
Profits taxed at rates other than 25%[3]	10	63
Recognition of previously unrecognised deferred tax assets[4]	(10)	(25)
Current year losses not valued	4	-
Other	2	-
Owners' tax credit	(53)	(216)
Tax charge attributable to policyholders' returns	217	193
Total tax charge/(credit) for the period	164	(23)

1 The Phoenix Group operating segments are predominantly in the UK. The reconciliation of tax charge has therefore been completed by reference to the standard rate of UK tax.
2 The 2024 prior year tax credit relates principally to refinements in the allocation of profit between tax jurisdictions and true-ups between Group reporting and statutory reporting.
3 Profits taxed at rates other than 25% relate to overseas profits, consolidated fund investments and UK life company profits subject to marginal shareholder tax rates.
4 The 2025 recognition of previously unrecognised deferred tax assets relates principally to ReAssure Limited capital losses utilised in the period, and in relation to which a deferred tax asset was not previously recognised. The 2024 balance relates principally to Standard Life International DAC tax losses, in relation to which a tax asset was recognised in the period.

The Group is continuing to monitor developments in relation to the G20-OECD Inclusive Framework, commonly referred to as Pillar Two rules ('Pillar Two'), as the Group is within scope of the rules from 1 January 2024. Broadly, these rules seek to ensure that, on a jurisdiction-by-jurisdiction basis, large multinational enterprises pay a minimum tax rate of 15% on worldwide profits arising after 31 December 2023.

In May 2023, the scope of IAS 12 was amended to clarify that the standard applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two model rules published by the OECD, including tax law that implements qualified domestic minimum top-up taxes described in those rules. The amendments introduced a temporary exception to the accounting requirements for deferred taxes in IAS 12, so that an entity would neither recognise nor disclose information about deferred tax assets and liabilities related to Pillar Two income taxes. The Group confirms that it has applied this exception during the period.

The main jurisdictions in which the Group may have exposures to Pillar Two income taxes are Ireland and the UK. As at 30 June 2025, the Group has accrued £nil in respect of Pillar Two income taxes based on its latest assessment. The Group also notes that the Pillar Two income taxes legislation is expected to continue developing. The rules are inherently complex and can potentially lead to arbitrary outcomes and therefore the Group is continuing to assess the impact of the Pillar Two income taxes legislation on its operations.

	Half year ended 30 June 2025 £m	Year ended 31 December 2024 £m
Deferred tax assets have not been recognised in respect of:		
Tax losses carried forward	50	54
Excess expenses and deferred acquisition costs	5	-
Actuarial liability differences between local GAAP and IFRS 17	2	-
Capital losses	111	116

There is a technical matter which is currently being discussed with HMRC in relation to the L&G insurance business transfer to ReAssure Limited. These discussions are not sufficiently progressed at this stage for recognition of any potential tax benefit arising from this business transfer.

Deferred tax is provided for on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not provided in respect of temporary differences arising from the initial recognition of goodwill and the initial recognition of assets or liabilities in a transaction that is not a business combination and that, at the time of the transaction, affects neither accounting nor taxable profit. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates and laws enacted or substantively enacted at the period end. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

8. Earnings per share

The Group calculates its basic earnings per share based on the present shares in issue using the earnings attributable to ordinary equity holders of the parent, divided by the weighted average number of ordinary shares in issue during the period.

Diluted earnings per share are calculated based on the potential future shares in issue assuming the conversion of all potentially dilutive ordinary shares. The weighted average number of ordinary shares in issue is adjusted to assume conversion of dilutive share awards granted to employees.

The basic and diluted earnings per share calculations are also presented based on the Group's adjusted operating profit net of financing costs. Adjusted operating profit is a non-GAAP performance measure that is considered to provide a comparable measure of the underlying performance of the business as it excludes the impact of short-term economic volatility and other one-off items.

The result attributable to ordinary equity holders of the parent for the purposes of computing earnings per share has been calculated as set out below.

Half year ended 30 June 2025	Adjusted operating profit £m	Financing costs £m	Adjusted operating earnings net of financing costs £m	Other non-operating items £m	Total £m
Profit/(loss) before the tax attributable to owners	451	(97)	354	(563)	(209)
Tax (charge)/credit attributable to owners	(111)	24	(87)	140	53
Profit/(loss) for the period attributable to owners	340	(73)	267	(423)	(156)
Coupon paid on Tier 1 notes	-	(14)	(14)	-	(14)
Deduct: Share of result attributable to non-controlling interests	-	-	-	(12)	(12)
Profit/(loss) for the period attributable to ordinary equity holders of the parent	340	(87)	253	(435)	(182)

Half year ended 30 June 2024	Adjusted operating profit £m	Financing costs £m	Adjusted operating earnings net of financing costs £m	Other non-operating items £m	Total £m
Profit/(loss) before the tax attributable to owners	360	(101)	259	(1,121)	(862)
Tax (charge)/credit attributable to owners	(88)	25	(63)	279	216
Profit/(loss) for the period attributable to owners	272	(76)	196	(842)	(646)
Coupon paid on Tier 1 notes	-	(11)	(11)	-	(11)
Deduct: Share of result attributable to non-controlling interests	-	-	-	(10)	(10)
Profit/(loss) for the period attributable to ordinary equity holders of the parent	272	(87)	185	(852)	(667)

The weighted average number of ordinary shares outstanding during the period is calculated as follows:

	Half year ended 30 June 2025 Number million	Half year ended 30 June 2024 Number million
Issued ordinary shares at beginning of the period	1,003	1,002
Effect of non-contingently issuable shares in respect of Group's long-term incentive plan	2	1
Own shares held by employee benefit trust	(3)	(2)
Weighted average number of ordinary shares	1,002	1,001

The diluted weighted average number of ordinary shares outstanding during the period is 1,008 million (half year ended 30 June 2024: 1,004 million). The Group's long-term incentive plan, deferred bonus share scheme and Sharesave schemes increased the weighted average number of shares on a diluted basis 5,807,635 shares for the half year ended 30 June 2025 (half year ended 30 June 2024: 3,376,753 shares). As losses have an anti-dilutive effect, none of the share-based awards have a dilutive effect in the calculation of basic earnings per share for all periods presented.

Earnings per share disclosures are as follows:

	Half year ended 30 June 2025 pence	Half year ended 30 June 2024 pence
Basic earnings per share	(18.2)	(66.6)
Diluted earnings per share	(18.2)	(66.6)
Basic operating earnings net of financing costs per share	25.3	18.5
Diluted operating earnings net of financing costs per share	25.1	18.4

9. Dividends on ordinary shares

	Half year ended 30 June 2025 £m	Half year ended 30 June 2024 £m
Dividend declared and paid	274	267

On 16 March 2025, the Board recommended a final dividend of 27.35p per share in respect of the year ended 31 December 2024. The dividend was approved at the Company's Annual General Meeting, which was held on 13 May 2025. The dividend amounted to £274 million and was paid on 21 May 2025.

10. Pension schemes

The condensed statement of consolidated financial position incorporates the pension scheme assets and liabilities of the Pearl Group Staff Pension Scheme, the Abbey Life Staff Pension Scheme, the ReAssure Staff Pension Scheme and the Sun Life Assurance Company of Canada 1988 UK and Irish Employee Benefits scheme ('Sun Life of Canada Scheme') as at 30 June 2025.

	30 June 2025 £m	31 December 2024 £m
Pearl Group Staff Pension Scheme		
Economic surplus	47	48
Adjustment for insurance policies eliminated on consolidation	(1,313)	(1,358)
Net pension scheme liability	(1,266)	(1,310)
Reimbursement right asset	175	181
Reimbursement right liability	(40)	(34)
Abbey Life Staff Pension Scheme		
Pension scheme asset/(liability)	1	(2)
ReAssure Staff Pension Scheme		
Pension scheme asset	17	20
Sun Life of Canada Scheme		
Pension scheme asset	15	15
Reimbursement right asset	2	2

A High Court legal ruling in June 2023 (Virgin Media Limited v NTL Pension Trustees II Limited) decided that certain rule amendments were invalid if they were not accompanied by the correct actuarial confirmation. In July 2024, an appeal by Virgin Media Limited was dismissed by the High Court, affirming the initial judgment. While the ruling only applied to the specific pension scheme in question, it now forms part of case law and can therefore be expected to apply across other pension schemes.

On 5 June 2025, the Government confirmed it intends to legislate in relation to the Virgin Media ruling, to allow any missing actuarial confirmation following a benefit change to be provided on a retrospective basis. Management's confidence that the ruling will not impact the value of liabilities in the Group's defined benefit pension schemes has therefore increased compared to their view at 31 December 2024, and no change to the pension scheme liabilities is expected in this regard at 30 June 2025.

11. Financial instruments
11.1 Fair values
The table below sets out a comparison of the carrying amounts and fair values of financial instruments.

	30 June 2025		31 December 2024	
	Carrying value £m	Fair value £m	Carrying value £m	Fair value £m
Financial assets				
Financial assets mandatorily held at fair value through profit or loss ('FVTPL'):				
Loans and deposits	255	255	249	249
Derivatives	4,224	4,224	2,600	2,600
Equities	98,184	98,184	96,365	96,365
Debt securities	91,568	91,568	89,301	89,301
Collective investment schemes	79,675	79,675	83,700	83,700
Reinsurers' share of investment contract liabilities	9,681	9,681	9,297	9,297
Financial assets measured at amortised cost:				
Loans and deposits	91	91	12	12
Total financial assets	283,678	283,678	281,524	281,524
Less amounts classified as financial assets held for sale (see note 2)[1]	-	-	(1,985)	(1,985)
Total financial assets less financial assets classified as held for sale	283,678	283,678	279,539	279,539

1 Amounts classified as financial assets held for sale as at 31 December 2024 include equities of £14 million, debt securities of £979 million, collective investment schemes of £960 million and reinsurers' share of investment contract liabilities of £32 million.

	30 June 2025		31 December 2024	
	Carrying value £m	Fair value £m	Carrying value £m	Fair value £m
Financial liabilities				
Financial liabilities mandatorily held at FVTPL:				
Derivatives	6,452	6,452	4,085	4,085
Financial liabilities designated at FVTPL upon initial recognition:				
Borrowings	23	23	31	31
Net asset value attributable to unit holders	1,894	1,894	2,486	2,486
Investment contract liabilities	175,119	175,119	173,922	173,922
Financial liabilities measured at amortised cost:				
Borrowings	3,391	3,442	3,591	3,599
Obligations for repayment of collateral received	985	985	849	849
Total financial liabilities	187,864	187,915	184,964	184,972
Less amounts classified as financial liabilities held for sale (see note 2)[1]	-	-	(3,175)	(3,175)
Total financial liabilities less financial liabilities classified as held for sale	187,864	187,915	181,789	181,797

1 Amounts classified as financial liabilities held for sale as at 31 December 2024 include investment contract liabilities of £3,175 million.

11.2 Fair value hierarchy

11.2.1 Determination of fair value and fair value hierarchy of financial instruments

All assets and liabilities which are measured using fair value in the interim financial statements are categorised within the fair value hierarchy based on the lowest level input that is significant to the fair value measurement as a whole. Further details of how these financial instruments are classified as either Level 1, Level 2 or Level 3 are included in note E2.1 of the 2024 Annual Report and Accounts.

For financial instruments that are recognised at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) during each reporting period.

11.2.2 Fair value hierarchy of financial instruments measured at fair value

30 June 2025	Level 1 £m	Level 2 £m	Level 3 £m	Total fair value £m
Financial assets measured at fair value				
Financial assets mandatorily held at FVTPL:				
Loan and deposits	-	255	-	255
Derivatives	82	3,959	183	4,224
Equities	95,565	96	2,523	98,184
Debt securities	47,290	28,762	15,516	91,568
Collective investment schemes	76,198	3,037	440	79,675
Reinsurers' share of investment contract liabilities	9,681	-	-	9,681
Total financial assets measured at fair value	228,816	36,109	18,662	283,587

30 June 2025	Level 1 £m	Level 2 £m	Level 3 £m	Total fair value £m
Financial liabilities measured at fair value				
Financial liabilities mandatorily held at FVTPL:				
Derivatives	72	6,253	127	6,452
Financial liabilities designated at FVTPL upon initial recognition:				
Borrowings	-	-	23	23
Net asset value attributable to unit holders	1,894	-	-	1,894
Investment contract liabilities	-	175,119	-	175,119
Total financial liabilities measured at fair value	1,966	181,372	150	183,488

31 December 2024	Level 1 £m	Level 2 £m	Level 3 £m	Total fair value £m
Financial assets measured at fair value				
Financial assets mandatorily held at FVTPL:				
Loan and deposits	-	249	-	249
Derivatives	114	2,321	165	2,600
Equities	93,708	81	2,576	96,365
Debt securities	49,624	24,531	15,146	89,301
Collective investment schemes	79,921	3,292	487	83,700
Reinsurers' share of investment contract liabilities	9,297	-	-	9,297
Total financial assets measured at fair value	232,664	30,474	18,374	281,512
Less amounts classified as financial assets held for sale (see note 2)[1]	(1,283)	(147)	(555)	(1,985)
Total financial assets measured at fair value, excluding financial assets classified as held for sale	231,381	30,327	17,819	279,527

1 Amounts classified as held for sale includes £14 million of equities (Level 1), £32 million of reinsurers' share of investment contract liabilities (Level 1), £960 million of collective investment schemes (£956 million Level 1 and £4 million Level 2) and £979 million of debt securities (£281 million Level 1; £143 million Level 2; and £555 million Level 3).

31 December 2024	Level 1 £m	Level 2 £m	Level 3 £m	Total fair value £m
Financial liabilities measured at fair value				
Financial liabilities mandatorily held at FVTPL:				
Derivatives	70	3,882	133	4,085
Financial liabilities designated at FVTPL upon initial recognition:				
Borrowings	-	-	31	31
Net asset value attributable to unit holders	2,486	-	-	2,486
Investment contract liabilities	-	173,922	-	173,922
Total financial liabilities measured at fair value	2,556	177,804	164	180,524
Less amounts classified as financial liabilities held for sale (see note 2)[1]	-	(3,175)	-	(3,175)
Total financial liabilities measured at fair value less financial liabilities classified as held for sale	2,556	174,629	164	177,349

1 Amounts classified as held for sale includes £3,175 million of investment contract liabilities.

11.2.3 Significant inputs and input values for Level 3 financial instruments

			Key unobservable input value	
Description	Valuation technique	Significant inputs	30 June 2025	31 December 2024
Equities	Net asset value	Net asset statement	**£2,523m**	£2,576m
Debt securities (see 11.2.4 for further details)				
Loans guaranteed by export credit agencies & supranationals	DCF model[1]	Credit spread	**95bps (weighted average)**	100bps[2] (weighted average)
Private corporate credit	DCF model[1]	Credit spread	**157bps (weighted average)**	165bps[2] (weighted average)
Infrastructure loans	DCF model[1]	Credit spread	**176bps (weighted average)**	174bps[2] (weighted average)
Loans to housing associations	DCF model[1]	Credit spread	**159bps (weighted average)**	161bps[2] (weighted average)
Local authority loans	DCF model[1]	Credit spread	**147bps (weighted average)**	142bps[2] (weighted average)
Equity Release Mortgage loans ('ERM')	DCF model and Black-Scholes model[3]	Spread	**233bps over Sonia**	195bps over Sonia
		House price inflation	**+75bps adjustment to RPI**	+75bps adjustment to RPI
		House price exposure	**£392,173 (average)**	£385,838 (average)
		Mortality	**Average life expectancy of a male and female currently aged 75 is 14.2 years and 15.8 years respectively**	Average life expectancy of a male and female currently aged 75 is 14.2 years and 15.8 years respectively
		Voluntary redemption rate	**190bps to 400bps**	190bps to 400bps
Commercial real estate loans	DCF model[1]	Credit spread	**218bps (weighted average)**	230bps (weighted average)
Income strips[4]	Income capitalisation	Credit spread	-	674bps
Collective investment schemes	Net asset value	Net asset statement	**£440m**	£487m
Borrowings				
Property reversions loans (see note 12)	Internally developed model	Mortality rate	**130% IFL92C15 (Female)[5] 130% IML92C15 (Male)[5]**	130% IFL92C15 (Female)[5] 130% IML92C15 (Male)[5]
		House price inflation	**3-year RPI rate plus 75bps**	3-year RPI rate plus 75bps
		Discount rate	**3-year swap rate plus 170 bps**	3-year swap rate plus 170bps
		Deferred possession rate	**370bps**	370bps
Derivative assets and liabilities				
Forward private placements, infrastructure and local authority loans[6]	DCF model[1]	Credit spread	**106bps (weighted average)**	98bps (weighted average)
Longevity swaps[7]	DCF model[1]	Swap curve	**swap curve**	swap curve
Equity Release Income Plan liabilities	DCF model[1]	Credit spread	**500bps**	500bps

1 Discounted cash flow ('DCF') model: Except where otherwise stated, the discount rate used is based on a risk-free curve and a credit spread. The risk-free rate is taken from an appropriate gilt of comparable duration. The spread is derived from a basket of comparable securities.

2 The key observable input value has been restated to include additional debt securities in the weighted average calculation.

3 ERM loans: The loans are valued using a DCF model and a Black-Scholes model for valuation of the No-Negative Equity Guarantee ('NNEG'). The NNEG caps the loan repayment in the event of death or entry into long-term care to be no greater than the sales proceeds from the property. The future cash flows are estimated based on assumed levels of mortality derived from published mortality tables, entry into long-term care rates and voluntary redemption rates. Cash flows include an allowance for the expected cost of providing a NNEG assessed under a real world approach using a closed form model including an assumed level of property value volatility. For the NNEG assessment, property values are indexed from the latest property valuation point and then assumed to grow in line with an RPI based assumption. Cash flows are discounted using a risk-free curve plus a spread, where the spread is based on recent originations, with margins to allow for the different risk profiles of ERM loans.

4 Income strips in the comparative period reflected transactions where an owner-occupier of a property has sold a freehold or long leasehold interest to the Group and has signed a long lease (typically 30-45 years) or a ground lease (typically 45-75 years) and retains the right to repurchase the property at the end of the lease for a nominal sum (usually £1). The income strips are valued using an income capitalisation approach, where the annual rental income is capitalised using an appropriate yield. The yield is determined by considering recent transactions involving similar income strips. These assets were transferred to Aberdeen Group in the period as part of the Part VII (see note 2.1).

5 IFL92C15 and IML92C15 relate to immediate annuitant female and male lives and refer to the 92 series mortality tables produced by the Continuous Mortality Investigation ('CMI').

6 Derivative liabilities include forward investments of £11 million (31 December 2024: £33 million) which include a commitment to acquire or provide funding for fixed rate debt instruments at specified future dates.

7 Included within derivative assets and liabilities are longevity swap contracts with corporate pension schemes with a fair value of £183 million (31 December 2024: £165 million) and £83 million (31 December 2024: £63 million) respectively.

11.2.4 Level 3 debt securities

Analysis of Level 3 debt securities	30 June 2025 £m	31 December 2024 £m
Unquoted corporate bonds:		
Loans guaranteed by export credit agencies & supra-nationals	516	461
Private corporate credit	3,503	3,046
Infrastructure loans - project finance	1,040	1,011
Infrastructure loans - corporate	1,764	1,613
Loans to housing associations	1,169	1,172
Local authority loans	1,107	823
Equity release mortgages	4,709	4,795
Commercial real estate loans	1,296	1,170
Income strips	-	555
Bridging loans to private equity funds	383	498
Other	29	2
Total Level 3 debt securities	**15,516**	**15,146**
Less amounts classified as held for sale	-	(555)
Total Level 3 debt securities excluding amounts classified as held for sale	**15,516**	**14,591**

11.2.5 Level 3 financial instrument sensitivities

	Key unobservable input	Reasonable alternative	30 June 2025 Impact from increase £m	30 June 2025 Impact from decrease £m	31 December 2024 Impact from increase £m	31 December 2024 Impact from decrease £m
Equities	Net asset value statements	+/- 10%	252	(252)	258	(258)
Debt securities						
Loans guaranteed by export credit agencies & supranationals	Credit spread	+/- 65bps	(14)	15	(11)	11
Private corporate credit	Credit spread	+/- 65bps	(182)	195	(169)	181
Infrastructure loans	Credit spread	+/- 65bps	(126)	134	(121)	129
Loans to housing associations	Credit spread	+/- 65bps	(93)	101	(97)	106
Local authority loans	Credit spread	+/- 65bps	(87)	92	(62)	66
Equity release mortgages	Credit spread	+/- 100bps	(435)	513	(416)	457
	House price inflation	+/- 100bps	56	(79)	57	(80)
	House prices	+/- 10%	39	(58)	37	(55)
	Mortality	+/- 5%	23	(25)	18	(20)
	Voluntary redemption rate	+/- 15%	46	(49)	36	(38)
Commercial real estate loans	Credit spread	+/- 65bps	(62)	69	(52)	57
Income strips	Credit spread	+/- 65bps	-	-	(64)	68
Collective investment schemes	Net asset value statements	+/- 10%	44	(44)	49	(49)
Derivative assets and liabilities						
Forward private placements, infrastructure and local authority loans	Credit spread	+/- 65bps	(5)	5	(8)	9
Longevity swap contracts	Swap curve	+/- 100bps	(13)	17	(14)	17
Equity Release Income Plan total return swap	Credit spread	+/- 100bps	1	(1)	1	(1)

For the property reversions loans and bridging loans to equity funds, there are no reasonably possible movements in unobservable input values which would result in a significant movement in the fair value of the financial instruments.

11.2.6 Transfers of financial instruments between Level 1 and Level 2

30 June 2025	From Level 1 to Level 2 £m	From Level 2 to Level 1 £m
Financial assets measured at fair value		
Financial assets mandatorily held at FVTPL:		
Equities	24	11
Collective investment schemes	1	247
Debt securities	453	192

31 December 2024	From Level 1 to Level 2 £m	From Level 2 to Level 1 £m
Financial assets measured at fair value		
Financial assets mandatorily held at FVTPL:		
Derivatives	21	-
Equities	21	2
Collective investment schemes	56	5
Debt securities	1,319	244

Consistent with the prior periods, all of the Group's Level 1 and Level 2 assets have been valued using standard market pricing sources.

The application of the Group's fair value hierarchy classification methodology at an individual security level, in particular observations with regard to measures of market depth and bid-ask spreads, resulted in an overall net movement of financial assets from Level 1 to Level 2.

11.2.7 Movement in Level 3 financial instruments measured at fair value

30 June 2025	At 1 January 2025[1] £m	Net gains/(losses) in income statement £m	Effect of purchases £m	Sales £m	Transfers from Level 1 and Level 2 £m	Transfers to Level 1 and Level 2 £m	At 30 June 2025 £m	Unrealised gains/(losses) on assets held at end of period £m
Financial assets measured at fair value								
Financial assets mandatorily held at FVTPL:								
Derivatives	165	18	-	-	-	-	183	18
Equities	2,576	60	167	(281)	1	-	2,523	60
Debt securities	15,146	(7)	3,717	(3,354)	14	-	15,516	(12)
Collective investment schemes	487	(26)	92	(113)	-	-	440	(17)
Total financial assets measured at fair value	18,374	45	3,976	(3,748)	15	-	18,662	49

1 Total financial assets of £18,374 million includes £555 million of assets that were classified as held for sale at 31 December 2024. These assets were transferred to Aberdeen Group during the period (see note 2.1 for further details).

30 June 2025	At 1 January 2025 £m	Net (gains)/ losses in income statement £m	Effect of purchases £m	Sales/ repayments £m	Transfers from Level 1 and Level 2 £m	Transfers to Level 1 and Level 2 £m	At 30 June 2025 £m	Unrealised (gains)/ losses on liabilities held at end period £m
Financial liabilities measured at fair value								
Financial liabilities mandatorily held at FVTPL:								
Derivatives	133	(1)	-	(5)	-	-	127	(4)
Financial liabilities designated at FVTPL upon initial recognition:								
Borrowings	31	1	-	(9)	-	-	23	1
Total financial liabilities measured at fair value	164	-	-	(14)	-	-	150	(3)

31 December 2024	At 1 January 2024 £m	Net (losses)/ gains in income statement £m	Effect of purchases £m	Sales £m	Transfers from Level 1 and Level 2[2] £m	Transfers to Level 1 and Level 2 £m	At 31 December 2024[1] £m	Unrealised (losses)/gains on assets held at end of period £m
Financial assets measured at fair value								
Financial assets mandatorily held at FVTPL:								
Derivatives	232	(67)	-	-	-	-	165	(67)
Equities	2,495	50	446	(415)	-	-	2,576	82
Debt securities	13,818	(335)	7,424	(6,027)	282	(16)	15,146	(259)
Collective investment schemes	401	6	140	(60)	2	(2)	487	5
Total financial assets measured at fair value	16,946	(346)	8,010	(6,502)	284	(18)	18,374	(239)

1 Total financial assets of £18,374 million includes £555 million of assets classified as held for sale.
2 During the year, £282 million of debt securities were transferred from Level 1 and Level 2 to Level 3 to harmonise the approach for determining the fair value hierarchy across the Group following the acquisition of Phoenix Life CA Holdings Limited (formerly known as SLF of Canada UK Limited) in the prior period.

31 December 2024	At 1 January 2024 £m	Net (gains)/ losses in income statement £m	Effect of purchases £m	Sales/ repayments £m	Transfers from Level 1 and Level 2 £m	Transfers to Level 1 and Level 2 £m	At 31 December 2024 £m	Unrealised (gains)/losses on liabilities held at end of period £m
Financial liabilities measured at fair value								
Financial liabilities mandatorily held at FVTPL:								
Derivatives	206	(56)	-	(17)	-	-	133	(67)
Financial liabilities designated at FVTPL upon initial recognition:								
Borrowings	45	2	-	(16)	-	-	31	2
Total financial liabilities measured at fair value	251	(54)	-	(33)	-	-	164	(65)

Gains and losses on Level 3 financial instruments are included in net investment income in the condensed consolidated income statement. There were no gains or losses recognised in other comprehensive income in either period presented.

11.3 Sensitivities

The table below sets out the Group's sensitivity to market risks. Further information on how these risks impact the Group and what the sensitivity represents can be found in note E6.2.2 of the 2024 Annual Report and Accounts.

	30 June 2025		31 December 2024	
	Impact on equity £m	**Impact on profit after tax £m**	Impact on equity £m	Impact on profit after tax £m
Interest rate: 1% increase	**(318)**	**(436)**	(313)	(440)
Interest rate: 1% decrease	**379**	**521**	403	558
Inflation: 1% increase	**338**	**444**	375	489
Inflation: 1% decrease	**(142)**	**(242)**	(147)	(256)
Equities: 10% increase	**(202)**	**(202)**	(245)	(245)
Equities: 10% decrease	**207**	**207**	250	250
Property: 10% increase	**63**	**63**	60	60
Property: 10% decrease	**(76)**	**(76)**	(76)	(76)
Credit spreads: 100bps widening	**128**	**10**	141	14
Credit spreads: 100bps narrowing	**(113)**	**30**	(113)	42

12. Borrowings

	30 June 2025 £m	31 December 2024 £m
Carrying value		
£400 million multi-currency revolving credit facility (note a)	169	90
Property reversions loan	23	31
Total policyholder borrowings	192	121
£428 million Tier 2 notes	197	197
US $500 million Tier 2 notes	364	399
€500 million Tier 2 notes	426	411
US $750 million Perpetual Contingent Convertible Tier 1 notes (note b)	-	199
£500 million 5.625% Tier 2 notes	491	490
US $500 million Fixed Rate Reset Callable Tier 2 notes	255	279
£500 million 5.867% Tier 2 notes	526	529
£250 million Tier 3 notes	252	252
£350 million Fixed Rate Reset Callable Tier 2 notes	347	347
US $500 million Perpetual Contingent Convertible Tier 1 notes	364	398
Total shareholder subordinated borrowings	3,222	3,501
Total borrowings	3,414	3,622

a Patria Private Equity Trust plc ('PPET') has in place a syndicated multi-currency revolving credit facility of which £169 million (31 December 2024: £90 million) had been drawn down at 30 June 2025. During the period, the facility term maturity was extended from December 2025 to February 2028 and the facility limit increased to £400 million from £300 million.

b On 4 February 2025, the Company redeemed the remaining US $250 million of the Perpetual Contingent Convertible Tier 1 notes at their principal amount together with interest accrued.

13. Insurance contracts, investment contracts with DPF and reinsurance

The table below shows a summary of the carrying amount of insurance contracts and the related reinsurance contracts in the condensed statement of consolidated financial position.

30 June 2025	Retirement Solutions £m	Pensions & Savings £m	With-Profits £m	Europe & Other £m	Total £m
Insurance contracts issued					
Estimates of present value of future cash flows	(37,069)	(21,874)	(25,466)	(23,744)	(108,153)
Risk adjustment	(818)	(79)	(89)	(206)	(1,192)
CSM	(4,464)	(286)	(599)	(333)	(5,682)
Net insurance contract liabilities issued	(42,351)	(22,239)	(26,154)	(24,283)	(115,027)
Insurance contract liabilities	(42,351)	(22,239)	(26,154)	(24,283)	(115,027)
Insurance contract assets	-	-	-	-	-
Net insurance contract liabilities issued	(42,351)	(22,239)	(26,154)	(24,283)	(115,027)
Reinsurance contracts held					
Estimates of present value of future cash flows	1,848	1	353	279	2,481
Risk adjustment	571	-	34	68	673
CSM	1,849	6	127	133	2,115
Net reinsurance contract assets held	4,268	7	514	480	5,269
Reinsurance contract assets	4,416	7	514	480	5,417
Reinsurance contract liabilities	(148)	-	-	-	(148)
Net reinsurance contract assets held	4,268	7	514	480	5,269

31 December 2024	Retirement Solutions £m	Pensions & Savings £m	With-Profits £m	Europe & Other £m	Total £m
Insurance contracts issued					
Estimates of present value of future cash flows	(37,934)	(22,160)	(26,152)	(23,108)	(109,354)
Risk adjustment	(826)	(78)	(89)	(213)	(1,206)
CSM	(4,000)	(269)	(633)	(329)	(5,231)
Net insurance contract liabilities issued	(42,760)	(22,507)	(26,874)	(23,650)	(115,791)
Insurance contract liabilities	(42,760)	(22,507)	(26,874)	(23,650)	(115,791)
Insurance contract assets	-	-	-	-	-
Net insurance contract liabilities issued	(42,760)	(22,507)	(26,874)	(23,650)	(115,791)
Reinsurance contracts held					
Estimates of present value of future cash flows	1,307	4	736	322	2,369
Risk adjustment	575	1	34	76	686
CSM	1,694	6	141	133	1,974
Net reinsurance contract assets held	3,576	11	911	531	5,029
Reinsurance contract assets	3,734	11	911	531	5,187
Reinsurance contract liabilities	(158)	-	-	-	(158)
Net reinsurance contract assets held	3,576	11	911	531	5,029

13.1 Assumptions

The assumptions used to determine the liabilities are updated at each reporting date to reflect recent experience, unless IFRS 17 requires otherwise. Material judgement is required in calculating these liabilities and, in particular, in the choice of assumptions about which there is uncertainty over future experience. The principal assumptions are as follows:

13.1.1 Discount rate

All cash flows are discounted using risk-free yield curves adjusted to reflect the timing and liquidity characteristics of those cash flows. For the risk-free yield curve the Group uses those published by the PRA and EIOPA for regulatory reporting. Where necessary, yield curves are interpolated between the last available market data point and the ultimate forward rate.

The Group uses a top-down approach primarily for annuities and a bottom-up discount rate for all other business. Under the top-down approach, the discount rate is determined from the yield implicit in the fair value of an appropriate reference portfolio of assets that reflects the characteristics of the liabilities.

For annuity business, the Group determines a reference portfolio which is constructed in line with the Group's investment strategy. The reference portfolio construction is based on the actual assets held by the Group backing annuity business at the valuation date. Adjustment is made, where appropriate, to allow for the asset portfolio included in the pricing of policies where that has not been fully deployed at the reporting date and there are no identified barriers to achieving the pricing asset mix, and to reflect any strategic management actions actively underway to re-shape the annuity asset portfolio. In addition, excess assets are removed from the portfolio where the level of assets exceeds those necessary to meet the future cash flows. The yield derived from the reference portfolio is determined based on the fair value of assets in that class held by the Group at the valuation date.

Adjustments are also made for differences between the reference portfolio and the insurance contract liability cash flows, including an allowance for credit defaults. The credit default deduction comprises an allowance for both expected and unexpected defaults and takes into consideration long-term historical data on actual defaults and an allowance for variability around these defaults. The credit default deduction is determined based on the assets held at the valuation date.

The Group has developed a credit model for use in the Phoenix Solvency II Internal Model (subject to PRA approval), which also provides a best estimate view of credit rating transitions and defaults. This model applies a stress to long-term historical actual rating transition and default data to determine the variability of defaults and has been used as an input in determining the assumption for unexpected credit defaults.

Under the bottom-up approach, the discount rate is determined as the risk-free yield curve, adjusted for differences in liquidity characteristics by adding an illiquidity premium. For with-profits business a single illiquidity premium is determined for each fund based on the cash flow characteristics of the contracts within the fund and applied to all contracts within the fund.

The tables below set out the yield curves used to discount the cash flows of insurance contracts for major currencies.

	Risk-free rate (bps)				
30 June 2025	**1 year**	**5 years**	**10 years**	**20 years**	**30 years**
GBP	**380**	**366**	**404**	**454**	**457**
Euro	**190**	**217**	**252**	**275**	**266**

	Risk-free rate (bps)				
31 December 2024	1 year	5 years	10 years	20 years	30 years
GBP	446	404	407	430	423
Euro	224	214	227	226	200

	Liquidity premium over risk-free rate (bps)	
	30 June 2025	31 December 2024
Annuities GBP	**173**	169
Annuities Euro	**69**	67
With-profits GBP - liquid liabilities	**20**	20
With-profits Euro - liquid liabilities	**20**	20
With-profits GBP - illiquid liabilities	**107-173**	104-169

13.1.2 Risk adjustment

The Group has used the confidence level technique to derive the risk adjustment for non-financial risk. The risk adjustment percentile is determined based on the Group's view of the compensation required in respect of non-financial risk. The diversification benefit included in the risk adjustment reflects diversification between contracts within the perimeter of the Group's Internal Model. There is no diversification allowed for between contracts measured under standard formula and the internal model. The confidence level percentile is calculated on a one-year basis. The risk adjustment calibration is set at least annually, off-cycle, based on the Group's current view of risk. The risk adjustment calculation is reassessed at each reporting date, i.e. the risk adjustment is not locked-in at initial recognition.

For with-profits business, the shareholder's portion of non-financial risks (including an allowance for burn-through costs to the shareholder) is allowed for in the derivation of the risk adjustment. For non-profit business held within a with-profits fund, the risk adjustment takes into account the compensation required by both the shareholder and the participating policyholders.

Confidence level techniques are used to derive the overall risk adjustment for non-financial risk, and this is allocated down to each group of contracts in accordance with their risk profiles. The confidence level percentile input used to determine the risk adjustment is as follows:

	30 June 2025	31 December 2024
Insurance contracts (gross of reinsurance)	**80th**	80th

13.1.3 Assumption changes

During the period a number of changes were made to assumptions to reflect changes in expected experience. The impact of material changes during the period was as follows:

	30 June 2025		31 December 2024	
	Increase/ (decrease) in CSM £m	Increase in loss component £m	Increase/ (decrease) in CSM £m	(Decrease)/ increase in loss component £m
For insurance contracts:				
Change in longevity assumptions	-	-	100	(11)
Change in persistency assumptions	-	-	10	(5)
Change in mortality assumptions	-	-	-	3
Change in expense assumptions	400	13	(74)	72
For reinsurance contracts:				
Change in longevity assumptions	-	-	(31)	-
Change in expense assumptions	(15)	-	(45)	-

30 June 2025:

The £385 million inclusive of reinsurance increase in CSM and £13 million increase in loss component from changes in expense assumptions principally reflects expected cost savings attributable to strategic change activity including the decision to discontinue further migration of customer administration of ReAssure policies to the TCS BaNCS platform and their transfer to Wipro under the new strategic partnership and the anticipated in-housing of the management of the majority of the Group's shareholder assets, together with ongoing refinements in the modelling of investment expense assumptions.

31 December 2024:

The £69 million inclusive of reinsurance increase in CSM and £(11) million decrease in loss component from changes in longevity assumptions reflect updates to base and improvement assumptions reflecting latest experience analyses.

As well as annual persistency updates to reflect latest experience, assumption changes were made for late retirements and GAO take-up rates during the year.

The £3 million increase in loss component from changes in mortality assumptions is largely driven by modelling change and partly offset by a release in the mortality provision.

The £(119) million net of reinsurance decrease in CSM and £72 million increase in loss component from changes in expense assumptions are driven by an increase in reserves principally in respect of delivery of the Group Target Operating Model for IT and Operations included the migration of policyholder administration onto the TCS platform and Group expense provisions. This is partly offset by changes in modelled expenses in relation to the Group's cost saving programme together with investment expenses and release of an investment manual.

13.2 Movements in present value of future cash flows, risk adjustment, CSM and loss component of insurance contracts

The reconciliations below provide a roll-forward of the net liability for insurance contracts issued by measurement component showing estimates of the present value of future cash flows, the risk adjustment for non-financial risk and the CSM.

Where groups of insurance contracts are onerous, a loss component is established. The loss component is established within the liabilities for remaining coverage and represents a notional record of the losses recognised in the condensed consolidated income statement. A separate reconciliation of this loss component is also provided below.

	Half year ended 30 June 2025				Year ended 31 December 2024			
	Estimates of the present value of future cash flows £m	**Risk adjustment £m**	**Contractual service margin £m**	**Total £m**	Estimates of the present value of future cash flows £m	Risk adjustment £m	Contractual service margin £m	Total £m
Insurance contract liabilities as at 1 January	**109,354**	**1,206**	**5,231**	**115,791**	109,772	1,172	4,783	115,727
Insurance contract assets as at 1 January	-	-	-	-	-	-	-	-
Net insurance contract liabilities as at 1 January	**109,354**	**1,206**	**5,231**	**115,791**	109,772	1,172	4,783	115,727
Changes in income statement:								
CSM recognised for services provided	-	-	**(226)**	**(226)**	-	-	(444)	(444)
Risk adjustment for the risk expired	-	**(59)**	-	**(59)**	-	(103)	-	(103)
Experience adjustments	**8**	-	-	**8**	71	-	-	71
Expected policyholder tax charges	**(30)**	-	-	**(30)**	(69)	-	-	(69)
Total change relating to current service	**(22)**	**(59)**	**(226)**	**(307)**	2	(103)	(444)	(545)
Contracts initially recognised in the period	**(170)**	**18**	**152**	-	(539)	134	405	-
Changes in estimates that adjust the CSM	**(465)**	**1**	**464**	-	(379)	13	366	-
Changes in estimates that do not adjust the CSM	**(1)**	**7**	-	**6**	(59)	26	-	(33)
Total change relating to future service	**(636)**	**26**	**616**	**6**	(977)	173	771	(33)
Adjustments to liabilities for incurred claims (past service)	**(35)**	-	-	**(35)**	(68)	-	-	(68)
Insurance service result	**(693)**	**(33)**	**390**	**(336)**	(1,043)	70	327	(646)
Insurance finance expense/(income)	**2,559**	**15**	**56**	**2,630**	3,559	(32)	129	3,656
Total changes in income statement	**1,866**	**(18)**	**446**	**2,294**	2,516	38	456	3,010
Cash flows:								
Premiums received	**2,092**	-	-	**2,092**	8,051	-	-	8,051
Claims and other expenses paid	**(5,511)**	-	-	**(5,511)**	(11,472)	-	-	(11,472)
Insurance acquisition cash flows	**(133)**	-	-	**(133)**	(179)	-	-	(179)
Total cash flows	**(3,552)**	-	-	**(3,552)**	(3,600)	-	-	(3,600)
Other movements[1]	**485**	**4**	**5**	**494**	666	(4)	(8)	654
Net insurance contract liabilities as at 30 June/ 31 December	**108,153**	**1,192**	**5,682**	**115,027**	109,354	1,206	5,231	115,791
Insurance contract liabilities as at 30 June/ 31 December	**108,153**	**1,192**	**5,682**	**115,027**	109,354	1,206	5,231	115,791
Insurance contract assets as at 30 June/ 31 December	-	-	-	-	-	-	-	-
Net insurance contract liabilities as at 30 June/ 31 December	**108,153**	**1,192**	**5,682**	**115,027**	109,354	1,206	5,231	115,791

1 Estimates of the present value of future cash flows in 2024 includes £1,305 million of premium in respect of the PGL Pension Scheme buy-out. Remaining movements in both periods presented principally relate to foreign currency.

	Loss component	
	Half year ended 30 June 2025 £m	Year ended 31 December 2024 £m
Loss component as at 1 January	**511**	623
Insurance service expenses:		
Incurred claims and other expenses	**(38)**	(95)
Gains/(losses) on onerous contracts and reversal of those losses	**7**	(33)
Insurance service result	**(31)**	(128)
Insurance finance income	**1**	20
Total changes in income statement	**(30)**	(108)
Other movements	**5**	(4)
Loss component as at 30 June/31 December	**486**	511

13.3 Movements in present value of future cash flows, risk adjustment, CSM and loss-recovery component of reinsurance contracts held

The reconciliations below provide a roll-forward of the net asset for reinsurance contracts held by measurement component showing estimates of the present value of future cash flows, the risk adjustment for non-financial risk and the CSM.

A reconciliation of the loss recovery component is also provided.

	Half year ended 30 June 2025				Year ended 31 December 2024			
	Estimates of the present value of future cash flows £m	Risk adjustment £m	Contractual service margin £m	Total £m	Estimates of the present value of future cash flows £m	Risk adjustment £m	Contractual service margin £m	Total £m
Reinsurance contract liabilities as at 1 January	**(252)**	**34**	**60**	**(158)**	(244)	37	60	(147)
Reinsurance contract assets as at 1 January	**2,621**	**652**	**1,914**	**5,187**	2,410	596	1,870	4,876
Net reinsurance contract assets as at 1 January	**2,369**	**686**	**1,974**	**5,029**	2,166	633	1,930	4,729
Changes in income statement:								
CSM recognised for services received	-	-	**(88)**	**(88)**	-	-	(163)	(163)
Risk adjustment for the risk expired	-	**(31)**	-	**(31)**	-	(58)	-	(58)
Experience adjustments	**(30)**	-	-	**(30)**	(21)	-	-	(21)
Total change relating to current service	**(30)**	**(31)**	**(88)**	**(149)**	(21)	(58)	(163)	(242)
Contracts initially recognised in the period	**(164)**	**23**	**141**	-	(190)	116	74	-
Changes in estimates that adjust the CSM	**(45)**	**(17)**	**62**	-	(93)	17	76	-
Changes in estimates that do not adjust the CSM	**(3)**	**(7)**	-	**(10)**	(12)	9	-	(3)
Total change relating to future service	**(212)**	**(1)**	**203**	**(10)**	(295)	142	150	(3)
Net (expenses)/income from reinsurance contracts	**(242)**	**(32)**	**115**	**(159)**	(316)	84	(13)	(245)
Reinsurance finance income/(expenses)	**36**	**19**	**24**	**79**	(130)	(28)	49	(109)
Total changes in the income statement	**(206)**	**(13)**	**139**	**(80)**	(446)	56	36	(354)
Cash flows:								
Premiums paid	**1,460**	-	-	**1,460**	2,658	-	-	2,658
Claims recovered and other expenses paid	**(1,144)**	-	-	**(1,144)**	(2,000)	-	-	(2,000)
Total cash flows	**316**	-	-	**316**	658	-	-	658
Other movements	**2**	-	**2**	**4**	(9)	(3)	8	(4)
Net reinsurance contract assets as at 30 June/ 31 December	**2,481**	**673**	**2,115**	**5,269**	2,369	686	1,974	5,029
Reinsurance contract liabilities as at 30 June/ 31 December	**(259)**	**33**	**78**	**(148)**	(252)	34	60	(158)
Reinsurance contract assets as at 30 June/ 31 December	**2,740**	**640**	**2,037**	**5,417**	2,621	652	1,914	5,187
Net reinsurance contract assets as at 30 June/ 31 December	**2,481**	**673**	**2,115**	**5,269**	2,369	686	1,974	5,029

	Loss recovery component	
	Half year ended 30 June 2025 £m	Year ended 31 December 2024 £m
Loss recovery component as at 1 January	40	37
Reinsurance expenses:		
Changes in CSM due to recognition and reversal of a loss recovery component from onerous underlying contracts	(9)	(3)
Cost of retroactive cover on reinsurance contracts held	(1)	(5)
Net expense from reinsurance contracts	(10)	(8)
Reinsurance finance income	-	1
Total changes in income statement	(10)	(7)
Other movements	(1)	10
Loss recovery component as at 30 June/31 December	29	40

13.4 Analysis of movement in CSM

Insurance contracts

Half year ended 30 June 2025	Retirement Solutions £m	Pensions & Savings £m	With-Profits £m	Europe & Other £m	Total £m
CSM at 1 January	4,000	269	633	329	5,231
Changes that relate to current service:					
CSM recognised for services provided	(164)	(17)	(19)	(26)	(226)
Changes that relate to future service:					
Contracts initially recognised in the period	135	-	-	17	152
Changes in estimates that adjust the CSM	443	35	(19)	5	464
Insurance service result	414	18	(38)	(4)	390
Insurance finance expense/(income)	51	(1)	4	2	56
Total changes in income statement	465	17	(34)	(2)	446
Other movements	(1)	-	-	6	5
CSM as at 30 June	4,464	286	599	333	5,682
Comprising contracts measured using:					
Fair Value Approach at transition	1,148	208	524	222	2,102
Fully Retrospective approach at transition & new contracts	3,316	78	75	111	3,580

Year ended 31 December 2024	Retirement Solutions £m	Pensions & Savings £m	With-Profits £m	Europe & Other £m	Total £m
CSM at 1 January	3,749	201	589	244	4,783
Changes that relate to current service:					
CSM recognised for services provided	(278)	(36)	(74)	(56)	(444)
Changes that relate to future service:					
Contracts initially recognised in the period	360	-	-	45	405
Changes in estimates that adjust the CSM	66	110	110	80	366
Insurance service result	148	74	36	69	327
Insurance finance expense/(income)	103	(3)	9	20	129
Total changes in income statement	251	71	45	89	456
Other movements	-	(3)	(1)	(4)	(8)
CSM as at 31 December	4,000	269	633	329	5,231
Comprising contracts measured using:					
Fair Value Approach at transition	1,199	181	547	225	2,152
Fully Retrospective approach at transition & new contracts	2,801	88	86	104	3,079

13.5 Effect of insurance contracts initially recognised in the period

The effect on the measurement components arising from the initial recognition of insurance and reinsurance contracts during the period is disclosed in the tables below. Contracts issued mainly comprise of bulk purchase annuity transactions completed during the period and protection business.

13.5.1 Insurance contracts

	Half year ended 30 June 2025			Year ended 31 December 2024		
Contracts issued	**Profitable £m**	**Onerous £m**	**Total £m**	Profitable £m	Onerous £m	Total £m
Estimate of present value of future cash outflows:						
Insurance acquisition cash flows	**122**	**1**	**123**	152	-	152
Claims and other directly attributable expenses	**450**	**47**	**497**	6,476	22	6,498
Estimates of present value of future cash outflows	**572**	**48**	**620**	6,628	22	6,650
Estimates of present value of future cash inflows	**(742)**	**(48)**	**(790)**	(7,166)	(23)	(7,189)
Risk adjustment	**18**	**-**	**18**	133	1	134
CSM	**152**	**-**	**152**	405	-	405
Losses on onerous contracts at initial recognition[1]	-	-	-	-	-	-

1 Losses on onerous contracts at initial recognition were less than £0.5 million in both periods presented.

13.5.2 Reinsurance contracts

Contracts purchased	**Half year ended 30 June 2025 Without a loss recovery component £m**	Year ended 31 December 2024 Without a loss recovery component £m
Estimate of present value of future cash inflows	**1,368**	5,597
Estimates of present value of future cash outflows	**(1,532)**	(5,787)
Risk adjustment incurred	**23**	116
CSM	**141**	74
Income recognised on initial recognition	-	-

14. Share capital

	30 June 2025 £m	31 December 2024 £m
Issued and fully paid:		
1,003.6 million (31 December 2024: 1,003.1 million) ordinary shares of £0.10 each	**100**	100

Movements in share capital during the period:

	Number	£
Shares in issue at 1 January 2025	**1,003,111,838**	**100,311,183**
Ordinary shares issued in the period	**497,099**	**49,710**
Shares in issue at 30 June 2025	**1,003,608,937**	**100,360,893**

During the period, the Company issued 497,099 shares with a total share premium of £2 million in order to satisfy its obligation to employees under the Group's Sharesave schemes.

	Number	£
Shares in issue at 1 January 2024	1,001,538,419	100,153,841
Ordinary shares issued in the period	1,573,419	157,342
Shares in issue at 31 December 2024	1,003,111,838	100,311,183

During the year ended 31 December 2024, the Company issued 1,573,419 shares with a total share premium of less than £1 million in order to satisfy obligations to employees under the Group's share schemes. This included 1,500,000 shares that were issued to the Group's Employee Benefit Trust at nominal value.

15. Other reserves

	Cash flow hedging reserve £m
At 1 January 2025	**23**
Other comprehensive expense for the period	**(18)**
At 30 June 2025	**5**

	Owner-occupied property revaluation reserve £m	Cash flow hedging reserve £m	Total other reserves £m
At 1 January 2024	2	14	16
Other comprehensive (expense)/income for the period	(2)	9	7
At 31 December 2024	-	23	23

On 4 February 2025, the Company redeemed the remaining US $250 million of the US $750 million Perpetual Contingent Convertible Tier 1 notes leading to an unwinding of the related US $250 million of swap arrangement.

On 12 June 2024, the Company issued US $500 million Perpetual Contingent Convertible Tier 1 notes and the cross currency swap that was entered into at this time was designated as a hedging instrument. On 18 June 2024, US $500 million of the US $750 million Perpetual Contingent Convertible Tier 1 notes were repurchased via a tender offer, leading to an unwinding of US $500 million of the related swap arrangement, which was then treated as a partial discontinuance.

16. Non-controlling interests

	PPET £m
At 1 January 2025	**539**
Profit for the period	**12**
Dividends paid	**(6)**
Decrease in non-controlling interests	**(15)**
At 30 June 2025	**530**

	PPET £m
At 1 January 2024	549
Profit for the period	12
Dividends paid	(12)
Decrease in non-controlling interests	(10)
At 31 December 2024	539

The non-controlling interests of £530 million (year ended 31 December 2024: £539 million) reflects third party ownership of Patria Private Equity Trust plc ('PPET') determined at the proportionate value of the third party interest in the underlying assets and liabilities. PPET is a UK Investment Trust listed and traded on the London Stock Exchange. As at 30 June 2025, the Group held 55.1% (31 December 2024: 54.3%) of the issued share capital of PPET. The decrease in non-controlling interests reflects the impact of a share buy-back undertaken during the period.

The Group's interest in PPET is held in the with-profit and unit-linked funds of the Group's life companies. Therefore, policyholders bear the majority of the investment risk associated with PPET.

17. Cash flows from operating activities

The following analysis gives further detail behind the 'cash generated by operations' figure in the condensed statement of consolidated cash flows.

	Half year ended 30 June 2025 £m	Half year ended 30 June 2024 £m
Profit/(loss) for the period before tax	8	(669)
Adjustments for non-cash movements in profit/(loss) for the period before tax:		
Loss on PGL Pension Scheme buy-out transaction	-	106
Fair value (gains)/losses on:		
Investment property	(65)	139
Financial assets and derivative liabilities	(1,903)	(6,318)
Change in fair value and movements in foreign exchange on borrowings	(79)	2
Amortisation and impairment of intangible assets	120	132
Depreciation of property, plant and equipment	8	9
Share-based payment charge	13	12
Finance costs	136	147
Net interest expense on Group defined benefit pension scheme liability/asset	31	29
Other costs of pension schemes	2	2
Movements in assets and liabilities relating to operations:		
Decrease in investment assets	862	1,870
(Increase)/decrease in reinsurers' share of investment contract liabilities	(369)	556
Increase in net reinsurance contract assets	(237)	(50)
Decrease in insurance contract assets and liabilities	(1,565)	(898)
Increase in investment contract liabilities	4,059	9,028
Decrease in assets classified as held for sale	3,067	1,211
Increase/(decrease) in obligation for repayment of collateral received	136	(349)
Decrease in liabilities classified as held for sale	(3,175)	(935)
Net decrease/(increase) in working capital	106	(819)
Other cash movements relating to operations:		
Contributions to defined benefit pension schemes	(5)	(5)
Cash generated by operations	1,150	3,200

18. Related party transactions

The nature of the related party transactions of the Group has not changed from those referred to in the Group's consolidated financial statements for the year ended 31 December 2024.

There were no further transactions with related parties during the half year ended 30 June 2025 which have had a material effect on the results or financial position of the Group.

19. Contingent liabilities

Where the Group has a possible future obligation as a result of a past event, or a present legal or constructive obligation but it is not probable that there will be an outflow of resources to settle the obligation or the amount cannot be reliably estimated, this is disclosed as a contingent liability.

As a long-term savings and retirement business, the Group operates in a highly regulated environment. Therefore, in the normal course of business the Group is exposed to certain legal issues, which can involve litigation and arbitration, complaints and regulatory and tax authority reviews. At the period end, the Group has a number of contingent liabilities in this regard, none of which are considered by the Directors to be material. This is consistent with the position reported at 31 December 2024.

20. Events after the reporting date

On 5 September 2025, the Board declared an interim dividend per share of 27.35p for the half year ended 30 June 2025 (half year ended 30 June 2024: 26.65p; year ended 31 December 2024: 27.35p). The cost of this dividend has not been recognised as a liability in the interim financial statements for the half year ended 30 June 2025 and will be charged to the statement of consolidated changes in equity when paid.

Additional asset disclosures

The analysis of the asset portfolio provided below comprises the assets held by the Group's life companies, and it is stated net of derivative liabilities. It excludes other Group assets such as cash held in the holding and management service companies and the assets held by the non-controlling interest in consolidated collective investment schemes. The information is presented on a look-through basis into the underlying funds.

The following table provides an overview of the exposure by asset category of the Group's life companies' shareholder and policyholder funds:

30 June 2025

Carrying value	Shareholder and non-profit funds[1] £m	Participating supported[1] £m	Participating non-supported[2] £m	Unit-linked[2] £m	Total £m
Cash and cash equivalents	4,025	982	4,570	8,402	17,979
Debt securities - gilts and foreign government bonds	8,531	206	13,812	14,866	37,415
Debt securities - other government and supranationals	2,845	160	2,173	4,261	9,439
Debt securities - infrastructure loans - project finance[3]	1,040	-	-	-	1,040
Debt securities - infrastructure loans - corporate[4]	1,770	-	-	-	1,770
Debt securities - local authority loans[5]	1,161	-	2	2	1,165
Debt securities - loans guaranteed by export credit agencies and supranationals[6]	763	-	-	-	763
Debt securities - private corporate credit[7]	3,473	-	96	2	3,571
Debt securities - loans to housing associations[8]	1,222	-	7	3	1,232
Debt securities - commercial real estate loans[3]	1,296	-	-	-	1,296
Debt securities - equity release mortgages[3]	4,709	-	-	-	4,709
Debt securities - other debt securities	11,592	954	11,134	27,988	51,668
	38,402	1,320	27,224	47,122	114,068
Equity securities	124	43	16,805	124,885	141,857
Property investments	32	9	1,477	3,306	4,824
Other investments[9]	(1,671)	(670)	425	10,443	8,527
Total Life Company assets	40,912	1,684	50,501	194,158	287,255
Less assets held for sale[10]	-	-	(4)	-	(4)
At 30 June 2025	40,912	1,684	50,497	194,158	287,251
Cash and cash equivalents in Group holding companies					957
Cash and financial assets in other Group companies					751
Financial assets held by the non-controlling interest in consolidated collective investment schemes					2,732
Total Group consolidated assets excluding amounts classified as held for sale					291,691
Comprised of:					
Investment property					4,488
Financial assets					283,678
Cash and cash equivalents					9,977
Derivative liabilities					(6,452)
					291,691

1 Includes assets where shareholders of the life companies bear the investment risk.
2 Includes assets where policyholders bear most of the investment risk.
3 All infrastructure loans – project finance, commercial real estate loans and equity release mortgages are classified as Level 3 securities in the fair value hierarchy.
4 Total infrastructure loans - corporate of £1,770 million include £1,764 million classified as Level 3 debt securities in the fair value hierarchy.
5 Total local authority loans of £1,165 million include £1,107 million classified as Level 3 debt securities in the fair value hierarchy.
6 Total loans guaranteed by export credit agencies and supranationals of £763 million include £516 million classified as Level 3 debt securities in the fair value hierarchy.
7 Total private corporate credit of £3,571 million include £3,503 million classified as Level 3 debt securities in the fair value hierarchy.
8 Total loans to housing associations of £1,232 million include £1,169 million classified as Level 3 debt securities in the fair value hierarchy.
9 Includes other loans of £179 million, net derivative liabilities of £(1,687) million, reinsurers' share of investment contracts of £9,680 million and other investments of £355 million.
10 See note 2 to the condensed consolidated interim financial statements for further details.

31 December 2024

Carrying value	Shareholder and non-profit funds[1] £m	Participating supported[1] £m	Participating non-supported[2] £m	Unit-linked[2] £m	Total £m
Cash and cash equivalents	4,286	875	4,390	7,934	17,485
Debt securities - gilts and foreign government bonds	8,260	227	14,233	14,891	37,611
Debt securities - other government and supranationals	2,484	139	1,798	4,811	9,232
Debt securities - infrastructure loans - project finance[3]	1,025	-	-	-	1,025
Debt securities - infrastructure loans - corporate[4]	1,619	-	1	-	1,620
Debt securities - local authority loans[5]	879	-	2	2	883
Debt securities - loans guaranteed by export credit agencies and supranationals[6]	688	-	-	-	688
Debt securities - private corporate credit[7]	3,071	-	99	8	3,178
Debt securities - loans to housing associations[8]	1,218	-	7	2	1,227
Debt securities - commercial real estate loans[9]	1,170	-	-	-	1,170
Debt securities - equity release mortgages[9]	4,795	-	-	-	4,795
Debt securities - other debt securities	13,207	1,107	11,786	26,930	53,030
	38,416	1,473	27,926	46,644	114,459
Equity securities	116	51	16,901	122,304	139,372
Property investments	35	11	1,541	4,195	5,782
Income strips[9]	-	-	-	555	555
Other investments[10]	(726)	(678)	629	10,299	9,524
Total Life Company assets	42,127	1,732	51,387	191,931	287,177
Less assets held by disposal groups[11]	-	-	-	(3,175)	(3,175)
At 31 December 2024	42,127	1,732	51,387	188,756	284,002
Cash and cash equivalents in Group holding companies					1,117
Cash and financial assets in other Group companies					748
Financial assets held by the non-controlling interest in consolidated collective investment schemes					3,335
Financial assets in consolidated funds held by disposal groups[11]					75
Total Group consolidated assets excluding amounts classified as held for sale					289,277
Comprised of:					
Investment property					4,370
Financial assets					279,539
Cash and cash equivalents					9,453
Derivative liabilities					(4,085)
					289,277

1 Includes assets where shareholders of the life companies bear the investment risk.
2 Includes assets where policyholders bear most of the investment risk.
3 Total infrastructure loans - project finance of £1,025 million include £1,011 million classified as Level 3 debt securities in the fair value hierarchy.
4 Total infrastructure loans - corporate of £1,620 million include £1,613 million classified as Level 3 debt securities in the fair value hierarchy.
5 Total local authority loans of £883 million include £823 million classified as Level 3 debt securities in the fair value hierarchy.
6 Total loans guaranteed by export credit agencies and supranationals of £688 million include £461 million classified as Level 3 debt securities in the fair value hierarchy.
7 Total private corporate credit of £3,178 million include £3,046 million classified as Level 3 debt securities in the fair value hierarchy.
8 Total loans to housing associations of £1,227 million include £1,172 million classified as Level 3 debt securities in the fair value hierarchy.
9 All commercial real estate loans, equity release mortgages and income strips are classified as Level 3 debt securities in the fair value hierarchy.
10 Includes other loans of £133 million, net derivative liabilities of £(866) million, reinsurers' share of investment contracts of £9,297 million and other investments of £960 million.
11 See note 2 to the condensed consolidated interim financial statements for further details.

Additional asset disclosures continued

The following table provides a reconciliation of the total life company assets to Assets Under Administration ('AUA') as detailed in the Business Review on page 7.

	At 30 June 2025 £bn	At 31 December 2024 £bn
Total Life Company assets excluding amounts classified as held for sale	**287.3**	284.0
Off-balance sheet AUA[1]	**10.0**	10.3
Less: Wrap SIPP and Onshore Bond assets[2]	**(2.2)**	(2.3)
Assets Under Administration	**295.1**	292.0

1 Off-balance sheet AUA represents assets held in respect of certain Group Self-Invested Personal Pension products where the beneficial ownership interest resides with the customer (and which are therefore not recognised in the condensed statement of consolidated financial position) but on which the Group earns fee revenue.

2 Assets held in Wrap Self-Invested Personal Pension ('Wrap SIPP') and Onshore Bond products the associated profits of which accrue to Aberdeen Group under a profit transfer arrangement have been excluded from AUA.

All of the life companies' debt securities are held at fair value through profit or loss in accordance with IFRS 9 Financial Instruments, and therefore already reflect any reduction in value between the date of purchase and the reporting date.

The life companies have in place a comprehensive database that consolidates credit exposures across counterparties, geographies and business lines. This database is used for credit monitoring, stress testing and scenario planning. The life companies continue to manage their balance sheets prudently and have taken extra measures to ensure their market exposures remain within risk appetite.

For each of the life companies' significant financial institution counterparties, industry and other data has been used to assess the exposure of the individual counterparties. As part of the Group's risk appetite framework and analysis of shareholder exposure to a potential worsening of the economic situation, this assessment has been used to identify counterparties considered to be most at risk from defaults. The financial impact on these counterparties, and the contagion impact on the rest of the shareholder portfolio, is assessed under various scenarios and assumptions. This analysis is regularly reviewed to reflect the latest economic outlook, economic data and changes to asset portfolios. The results are used to inform the Group's views on whether any management actions are required.

The table below shows the Group's market exposure analysed by credit rating for the shareholder debt portfolio, which comprises of debt securities held in the shareholder and non-profit funds:

Sector analysis of shareholder and non-profit fund bond portfolio

30 June 2025	AAA £m	AA £m	A £m	BBB £m	BB & below[1] £m	Total £m
Industrials	-	292	127	552	-	971
Basic materials	-	5	108	21	-	134
Consumer, cyclical	-	81	298	85	24	488
Technology and telecoms	29	119	290	283	1	722
Consumer, non-cyclical	99	115	458	132	7	811
Structured finance	-	-	37	-	-	37
Banks[2]	149	322	2,069	414	1	2,955
Financial services	16	306	153	30	13	518
Diversified	-	3	-	-	-	3
Utilities	-	240	836	1,473	1	2,550
Sovereign, sub-sovereign and supranationals[3]	1,407	11,217	899	59	-	13,582
Real estate	29	603	4,012	1,477	32	6,153
Investment companies	-	106	191	110	-	407
Insurance	-	353	326	187	6	872
Oil and gas	-	255	279	78	-	612
Collateralised debt obligations	-	5	-	-	-	5
Private equity loans	-	1	62	-	-	63
Equity release mortgages[4]	2,702	912	1,095	-	-	4,709
Infrastructure loans	-	350	351	2,037	72	2,810
At 30 June 2025	4,431	15,285	11,591	6,938	157	38,402

1 Includes unrated holdings of £22 million.

2 The £2,955 million total shareholder exposure to bank debt comprised £2,300 million senior debt and £655 million subordinated debt.

3 Includes £1,161 million reported as local authority loans, £763 million reported as loans guaranteed by export credit agencies and supranationals and £280 million reported as private corporate credit in the summary table on page 53.

4 The credit ratings attributed to equity release mortgages are based on the ratings assigned to the internal securitised loan notes.

Sector analysis of shareholder and non-profit fund bond portfolio

31 December 2024	AAA £m	AA £m	A £m	BBB £m	BB & below[1] £m	Total £m
Industrials	-	251	177	713	18	1,159
Basic materials	-	-	104	10	-	114
Consumer, cyclical	-	235	264	79	59	637
Technology and telecoms	31	115	297	421	1	865
Consumer, non-cyclical	103	357	548	150	7	1,165
Structured finance	-	-	36	-	-	36
Banks[2]	263	423	2,132	500	-	3,318
Financial services	50	278	239	140	19	726
Diversified	-	3	19	-	-	22
Utilities	-	268	1,265	1,620	67	3,220
Sovereign, sub-sovereign and supranationals[3]	1,341	10,387	701	115	-	12,544
Real estate	29	481	4,092	1,352	107	6,061
Investment companies	1	94	82	-	-	177
Insurance	57	382	218	117	-	774
Oil and gas	-	297	306	62	-	665
Collateralised debt obligations	-	6	-	-	-	6
Private equity loans	-	-	15	107	-	122
Equity release mortgages[4]	2,675	948	1,172	-	-	4,795
Infrastructure loans	-	375	207	1,370	58	2,010
At 31 December 2024	4,550	14,900	11,874	6,756	336	38,416

1 Includes unrated holdings of £13 million.
2 The £3,318 million total shareholder exposure to bank debt comprised £2,624 million senior debt and £694 million subordinated debt.
3 Includes £879 million reported as local authority loans, £688 million reported as loans guaranteed by export credit agencies and supranationals and £233 million reported as private corporate credit in the summary table on page 54.
4 The credit ratings attributed to equity release mortgages are based on the ratings assigned to the internal securitised loan notes.

Additional capital disclosures

PGH plc Solvency II Surplus

The PGH plc surplus at 30 June 2025 is £3.6 billion (31 December 2024: £3.5 billion).

	30 June 2025 £bn	31 December 2024 £bn
Own Funds	10.4	10.4
SCR	(6.8)	(6.9)
Surplus	3.6	3.5

Composition of Own Funds

Own Funds items are classified into different Tiers based on the features of the specific items and the extent to which they possess the following characteristics, with Tier 1 being the highest quality.

- availability to be called up on demand to fully absorb losses on a going-concern basis, as well as in the case of winding-up ('permanent availability'); and
- in the case of winding-up, the total amount that is available to absorb losses before repayment to the holder until all obligations to policyholders and other beneficiaries have been met ('subordination').

PGH plc's total Own Funds are analysed by Tier as follows:

	30 June 2025 £bn	31 December 2024 £bn
Tier 1 – Unrestricted	6.4	6.2
Tier 1 – Restricted	0.9	1.1
Tier 2	2.5	2.4
Tier 3	0.6	0.7
Total Own Funds	10.4	10.4

PGH plc's unrestricted Tier 1 capital accounts for 62% (31 December 2024: 59%) of total Own Funds and comprises ordinary share capital, surplus funds of the unsupported with-profit funds which are recognised only to a maximum of the notional SCR of the fund, and the accumulated profits of the remaining business.

Restricted Tier 1 and Tier 2 capital comprises subordinated notes the terms of which enable them to qualify as capital in their respective Tiers for regulatory reporting purposes.

Tier 3 items include the Tier 3 subordinated notes of £0.2 billion (31 December 2024: £0.2 billion) and the deferred tax asset of £0.4 billion (31 December 2024: £0.5 billion).

Breakdown of SCR

The Group operates one single PRA approved Internal Model covering all Group entities, with the exception of the Irish entity, Standard Life International DAC, and the ReAssure and Phoenix Life CA Holdings businesses. These entities calculate their capital requirements in accordance with the Standard Formula. Phoenix Life Assurance Europe DAC was deauthorised in May 2025 and was a Standard Formula entity in the comparative period. An analysis of the pre-diversified SCR of PGH plc is presented below:

	30 June 2025		31 December 2024	
	Internal Model	**Standard Formula**	Internal Model	Standard Formula
	%	**%**	%	%
Longevity	**12**	**10**	13	11
Credit	**19**	**15**	20	16
Persistency	**22**	**31**	21	31
Interest rates	**9**	**4**	7	4
Operational	**6**	**5**	6	4
Swap spreads	**1**	**-**	1	-
Property	**6**	**1**	7	1
Other market risks	**11**	**22**	11	20
Other non-market risks	**14**	**12**	14	13
Total pre-diversified SCR	**100**	**100**	100	100

The above table includes within each risk driver category the sum of each individual risk with no diversification between the individual risks within a risk driver category.

The following table sets out the Solvency II shareholder SCR by risk category. In this table diversification is included between the individual risks within each risk driver. Consequently, the diversification benefit shown is that between risk drivers.

	30 June 2025	31 December 2024
	£bn	£bn
Unrewarded market risks (hedged)		
Interest rates	**0.7**	0.6
Equities	**0.7**	0.8
Currency	**0.6**	0.6
Inflation	**0.2**	0.2
Rewarded market risks		
Credit	**2.2**	2.2
Property	**0.7**	0.7
Other market risks	**0.2**	0.2
Non-market risks		
Longevity	**1.3**	1.4
Persistency	**2.5**	2.4
Operational	**0.8**	0.8
Other non-market risks	**2.1**	2.2
Loss absorbing capacity of deferred tax	**(1.2)**	(1.1)
Adjustments	**0.6**	0.4
Total undiversified shareholder SCR	**11.4**	11.4
Diversification benefit	**(6.6)**	(6.5)
Diversified shareholder SCR	**4.8**	4.9

Where market risks are considered unrewarded the Group enters into hedging arrangements to minimise exposure.

Rewarded market risks primarily include credit risk in the shareholder credit portfolio, and property risk from equity release mortgages.

For non-market risks, longevity risk primarily arises from the annuity book and is managed through reinsurance. We retain approximately half of this risk across our current in-force book, and reinsure most of this risk on new business. Persistency risk is managed through our customer proposition.

Minimum capital requirements

Under the Solvency II regulations, the Minimum Capital Requirement ('MCR') is the minimum amount of capital an insurer is required to hold below which policyholders and beneficiaries would become exposed to an unacceptable level of risk if an insurer was allowed to continue its operations. For Groups this is referred to as the Minimum Consolidated Group SCR ('MGSCR').

The MCR is calculated according to a formula prescribed by the Solvency II regulations and is subject to a floor of 25% of the SCR or £3.5 million, whichever is higher, and a cap of 45% of the SCR. The MCR formula is based on factors applied to technical provisions and capital at risk. The MGSCR represents the sum of the MCRs of the underlying insurance companies.

The Eligible Own Funds to cover the MGSCR is subject to quantitative limits as shown below:

- the Eligible amounts of Tier 1 items should be at least 80% of the MGSCR; and
- the Eligible amounts of Tier 2 items shall not exceed 20% of the MGSCR.

PGH plc's MGSCR at 30 June 2025 is £2.3 billion (31 December 2024: £2.3 billion).

PGH plc's Eligible Own Funds to cover the MGSCR is £7.4 billion (31 December 2024: £7.5 billion) leaving an excess of Eligible Own Funds over MGSCR of £5.1 billion (31 December 2024: £5.2 billion), which transfers to an MGSCR coverage ratio of 325% (31 December 2024: 326%).

Reconciliation of IFRS shareholder equity to shareholder Solvency II surplus

The following table provides a reconciliation of the Total equity attributable to owners of the parent as presented on the IFRS balance sheet to the shareholder Solvency II surplus. The shareholder view of Solvency II surplus excludes the Solvency II Own Funds and Solvency Capital Requirements ('SCR') of unsupported with-profits funds and unsupported pension schemes. The resulting Solvency II surplus aligns with the regulatory view.

	30 June 2025 £bn	31 December 2024 £bn
Total equity attributable to owners of the parent	**0.8**	1.2
CSM (net of tax)	**2.7**	2.5
IFRS Adjusted Shareholders Equity	**3.5**	3.7
Deduct Acquired in-force business intangible (net of tax)	**(1.2)**	(1.3)
Add Investment contract value of In-force ('VIF') (Solvency II basis)[1]	**3.7**	3.6
Other valuation differences[2]	**(1.2)**	(1.4)
Solvency II Own Funds (excluding Qualifying Debt)	**4.8**	4.6
Add Qualifying debt	**3.6**	3.8
Solvency II Own Funds (shareholder basis)	**8.4**	8.4
SCR (shareholder basis)	**(4.8)**	(4.9)
Solvency II surplus	**3.6**	3.5

1 Investment contract VIF is estimated from the Solvency II VIF for unit-linked contracts.

2 Other valuation differences include removal of other intangibles such as goodwill, brands and deferred acquisition costs from IFRS (£0.3 billion decrease), differences in technical provision measurement including discount rate and allowance for risk (totalling a £0.9 billion decrease), valuation of debt (£0.2 billion increase), pension scheme availability restrictions (£0.3 billion decrease), the inclusion of the foreseeable dividend on a Solvency II basis (£0.3 billion decrease) and other items including tax on the valuation differences (£0.4 billion increase).

Additional segmental analysis

The table below provides an analysis of IFRS adjusted operating profit by segment and by driver:

Half year ended 30 June 2025	Release of CSM £m	Release of risk adjustment £m	Expected investment margin £m	Operating profit on investment contracts £m	Non-economic experience variances £m	Other £m	Total £m
Retirement Solutions	91	14	201	-	(7)	(13)	286
Pensions & Savings	16	5	-	180	(5)	(17)	179
With-Profits	8	-	3	(4)	(6)	3	4
Europe & Other	18	9	33	(7)	(14)	2	41
Corporate Centre	-	-	-	-	-	(59)	(59)
Total	133	28	237	169	(32)	(84)	451

Half year ended 30 June 2024	Release of CSM £m	Release of risk adjustment £m	Expected investment margin £m	Operating profit on investment contracts £m	Non-economic experience variances £m	Other £m	Total £m
Retirement Solutions	73	10	154	-	3	(30)	210
Pensions & Savings	13	5	-	158	(2)	(25)	149
With-Profits	13	-	12	(6)	(9)	(7)	3
Europe & Other	27	3	30	(4)	(2)	(4)	50
Corporate Centre	-	-	-	-	-	(52)	(52)
Total	126	18	196	148	(10)	(118)	360

A detailed analysis of our most significant segments, Retirement Solutions and Pensions & Savings is provided below.

Retirement Solutions	Half year ended 30 June 2025 £m	Half year ended 30 June 2024 £m
CSM release (note 1)	91	73
Risk adjustment release	14	10
Expected investment return (note 2)	88	110
Trading profit	113	44
Other insurance items	(7)	3
Insurance result	299	240
Non-attributable expenses	(14)	(30)
Other items	1	-
IFRS adjusted operating profit (note 3)	286	210

Note 1

The CSM release reflects the recognition of service provided in the period. This can be expressed at a rate of CSM release with reference to the closing CSM immediately before amortisation as follows:

	Half year ended 30 June 2025	Half year ended 30 June 2024
CSM before amortisation (£m)	2,706	2,338
CSM release (%)	6.7%	6.2%

The CSM release has increased by £18 million to £91 million (half year ended 30 June 2024: £73 million) primarily driven by new business and management actions.

Note 2
Expected investment return comprises:

	Half year ended 30 June 2025 £m	Half year ended 30 June 2024 £m
Long-term returns on Shareholder funds	53	75
Returns from assets backing liabilities	35	35
	88	110

Long-term returns on Shareholder funds are determined as surplus assets multiplied by the long-term returns set out in Note 4 to the condensed consolidated interim financial statements.

	Half year ended 30 June 2025	Half year ended 30 June 2024
Surplus assets (£bn)	2.0	3.0
Average long-term return of Shareholder funds (%)	5.3%	5.0%

Expected investment return has decreased to £88 million (half year ended 30 June 2024: £110 million) driven by a lower level of surplus assets, partly offset by higher yields. Returns from assets backing liabilities of £35 million (half year ended 30 June 2024: £35 million) include £42 million (half year ended 30 June 2024: £38 million) arising from differences where the CSM on general model business unwinds at locked in rates whereas the investment return on the backing assets is earned at current rates and £10 million from the unwind of credit default assumptions (half year ended 30 June 2024: £17 million). This is offset by the temporary new business strain resulting from assets received as premium not yet having been deployed at their end state pricing asset allocation amounting to £17 million (half year ended 30 June 2024: £20 million). Trading profits of £113 million (half year ended 30 June 2024: £44 million) have benefited from the higher level of portfolio management actions in the period.

Note 3
IFRS adjusted operating profits for the Retirement Solutions segment are equivalent to 145bps (half year ended 30 June 2024: 109bps) on average assets under administration ('AUA').

	Half year ended 30 June 2025	Half year ended 30 June 2024
Average AUA (£bn)	39.5	38.6
IFRS adjusted operating profit margin (bps)	145	109

Pensions & Savings	Half year ended 30 June 2025 £m	Half year ended 30 June 2024 £m
CSM & risk adjustment release	21	18
Other insurance items	(5)	(2)
Insurance result (note 1)	16	16
Investment contract charges	429	405
Investment contract expenses	(249)	(247)
Investment result (note 2)	180	158
Non-attributable expenses	(23)	(32)
Other items	6	7
IFRS adjusted operating profit (note 3)	179	149

Note 1
The CSM and risk adjustment release has benefited from positive investment performance in the period increasing the value of the CSM as these contracts are primarily measured using the Variable Fee Approach.

Note 2
Average AUA has grown by 5% year-on-year, with positive investment performance more than offsetting net fund outflows, driving an increase in investment contract charges. Investment contract charges in the half year ended 30 June 2024 did not include £15 million in relation to a block of business which was recognised outside of the investment result. These charges are correctly classified in the half year ended 30 June 2025.

Investment contract expenses are flat, reflecting the Group's cost efficiency drive and fee rate savings for investment management services which offset higher investment management expenses driven by the increase in AUA.

Note 3
Overall IFRS adjusted operating margin for the half year ended 30 June 2025 was 19bps (half year ended 30 June 2024: 17bps) driven by positive investment returns and reduction in costs.

	Half year ended 30 June 2025	Half year ended 30 June 2024
IFRS adjusted operating profit (£m)	**179**	149
Average AUA (£bn)	**187.9**	178.9
IFRS adjusted operating profit margin (bps)	**19**	17

Alternative Performance Measures

The Group assesses its financial performance based on a number of measures. Some measures are management derived measures of historic or future financial performance, position or cash flows of the Group, which are not defined or specified in accordance with relevant financial reporting frameworks such as International Financial Reporting Standards ('IFRS') or Solvency UK.

These measures are known as Alternative Performance Measures ('APMs').

APMs are disclosed in the condensed consolidated interim financial statements ('interim financial statements') to provide stakeholders with further helpful information on the performance of the Group and should be viewed as complementary to, rather than a substitute for, the measures determined according to IFRS and Solvency II as modified by the PRA's 2024 reforms ('Solvency UK')[1]. Accordingly, these APMs may not be comparable with similarly titled measures and disclosures by other companies.

A list of the APMs used in our Interim results as well as their definitions, why they are used and, if applicable, how they can be reconciled to the nearest equivalent GAAP measure is provided below. Further discussion of these measures can be found in the business review from page 7.

APM	Definition	Why this measure is used	Reconciliation to interim financial statements
APMs derived from IFRS			
Annuity premiums written	Represents the aggregate, gross of reinsurance, new business premium volume for annuity business, written in the period and measured at the risk transfer date.	Annuity premiums written provides a measure of the Group's ability to deliver new business growth.	Annuity premiums written is not directly reconcilable to the financial statements as premiums are no longer reported in the condensed consolidated income statement. Under IFRS 17, vesting annuities are generally not recognised as new contracts; where they arise from a pre-existing deferred annuity or pension contracts, they are typically treated as a continuation of the original contract. Therefore, the 'Premiums received' reported within insurance contract liabilities in note 13 will not reconcile to Annuity premiums written.
Assets under administration	The Group's Assets under Administration ('AUA') represents assets administered by or on behalf of the Group, covering both policyholder fund and shareholder assets. It includes assets recognised in the condensed statement of consolidated financial position together with certain assets administered by the Group for which beneficial ownership resides with customers.	AUA indicates the potential earnings capability of the Group arising from its insurance and investment business. AUA flows provide a measure of the Group's ability to deliver new business growth.	A reconciliation from the condensed statement of consolidated financial position to the Group's AUA is provided within the additional asset disclosures on page 55.

1 The Prudential Regulation Authority's rules for Solvency UK became effective on 31 December 2024. The new regime has been referred to as 'Solvency II' in this section, unless otherwise stated, as this is in line with current PRA guidance.

<table>
<tr><th>APM</th><th>Definition</th><th>Why this measure is used</th><th>Reconciliation to interim financial statements</th></tr>
<tr><td>Fitch Leverage ratio</td><td>The Fitch Leverage ratio is calculated by Phoenix (using Fitch Ratings' stated methodology) as debt as a percentage of the sum of debt and equity. Debt is defined as the IFRS carrying value of shareholder borrowings. Equity is defined as the sum of equity attributable to the owners of the parent, non-controlling interests, contractual service margin ('CSM') (net of tax), policyholders' share of the with-profits estate and the Tier 1 Notes. Values for debt are adjusted to allow for the impact of currency hedges in place over foreign currency denominated debt.</td><td>The Group seeks to manage the level of debt on its balance sheet by monitoring its financial leverage position. One of the output metrics used in this regard is the Fitch leverage ratio. This is to ensure the Group maintains its investment grade credit rating as issued by Fitch Ratings.</td><td>The IFRS adjusted shareholders' equity component of the Fitch Leverage ratio is as set out later in this section (see IFRS adjusted shareholders' equity metric).
<table>
<tr><th>Fitch leverage ratio</th><th>HY25 £bn</th><th>FY24 £bn</th></tr>
<tr><td>Total equity attributable to owners of the parent</td><td>0.8</td><td>1.2</td></tr>
<tr><td>CSM (net of tax)</td><td>2.6</td><td>2.5</td></tr>
<tr><td>**IFRS adjusted shareholders' equity**</td><td>**3.4**</td><td>**3.7**</td></tr>
<tr><td>Non-controlling interests</td><td>0.5</td><td>0.5</td></tr>
<tr><td>Policyholder surplus in with-profits funds</td><td>4.2</td><td>4.1</td></tr>
<tr><td>Tier 1 notes</td><td>0.9</td><td>1.1</td></tr>
<tr><td>**Total Shareholders' equity – Fitch basis (A)**</td><td>**9.0**</td><td>**9.4**</td></tr>
<tr><td>**Total Shareholder debt (B)**</td><td>**2.8**</td><td>**2.8**</td></tr>
<tr><td>**Fitch leverage ratio (B/A+B)**</td><td>**24%**</td><td>**23%**</td></tr>
</table>
Non-controlling interests and tier 1 notes classified as equity are directly sourced from the condensed consolidated financial position, and the remaining Tier 1 notes from within borrowings in note 12. Policyholder surplus in with-profits funds is a subset of 'Estimates of present value of future cash flows' within insurance contract liabilities in note 13.</td></tr>
<tr><td>Holding companies' cash and cash equivalents</td><td>Represents the liquid assets held within the Group holding companies.</td><td>The amount reflects the available liquidity within the holding companies for recurring and strategic use. This includes cash remittances paid by the operating companies to the Group holding companies which is used to fund the Group's operating costs, debt interest and repayments, planned investment across our strategic priorities and shareholder dividends.</td><td>
<table>
<tr><th></th><th>HY25 £m</th><th>FY24 £m</th></tr>
<tr><td>**Parent company cash, deposits and collective investment schemes**</td><td>**938**</td><td>**1,096**</td></tr>
<tr><td>Add: cash and collective investment schemes held within other Group holding companies</td><td>19</td><td>21</td></tr>
<tr><td>**Holding companies' cash and cash equivalents**</td><td>**957**</td><td>**1,117**</td></tr>
</table>
</td></tr>
</table>

<table>
<tr><th>APM</th><th>Definition</th><th>Why this measure is used</th><th>Reconciliation to interim financial statements</th></tr>
<tr><td>IFRS adjusted operating profit</td><td>IFRS adjusted operating profit is a financial performance measure based on expected long-term investment returns in respect of insurance business. It is stated before tax and excludes the impacts of economic volatility, amortisation and impairments of acquisition-related intangibles, finance costs attributable to owners and other non-operating items which in the Director's view should be excluded by their nature or incidence to enable a full understanding of financial performance.

Further details of the components of this measure and the assumptions inherent in the calculation of the long-term investment return are included in the 2024 Annual Report and Accounts.</td><td>This measure provides a more representative view of the Group's performance than the IFRS result after tax as it provides long-term performance information unaffected by short-term economic volatility and other items including one-offs, and is stated net of policyholder finance charges and tax.

IFRS adjusted operating profit is a key performance indicator used by management for planning, reporting and executive remuneration.

It helps give stakeholders a better understanding of the underlying performance of the Group by focusing on the operating result and separately identifying and analysing non-operating items.</td><td>A reconciliation of IFRS adjusted operating profit to the IFRS result before tax attributable to owners is included in note 3.1.</td></tr>
<tr><td>IFRS adjusted operating profit margin</td><td>This is reported for the Pensions and Savings and Retirement Solutions segments and represents the IFRS adjusted operating profit divided by the average Assets under Administration.</td><td>This measure reflects the underlying profitability of the segments in relation to the size of the portfolio being managed.</td><td>
<table>
<tr><th>Retirement Solutions</th><th>HY25</th><th>HY24</th></tr>
<tr><td>IFRS adjusted operating profit (£m)</td><td>286</td><td>210</td></tr>
<tr><td>Average Assets under Administration (£bn)</td><td>39.5</td><td>38.6</td></tr>
<tr><td>IFRS adjusted operating profit margin (bps)</td><td>145</td><td>109</td></tr>
</table>
<table>
<tr><th>Pensions and Savings</th><th>HY25</th><th>HY24</th></tr>
<tr><td>IFRS adjusted operating profit (£m)</td><td>179</td><td>149</td></tr>
<tr><td>Average Assets under Administration (£bn)</td><td>187.9</td><td>178.9</td></tr>
<tr><td>IFRS adjusted operating profit margin (bps)</td><td>19</td><td>17</td></tr>
</table>
</td></tr>
<tr><td>IFRS adjusted shareholders' equity</td><td>IFRS adjusted shareholders' equity is calculated as IFRS Total equity attributable to owners of the parent plus the CSM, net of tax.</td><td>IFRS adjusted shareholders' equity provides a more meaningful measure of the value generated by the Group, including the value held in the CSM for IFRS 17 contracts.</td><td>IFRS adjusted shareholders' equity reconciles to the condensed consolidated financial position as follows:
<table>
<tr><th></th><th>HY25 £m</th><th>FY24 £m</th></tr>
<tr><td>Total equity attributable to owners of the parent</td><td>768</td><td>1,213</td></tr>
<tr><td>Add: CSM</td><td>3,567</td><td>3,257</td></tr>
<tr><td>Less: Tax on CSM</td><td>(892)</td><td>(814)</td></tr>
<tr><td>IFRS adjusted shareholders' equity</td><td>3,443</td><td>3,656</td></tr>
</table>
Total equity attributable to owners of the parent is directly sourced from the condensed statement of consolidated financial position. CSM is set out in note 13. Tax is reflected at the deferred tax rate which is currently 25%.</td></tr>
</table>

APM	Definition	Why this measure is used	Reconciliation to interim financial statements
Net fund flows	Represents the aggregate net position of gross AUA inflows less gross outflows. It is an in-year movement in the Group's AUA.	Net fund flows provide a measure of the Group's ability to deliver new business growth.	Net fund flows are not directly reconcilable to the interim financial statements as it includes movements in AUA which do not flow directly to the condensed consolidated income statement. However, a reconciliation from the condensed statement of consolidated financial position to the Group's AUA is provided in the additional asset disclosures on page 55.
Run-rate cost savings	Represents the cumulative estimate of annual cost savings achieved since the beginning of 2024, expressed as the level of savings expected to be generated over a full 12-month period.	Our focus is on driving cost efficiencies by moving to a more efficient Group-wide operating model, which in turn supports better customer outcomes. The Group has set a target of delivering c.£250 million of run-rate cost savings by the end of 2026.	Run-rate cost savings is not directly reconcilable to the interim financial statements as it represents an annualised view of savings expected to materialise, whereas the condensed consolidated income statement will only reflect the absolute in-period savings realised so far. In the first half of 2025, the Group's cost savings programme delivered £37 million of run-rate savings, which will predominantly benefit our Pensions and Savings and Retirement Solutions businesses. Including the savings achieved in 2024, this brings our cumulative annual run-rate cost savings to £100 million.
Total cash generation	Cash remitted by the Group's operating companies to the Group's holding companies.	The condensed statement of consolidated cash flows prepared in accordance with IFRS combines cash flows relating to shareholders with cash flows relating to policyholders, but the practical management of cash within the Group maintains a distinction between the two. The Group therefore focuses on the cash flows of the holding companies which relate only to shareholders. Such cash flows are considered more representative of the cash generation that could potentially be distributed as dividends or used for debt repayment and servicing, and group operating expense. Total cash generation is a key performance indicator used by management for planning, reporting and executive remuneration.	Total cash generation is not directly reconcilable to the condensed statement of consolidated cash flows as it includes amounts that eliminate on consolidation. Further details of holding companies' cash flows are included within the business review on page 8, and a breakdown of the Group's cash position by type of entity is provided in the additional asset disclosures on page 53.

<table>
<tr><th>APM</th><th>Definition</th><th>Why this measure is used</th><th>Reconciliation to interim financial statements</th></tr>
<tr><td colspan="4">APMs derived from Solvency II</td></tr>
<tr><td>Annuity Capital Strain</td><td>Represents the capital deployment on annuities measured on a Solvency II basis, expressed as a proportion of the annuity premium. It is calculated as the capital deployed (being the Solvency II Technical Provisions plus SCR plus acquisition costs plus reinsurance premium less annuity premium, net of tax) as a proportion of the annuity premium.</td><td>Annuity Capital Strain reflects how efficiently capital is deployed on annuities to deliver new business growth.</td><td>The capital deployed in writing annuity business is included within the holding companies' cash flows on page 8 within the business review.</td></tr>
<tr><td>Life Companies Free Surplus</td><td>The Solvency II surplus of the Life Companies that is in excess of their Board approved capital according to their capital management policies.</td><td>This figure provides a view of the level of surplus capital in the Life Companies that is available for distribution to the holding companies, and the generation of Free Surplus underpins future Operating Cash Generation ('OCG').</td><td>Life Companies Free Surplus is a subset of the change in Solvency II surplus over the period set out in the table on page 9 within the business review. It can be reconciled as follows:
<table>
<tr><th></th><th>HY25
£bn</th><th>FY24
£bn</th></tr>
<tr><td>Group Solvency II surplus</td><td>3.6</td><td>3.5</td></tr>
<tr><td>Less: Non-life components and consolidation adjustments</td><td>-</td><td>0.1</td></tr>
<tr><td>Less: Capital Management Policy</td><td>(1.7)</td><td>(1.7)</td></tr>
<tr><td>Life Companies Free Surplus</td><td>1.9</td><td>1.9</td></tr>
</table></td></tr>
<tr><td>Operating Cash Generation ('OCG') And Operating Surplus Generation ('OSG')</td><td>Operating Cash Generation ('OCG') is the emergence of cash on a Solvency II basis as surplus emerges (being the in-force business run off over time and capital unwind, plus day one surplus from writing new business (net of day 1 strain for fee based business) plus group tax relief, plus the recurring management actions, plus the capitalised benefit from delivery of our cost savings programme. As a cash measure it will be reported in line with Life Companies Free Surplus view and therefore is the excess of their Board approved capital according to their capital management policies.

OCG before adjustment to reflect the release of capital management policy is referred to as Operating Surplus Generation ('OSG').</td><td>The measure represents the sustainable level of ongoing cash generation from our underlying business operations that is remitted from our Life Companies to the Group.</td><td>The components of OCG are:
<table>
<tr><th></th><th>HY25
£bn</th><th>HY24
£bn</th></tr>
<tr><td>Surplus generation</td><td>0.4</td><td>0.4</td></tr>
<tr><td>Recurring management actions</td><td>0.3</td><td>0.2</td></tr>
<tr><td>OSG</td><td>0.7</td><td>0.6</td></tr>
<tr><td>Release of capital management policy</td><td>-</td><td>-</td></tr>
<tr><td>OCG</td><td>0.7</td><td>0.6</td></tr>
</table>
OSG forms a component of the change in Solvency II surplus in the period as set out in the table on page 9 within the business review.</td></tr>
</table>

<table>
<tr><th>APM</th><th>Definition</th><th>Why this measure is used</th><th>Reconciliation to interim financial statements</th></tr>
<tr><td>Recurring management actions</td><td>Recurring management actions are measured on a Solvency II basis and represent the Day 1 impact on Own Funds and SCR. They are management actions that are either genuinely repeatable, repeatable in nature but subject to diminishing returns, or are not repeatable but benefits are expected from similar types of actions in the future.</td><td>The measure is a key component of OCG and one of the sources which can be used to support sustainable cash remittances from the Life Companies.</td><td>Recurring management actions are a subset of the Solvency II surplus generated in the period as shown in the table on page 9 within the business review.</td></tr>
<tr><td>Shareholder Capital Coverage Ratio ('SCCR')</td><td>Represents total Eligible Own Funds divided by the Solvency Capital Requirements ('SCR'), adjusted to a shareholder view through the exclusion of amounts relating to those ring-fenced with-profits funds and Group pension schemes whose Own Funds exceed their SCR.</td><td>The unsupported with-profits funds and Group pension funds do not contribute to the Group Solvency II surplus. However, the inclusion of related Own Funds and SCR amounts dampens the implied Solvency II capital ratio. The Group therefore focuses on a shareholder view of the capital coverage ratio which is considered to give a more accurate reflection of the capital strength of the Group.</td><td>Further details of the Shareholder Capital Coverage Ratio and its calculation are included in the business review on page 9.</td></tr>
<tr><td>Solvency II Leverage ratio</td><td>The Solvency II Leverage is calculated as the Solvency II value of debt divided by the value of Solvency II Regulatory Own Funds. Values for debt are adjusted to allow for the impact of currency hedges in place over foreign currency denominated debt.</td><td>The Group is committed to reducing its leverage and has set a SII leverage ratio target of c.30% by the end of 2026.</td><td><table><tr><th></th><th>HY25 £bn</th><th>FY24 £bn</th></tr><tr><td>Regulatory Eligible Own Funds</td><td>10.4</td><td>10.2</td></tr><tr><td>Total debt</td><td>3.6</td><td>3.7</td></tr><tr><td>Solvency II Leverage ratio[1]</td><td>34%</td><td>36%</td></tr></table>
1 Solvency II Leverage Ratio allows for currency hedges over foreign currency denominated debt.
Regulatory Eligible Own Funds is a component of the calculation of the Group's regulatory Solvency II surplus as set out in the additional capital disclosures on page 57.
There are valuation differences between IFRS and SII due to IFRS measuring the debt on an amortised cost basis, with SII reflecting the fair value which would include movements in interest rates.
Both amounts are adjusted for the value of the foreign currency hedges used to hedge foreign currency exposure on the Group's borrowings. </td></tr>
</table>

Policy for making pro forma adjustments in the interim financial statements

Pro forma adjustments will be used in the interim financial statements where management considers that they allow the users to better understand the financial performance, financial position, cash flows or outlook of the Group.

Examples of where pro forma adjustments may be used are in relation to acquisitions or disposals which are material to the Group, changes to the Group's capital structure or changes in reporting frameworks the Group applies such as Solvency II or IFRS. Where pro forma adjustments are considered necessary for the understanding of the financial performance, financial position, cash flows or outlook of the Group these will be clearly labelled as pro forma with a clear explanation provided as to the reason for the adjustments and the Key Performance Indicators, Alternative Performance Metrics and other performance metrics impacted.

Shareholder information

Annual General Meeting

Our Annual General Meeting ('AGM') was held on 13 May 2025 at 10.30am (BST).

The voting results for our 2025 AGM, including proxy votes and votes withheld are available on our website at www.thephoenixgroup.com

Shareholder services

Managing your shareholding

Our registrar, Computershare, maintains the Company's register of members. If you have any queries in respect of your shareholding, please contact them directly using the contact details set out below.

Registrar details
Computershare Investor Services PLC
The Pavilions,
Bridgwater Road,
Bristol,
BS99 6ZZ

Shareholder helpline number +44 (0) 370 702 0181
Fax number +44 (0) 370 703 6116
www.investorcentre.co.uk/contactus

Share price

You can access the current share price of Phoenix Group Holdings plc at www.thephoenixgroup.com

Group financial calendar for 2025

2025 interim dividend
Ex-dividend date 25 September 2025
Record date 26 September 2025
Interim 2025 dividend payment date 30 October 2025

Forward looking statements

The 2025 Interim Report 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, 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 known and unknown risks 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 regulations, 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 of the conflicts in Ukraine and the Middle East for European and global macroeconomic conditions, and related or other geopolitical conflicts;
- political uncertainty and instability including the rise in protectionist measures;
- the impact of changing inflation rates (including high inflation) and/or deflation;
- information technology (including developments in Artificial Intelligence) or data security breaches (including the Group being subject to cyber-attacks);
- the development of standards and interpretations including evolving practices in sustainability 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.

As a result, the Group's actual future financial condition, performance and results may differ materially from the plans, goals, targets, ambitions, outlook, guidance and expectations set out in the forward-looking statements and other financial and/or statistical data within the 2025 Interim Report. No representation is made that any of these statements will come to pass or that any future results will be achieved. As a result, you are cautioned not to place undue reliance on such forward-looking statements contained in this 2025 Interim Report.

The Group undertakes no obligation to update any of the forward-looking statements or data contained within the 2025 Interim Report or any other forward-looking statements or data it may make or publish. The information in this report does not constitute an offer to sell or an invitation to buy securities in Phoenix Group Holdings plc or an invitation or inducement to engage in any other investment activities.

The 2025 Interim Report has been prepared for the members of the Company and no one else. The Company, its Directors or agents do not accept or assume responsibility to any other person in connection with this document and any such responsibility or liability is expressly disclaimed. Nothing in the 2025 Interim Report is or should be construed as a profit forecast or estimate.

Phoenix

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Number 11606773

thephoenixgroup.com