Phoenix Group

The UK’s largest specialist closed life fund consolidator

Sterling Tier 3 bond offering

January 2017

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Agenda

Executive summary

Company	• UK market leading closed life fund consolidator, with market cap c. £3bn and growth prospects • Two M&A transactions completed in 2016 – AXA Wealth's pension and protection business ("AXA") and Abbey Life • Total assets under management of £74bn
Track record	• All public financial targets met or exceeded • Delivery of capital and other synergies from AXA transaction well advanced • Leverage further improved from repayment of AXA acquisition facility and £50m paydown of Revolving Credit Facility ("RCF")
Future prospects	• Significant cash generation from existing business and recent acquisitions • Investment grade rating with positive outlook • Potential for further growth via acquisitions
Bond offering and use of proceeds	• GBP benchmark Tier 3 bullet • 5.5 years up to £300m – no upsizing • SCR coverage improves • Repay senior borrowings with no impact on leverage
Transaction rationale	• Strengthens capital surplus of the Group • Accelerates Group's simplification and on-shoring • Tier 3 smooths maturity profile • Diversify from bank debt and replenishes bank capacity for acquisition financing

1. Business overview and strategic growth opportunities

Phoenix is an attractive investment proposition

- ✓ High level of predictable long-term cash generation, delivery of strong IFRS operating profits
- ✓ Consistent strategy, successfully executed by a management team with a record of meeting targets
- ✓ Efficient administration platform with a variable cost base, together with an effective outsourcer oversight model
- ✓ Diverse, high quality investment portfolio
- ✓ Robust group solvency, resilient to market movements
  MCR [(1)] surplus of £4.4bn [(2)]
  SCR surplus[(3)] of £1.5bn [(4)]
- ✓ The UK's largest specialist closed life consolidator, well positioned for growth
- ✓ Solvency II Internal Model provides more accurate M&A pricing and understanding of synergy and diversification benefits
- ✓ Financial flexibility to fund acquisitions, supported by Investment Grade rating

Notes:
(1) The minimum capital requirement ("MCR") is intended to be the minimum amount of capital an insurer is required to hold pursuant to Solvency II below which policyholders and beneficiaries would become exposed to an unacceptable level of risk if an insurer was allowed to continue its operations
(2) Excess of own funds over MCR £4.4bn as at HY 2016
(3) The Solvency II surplus above SCR represents Group's eligible own funds in accordance with Solvency II rules
(4) Includes the impact of Abbey Life

Overview of Phoenix Group

PHOENIX GROUP

- FTSE 250 and STOXX Europe 600 indices
- Market cap £3bn as at 5 January 2017

Phoenix Life

- Following AXA and Abbey Life acquisitions:
  - 6.1 million policyholders
  - Total assets under management of £74bn

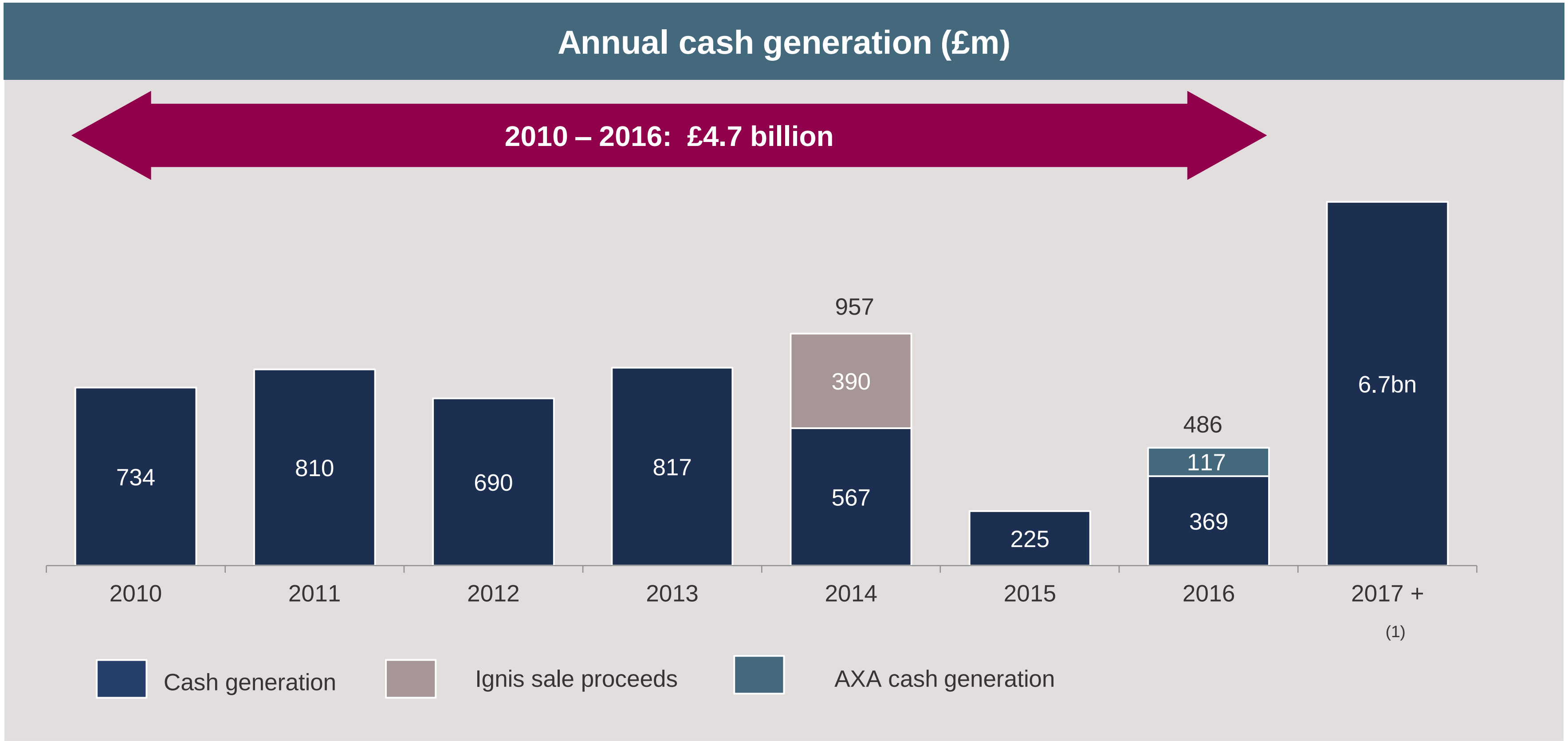
- UK's largest specialist closed life fund consolidator
- Life companies have an Insurer Financial Strength Rating of 'A'
- Enhances economic value of closed life portfolios
- Improves customer services and policyholder outcomes
- Scalable operating model
- Acquisition of Abbey Life and AXA Wealth's pensions and protection businesses both completed in Q4 2016
- AXA £182m acquisition facility repaid in full and £50m repaid against RCF in December 2016

The AXA and Abbey Life acquisitions have created a business with £74 billion of assets, £7.2 billion of cash generation and over 6 million policyholders

	Phoenix	AXA	Abbey Life	Combined	YoY change %
Cash generation (2016+)	£5.1bn	£0.5bn	£1.6bn	**£7.2bn**	**+41%**
Life company assets	£52bn	£12bn	£10bn	**£74bn**	**+42%**
Policyholders	4.5m	0.9m	0.7m	**6.1m**	**+36%**

Notes: Phoenix position based on HY16 position. AXA position as per announcement on 27 May 2016. Abbey Life position based on FY15 position.

The Phoenix Group generates predictable long-term cashflows



Phoenix has met or exceeded all cashflow targets since 2010

Notes: (1) Not to scale

How management actions add value to drive cash generation

Increase overall cashflows

Increase Solvency II Own Funds

- Investment in new asset classes
- Improved modelling / risk management
- Reduced expenses
- Improved customer engagement

Accelerate cashflows

Reduce Solvency II SCR

- Matching Adjustment portfolios
- Longevity reinsurance
- Hedging of market risks
- Operational risk mitigation

Solvency II surplus

Aim to maximise Solvency II surplus to increase and accelerate cashflows

The AXA and Abbey Life acquisitions met all of Phoenix's M&A criteria

UK closed life focus	✓ AXA had a significant backbook with over £12 billion of assets under management and over 910,000 policyholders ✓ Abbey Life was a UK closed life fund business with £10 billion of assets and 735,000 policyholders ✓ Confirms Phoenix's position as largest specialist UK closed life fund consolidator
Value accretive	✓ On track to deliver £250 million of cash from the integration of the AXA Businesses within 6 months of completion of the acquisition ✓ Cash generation of £0.8 billion between 2016-2020 ✓ Total expected cashflow generation of £2.1 billion
Supports the dividend	✓ Proposed increase of 5% in final 2016 dividend, with additional 5% increase in interim 2017 dividend ✓ Cashflow profile supports stable and sustainable dividend policy
Maintains investment grade rating	✓ Fitch rating is on positive outlook ✓ Targeted reduction in Fitch Ratings leverage ratio ✓ Shareholder Capital Coverage ratio to increase from 144% to 151%[(1)]

Notes:
(1) Based on a pro forma position for Phoenix and Abbey Life. Excludes the impact of the AXA acquisition, which is expected to increase the Group's Shareholder Capital coverage ratio by 2 percentage points

Significant future M&A growth opportunities exist – c.£300 billion of assets held in closed funds in the UK

Key drivers for consolidation

Trapped capital within legacy books

Fixed cost pressure from policy run-off

Regulatory pressure to invest in systems

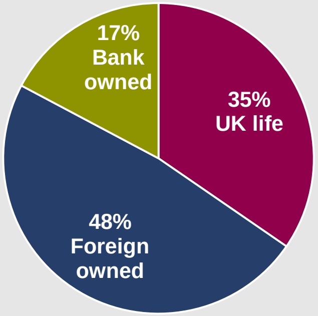
Specialist skill sets required

Low interest rate environment

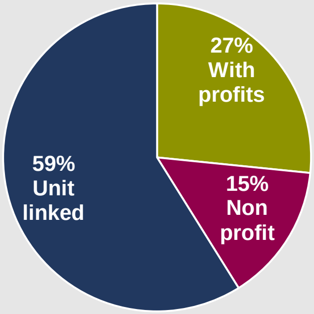
Capital requirements of writing new business

Market size is c.£300bn

Market opportunities by owner



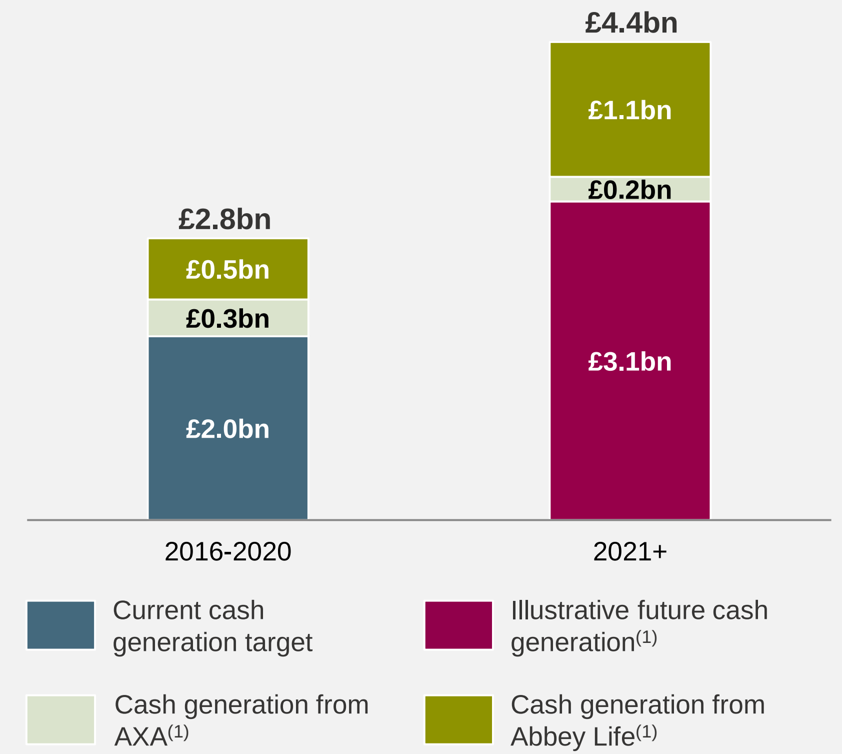
Market opportunities by product type



2. Cash and capital position

The recent acquisitions provide a £2.1billion uplift to the Group's cashflows

Future cash generation

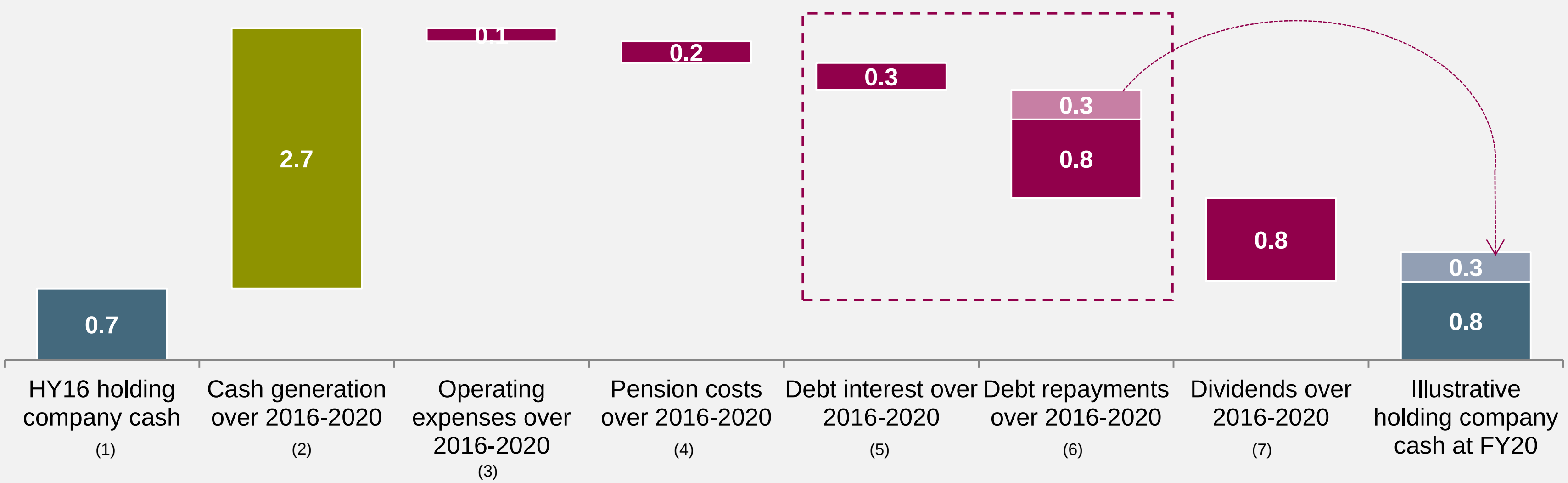


- Additional cashflows of £2.1 billion expected to be generated from AXA and Abbey Life
- Stable and sustainable cashflows post 2021, with scope for incremental management actions

Notes: (1) Excluding any management actions from 2021

Debt servicing costs well supported by additional cashflows up to 2020 and beyond - to meet known obligations, and new issue provides greater resilience

Illustrative uses of cash from HY 2016 to 2020 (£bn)



Notes:

(1) HY16 holding company cash of £921m, less £190m net proceeds from equity raising to finance AXA acquisition

(2) Current £2.0bn 2016-2020 cash generation target, less £147m generated in HY16, plus expected cashflows of £0.3bn from acquisition of AXA and additional £0.5bn from acquisition of Abbey Life

(3) Illustrative operating expenses of £30m per annum over H2 2016 to 2020

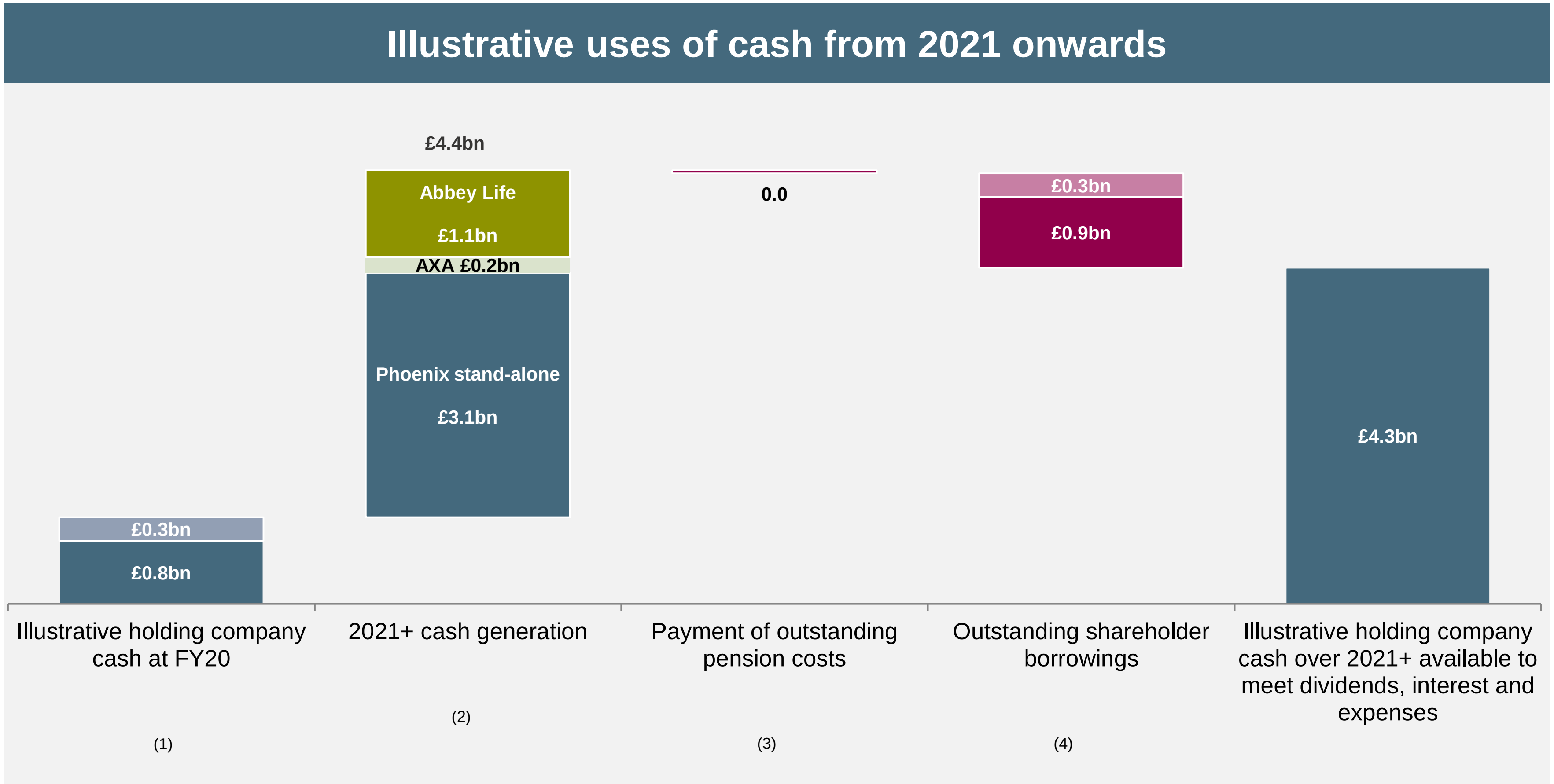
(4) Pension scheme contributions estimated in line with current funding agreements. Comprising £40m p.a. from 2016 to 2020 in respect of the Pearl scheme and £7.5m in H2 2016 and £10m in 2017 in respect of the PGL scheme

(5) Bank revolving credit facility interest costs estimated using average rate of 2.28% per annum over the period H2 2016 to 2020 (calculated using the interpolated 4 year mid-swap rate plus current bank facility margin of 1.75%). Includes interest on the Group's listed bonds, excluding interest on PLL Tier 2 bonds which are incurred directly by Phoenix Life Limited. Assumes interest on new AXA and Abbey Life acquisition facilities is not material

(6) Assumes full repayment of AXA acquisition debt facility of approximately £182m, repayment of the Abbey Life debt facility of approximately £250m and repayment of £650m revolving credit facility which has a maturity date of June 2020. Note: The AXA acquisition facility was repaid in full in December 2016; up to £300m reduction in debt repayment from the proposed issuance

(7) Illustrative dividend assumed at cost of £66m in H2 2016, £192m in 2017 and £197m per annum over 2018 to 2020

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



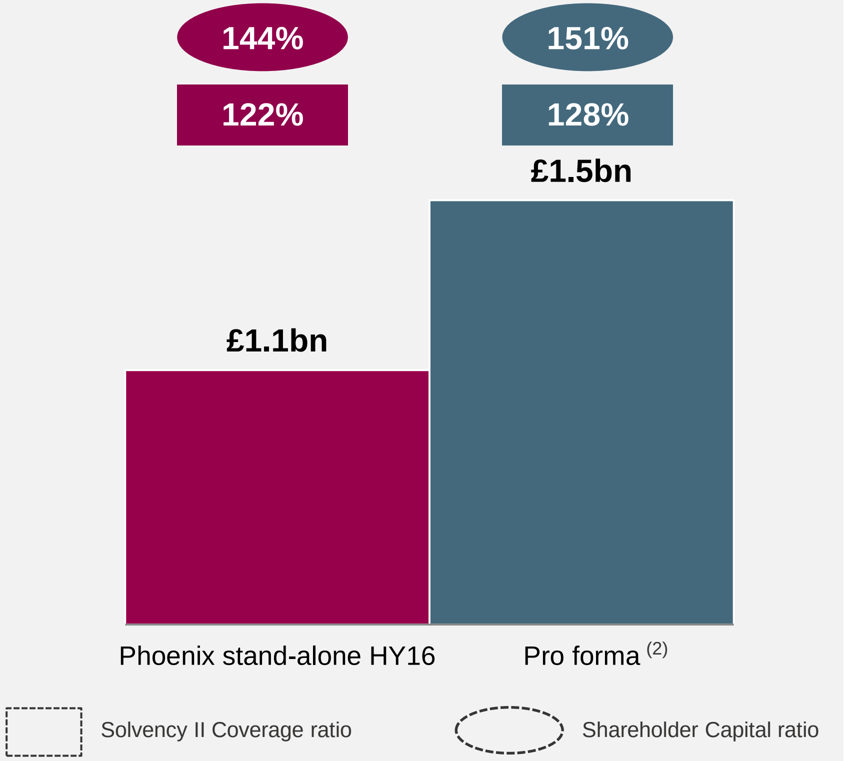
Notes:
(1) Illustrative holding company cash as at FY20 as calculated on previous slide
(2) An estimated £4.4 billion cash generation to be extracted from the business after 2020 (excluding any management actions)
(3) £40 million pension contributions due on Pearl scheme in 2021
(4) Total shareholder borrowings at HY16 plus the proposed issuance of up to £300m less repayment assumed between 2016-2020 (see previous slide)

Abbey Life acquisition will increase Solvency II surplus by £0.4 billion

Capital position

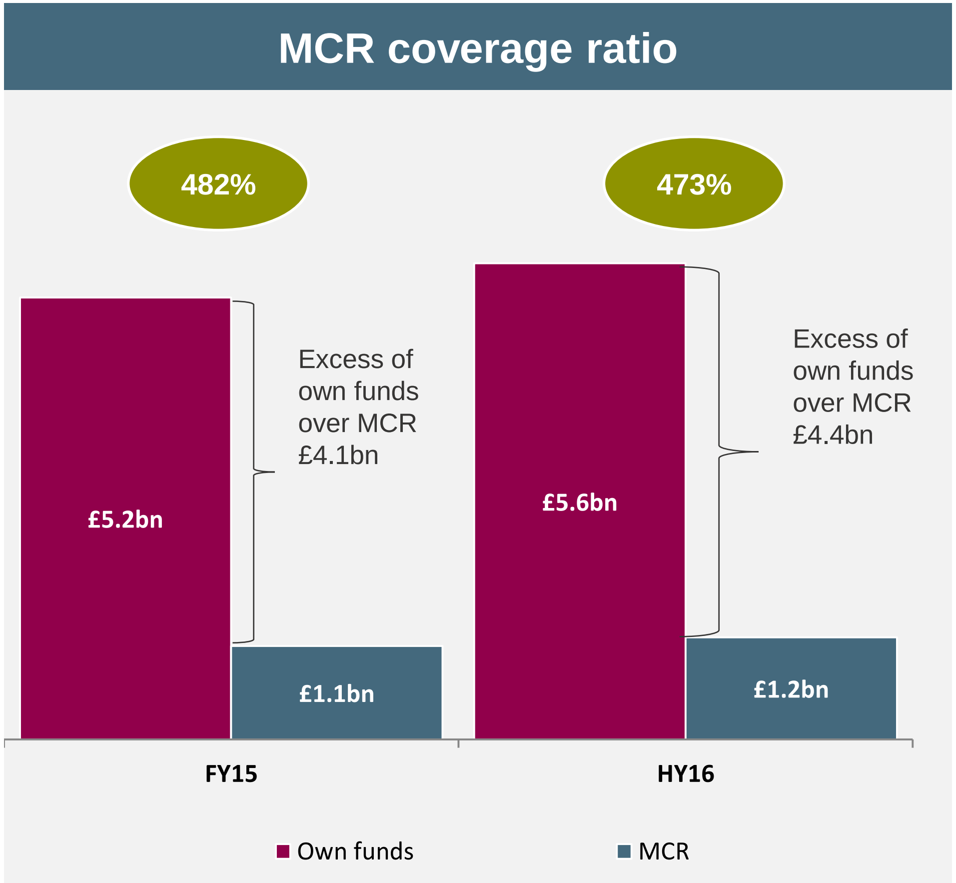
- Abbey Life currently on Standard Formula
- Acquisition improves Solvency II surplus and ratios
- Phoenix to apply for Internal Model approval and Transitional Measures for Abbey Life in H2 2017
- Future synergies from adoption of Phoenix's asset strategy to annuity book and matching adjustment measures, subject to regulatory approval
- Phoenix has applied hedging strategies to protect capital position

Shareholder Capital surplus(1)



Notes: (1) Solvency II surplus and Shareholder Capital coverage surplus calculated at Phoenix Life Holdings Limited
(2) Pro forma position assumes Abbey Life Solvency II position based on Standard Formula as at FY15, before impact of management actions. Excludes the impact of the AXA acquisition, which is expected to increase the Group's Solvency II surplus by approximately £0.1 billion and the Group's Shareholder Capital coverage ratio by 2 percentage points
(3) Excludes the impact of the proposed transaction

Robust Solvency II MCR ratio 473% provides significant resilience

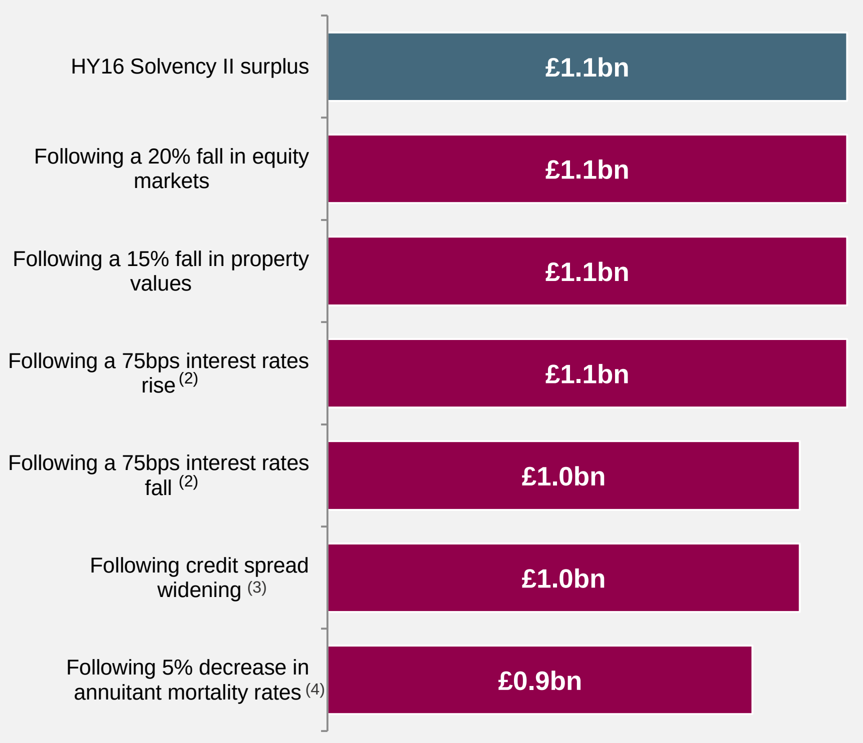


- MCR coverage ratio is the relevant trigger for mandatory interest deferral on the proposed Tier 3 offering
- Eligible own funds to cover MCR are lower than eligible own funds to cover the SCR due to quantitative limits:
  - Own funds to cover the MCR excludes all of the Tier 3 items, most of which are deferred tax assets
  - Tier 2 items restricted to 20% of MCR

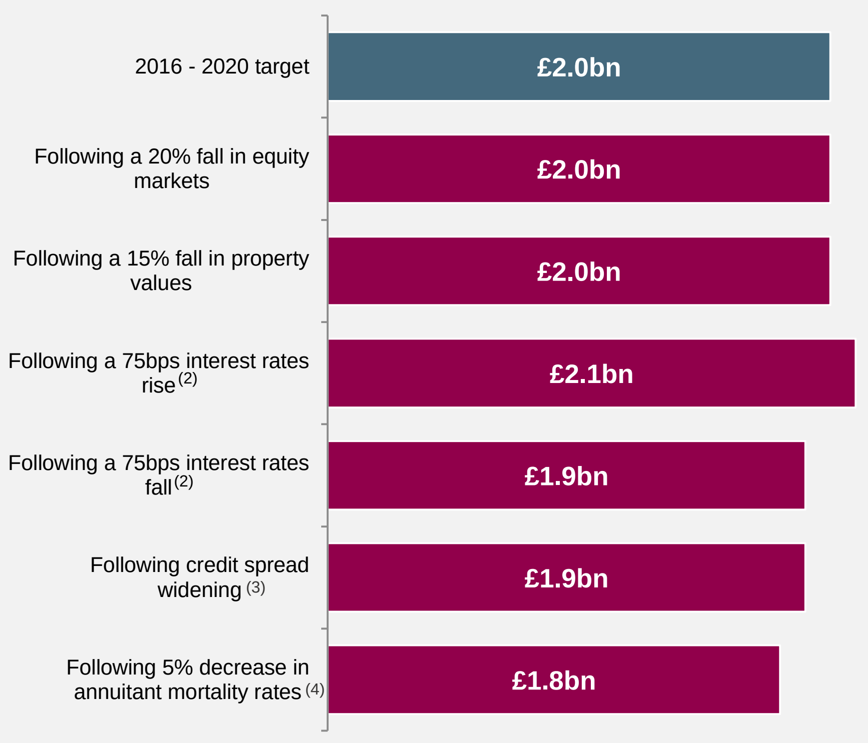
Notes:
1) HY16 Solvency II capital position is estimated and excludes the acquisitions of AXA and Abbey Life
2) The minimum capital requirement ("MCR") is intended to be the minimum amount of capital an insurer is required to hold pursuant to Solvency II below which policyholders and beneficiaries would become exposed to an unacceptable level of risk if an insurer was allowed to continue its operations.
3) Includes the MCR of unsupported With Profit Funds and the PGL Group pension scheme, together with an equivalent own funds amount. It does not, however, include surpluses that arise in those funds but which are available to absorb economic shocks.

Solvency II surplus and long term cash generation sensitivities

PLHL Solvency II surplus sensitivities[1]



Cash generation sensitivities[1]



Notes:
(1) Assumes stress occurs on 30 June 2016 and there is no market recovery during the cash generation target period
(2) Assumes recalculation of transitionals (subject to PRA approval)
(3) Credit stress equivalent to an average 100bps spread widening across ratings, 10% of which is due to defaults/downgrades. Equivalent by rating: AAA - 39bps, AA - 57bps, A - 91bps, BBB - 174bps
(4) Equivalent of 6 months increase in longevity

3. Credit considerations and details of the proposed offering

The new Tier 3 issue will be repaid before and rank senior to the existing PGHC Tier 2

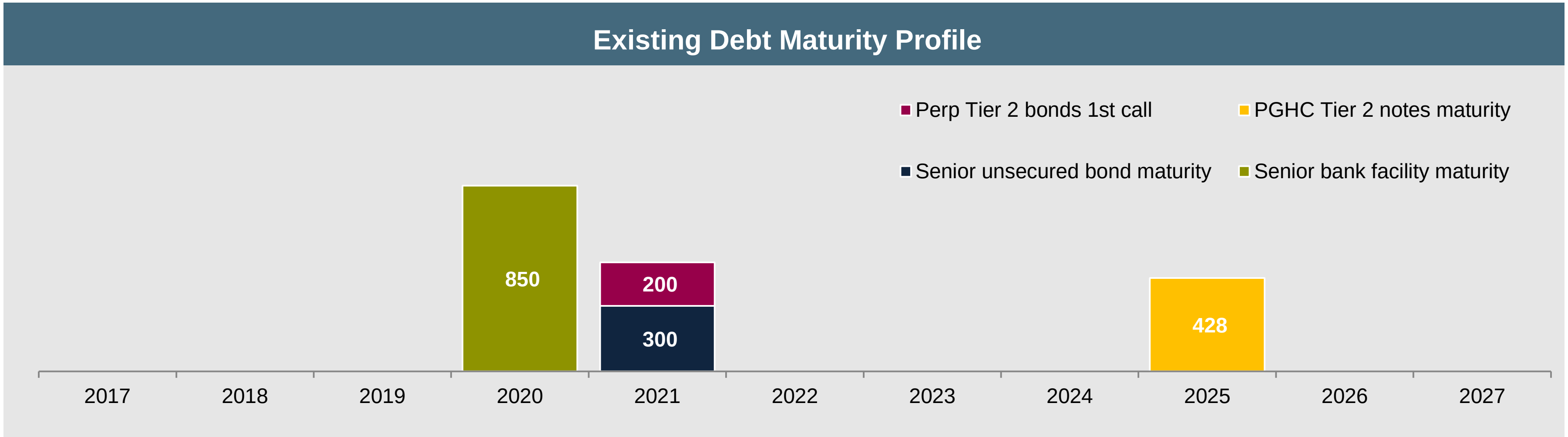
- ✓ Strengthens capital surplus of the Group
- ✓ Accelerates Group's simplification and on-shoring
- ✓ Diversify from bank debt. Replenishes bank capacity for acquisition financing
- ✓ Tier 3 smooths maturity profile

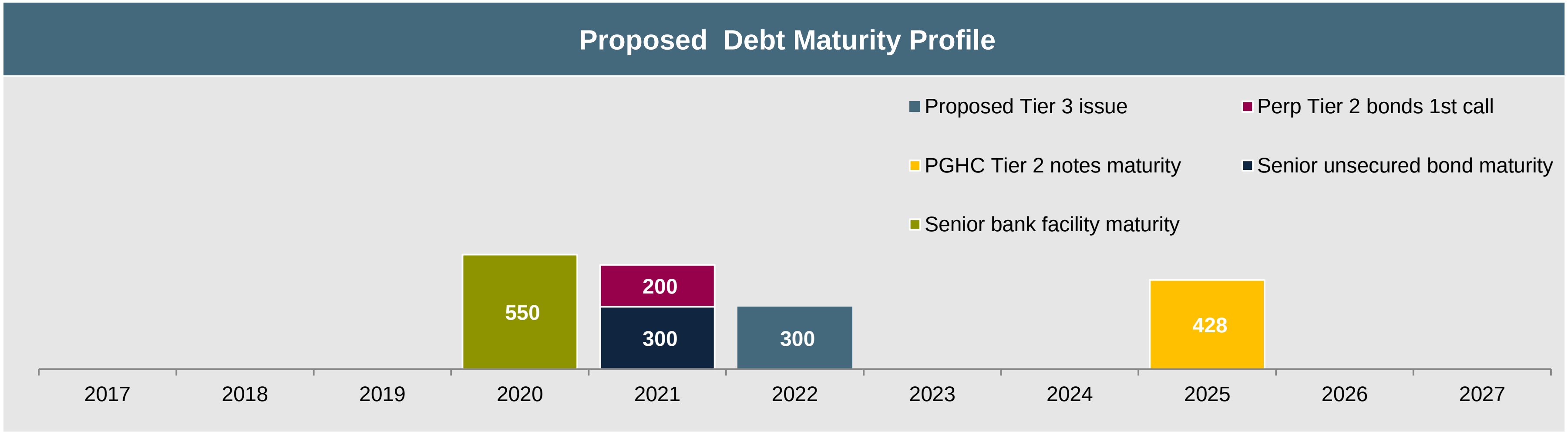
Debt Structure Following AXA and Abbey Life acquisitions[5]

		Face value	Maturity
Bank Debt	**Unsecured Revolving Credit Facility (L+175bps)[3]**	£900m (£850m drawn)	June 2020
Bank Debt	**AXA acquisition facility (L+85bps)[2]**	-[2]	Repaid
Bank Debt	**Abbey Life acquisition facility (L+85bps)[4]**	-[4]	Combined with £650m senior bank facility into £900m RCF above
Bonds	**Unsecured senior bond (5.750% due Jul-2021, XS1081768738)**	£300m	July 2021
Bonds	**Subordinated Tier 2 Bond (6.625% due Dec-2025, XS1171593293)**	£428m[1]	December 2025
Bonds	**Subordinated debt Tier 2 Bond (7.250% Perpetual NC2021, XS0133173137)**	£200m	Perpetual (first call date March 2021)

Notes:
(1) Includes internal holdings of £32m
(2) AXA £182m acquisition facility repaid in full on 20 December 2016
(3) £50m of the senior bank facility repaid on 29 December 2016
(4) Abbey Life £250m acquisition facility combined with the £650m senior bank facility into £900m senior bank facility
(5) Issuer/Borrower is PGH Capital PLC other than 7.25% Tier 2 Bond issued by Phoenix Life Limited

The new Tier 3 issue smooths maturity profile





Termsheet

Metrics	Tier 3
Issuer	PGH Capital Public Limited Company ("PGHC")
Guarantor	Phoenix Group Holdings
Size	Up to £300m – no upsizing
Maturity	5.5 year bullet (subject to Solvency Condition and Regulatory Clearance Conditions)
Senior Rating / Expected Issue Rating	BBB+ / BBB- (Fitch)
Step-up (bps)	N/A
Subordination	• Subordinated to policyholders and unsubordinated creditors • In priority to Tier 2 obligations of PGHC, undated or perpetual subordinated obligations and all classes of shares in the Issuer
Optional Interest Deferral	None
Mandatory Interest Deferral	• Payment of interest on the Notes will be mandatorily deferred on a Regulatory Deficiency Interest Deferral Date (each Interest Payment Date in respect of which a Regulatory Deficiency Interest Deferral Event has occurred and is continuing) • Regulatory Deficiency Interest Deferral Event means where a MCR breach has occurred, or any other event which requires interest deferral in order to comply with Tier 3 Capital requirements (including where the PRA has determined that payment of interest must be deferred) • NB dual level test • Any interest deferred will constitute Arrears of Interest and shall not themselves bear interest
Settlement of Arrears of Interest	May be paid in whole or in part at any time. Will become due or payable on the earliest of (i) next Interest Payment Date that is not a Regulatory Deficiency Interest Deferral Date, (ii) Guarantor Winding-up, or (iii) redemption or purchase of the Notes
Suspension of Repayment	• Contractual lock-in if an Insolvent Insurer Winding-up has occurred, SCR or MCR breach, non- satisfaction of the Solvency condition or the Regulatory Clearance condition; or any other event which requires redemption deferral in order to comply with Tier 3 requirements (including where the PRA has determined that redemption must be deferred) • NB dual level test
Scheduled Call Options	None
Special Call Events	Issuer option to call at par at any time for taxation reasons (requirement to pay additional amounts, loss of deductibility) or upon a Capital Disqualification Event
Substitution and/or Variation	Applicable for taxation reasons or upon a Capital Disqualification Event, provided terms are not materially less favourable to investors than the terms of the Notes
Use of Proceeds	To fund on-lend to Phoenix Life Holdings Ltd (PLHL) via Tier 3 on-loan and the subsequent repayment of senior debt

Note that the above summary is for illustrative purposes only. Please refer to the base prospectus dated 21 December 2016 entitled "PGH Capital Public Limited Company £3,000,000,000 Euro Medium Term Note Programme guaranteed on a senior or subordinated basis by Phoenix Group Holdings" which sets out the terms and conditions for the Tier 3 notes.

Phoenix is an attractive investment proposition

✓ High level of predictable long-term cash generation, delivery of strong IFRS operating profits

✓ Robust group solvency, resilient to market movements
MCR [1] surplus of £4.4bn [2]
SCR surplus [3] £1.5bn [4]

✓ Consistent strategy, successfully executed by a management team with a record of meeting targets

✓ The UK's largest specialist closed life consolidator, well positioned for growth

✓ Efficient administration platform with a variable cost base, together with an effective outsourcer oversight model

✓ Solvency II Internal Model provides more accurate M&A pricing and understanding of synergy and diversification benefits

✓ Diverse, high quality investment portfolio

✓ Financial flexibility to fund acquisitions, supported by Investment Grade rating

Notes:

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(2) Excess of own funds over MCR £4.4bn as at HY 2016
(3) The Solvency II surplus above SCR represents Group's eligible own funds in accordance with Solvency II rules
(4) Includes the impact of Abbey Life

4. Q&A

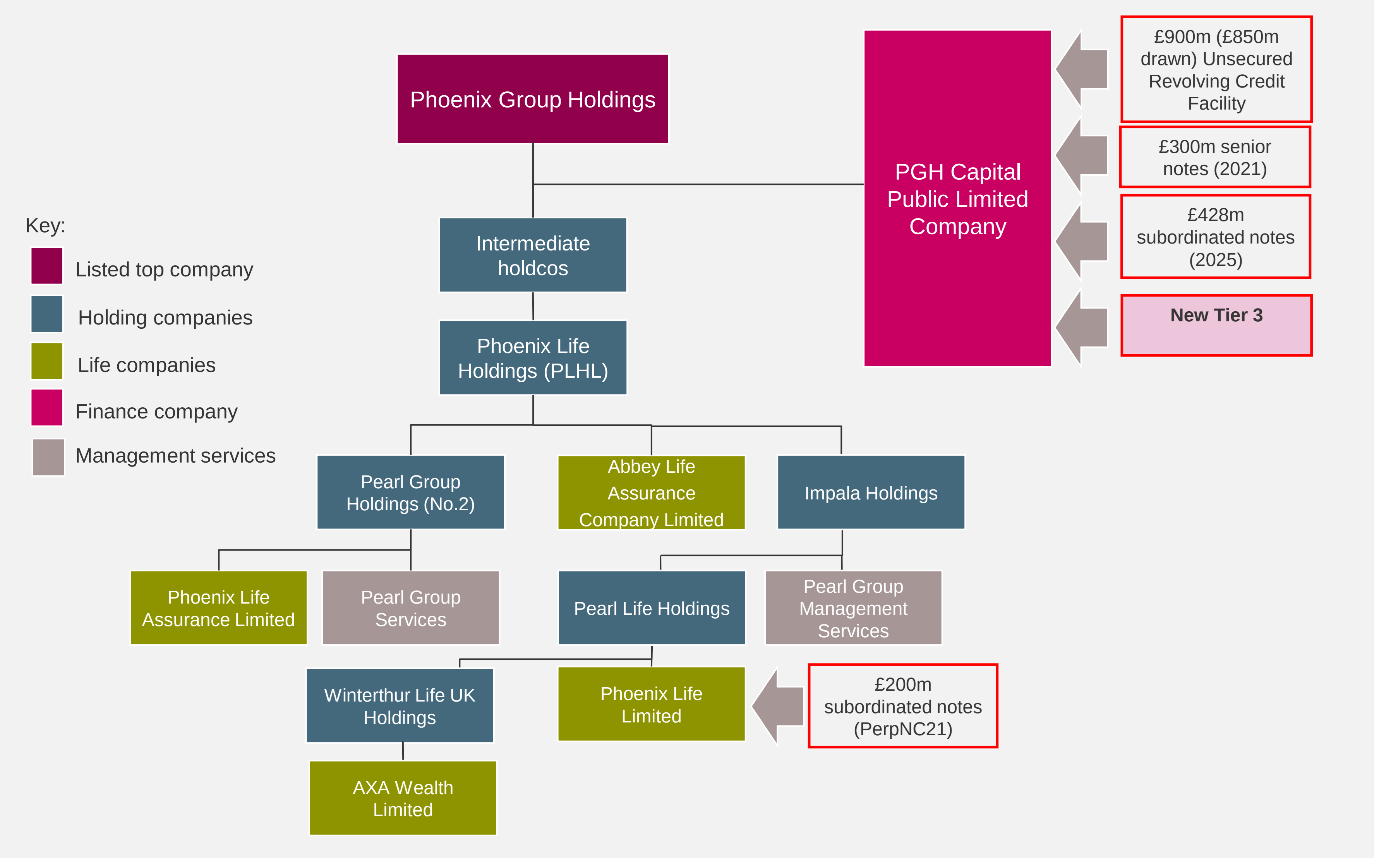
PHOENIX GROUP

Appendices

Structural comparison

	PGH Tier 3	CNP Tier 3	Aviva Tier 3	PGH 2025 Notes
Issuer	PGH Capital Plc	CNP Assurances	Aviva Plc	PGH Capital Plc
Guarantor	Phoenix Group Holdings	-	-	Phoenix Group Holdings
Issue Date	[●] 2017	12 October 2016	27 April 2016	20 January 2015
Size	Up to GBP 300m	EUR 1,000m	CAD 450m	GBP 428m
Tenor	5.5y bullet	6y bullet	5y bullet	11y bullet
Maturity Date	July 2022	20 October 2022	10 May 2021	18 December 2025
First Call Date	None	None	None	None
Issue Rating (M,S,F)	- / - / BBB- (Expected)	- / BBB+ / -	Baa1 / BBB / BBB+	- / - / BBB-
Subordination	In priority to Tier 2 Capital obligations, undated subordinated obligations and all classes of shares	In priority to junior subordinated obligations and all classes of shares	In priority to Tier 2 Capital and Tier 1 Capital obligations and all classes of shares	In priority to undated subordinated obligations and all classes of shares
Interest Rate	Fixed rate of [●]% per annum payable annually until maturity	Fixed rate of 1.875% per annum payable annually until maturity	Fixed rate of 4.5% per annum payable semi-annually until maturity	Fixed rate of 6.625% per annum payable annually until maturity
Step-up	None	None	None	None
Optional Interest Deferral	None	None	None	None
Mandatory Interest Deferral	MCR breach, or any other event which requires interest deferral in order to comply with Tier 3 requirements (including upon the regulator's determination)	MCR breach, or any other event which requires interest deferral in order to comply with Tier 3 requirements	MCR breach, or any other event which requires interest deferral in order to comply with Tier 3 requirements	SCR breach, or any other event which requires interest deferral in order to comply with Tier 2 requirements (including upon the regulator's determination)
Arrears of Interest	Cash cumulative and non-compounding	Cash cumulative and compounding	Cash cumulative and non-compounding	Cash cumulative and non-compounding
Suspension of Repayment	• Insolvent Insurer Winding-up has occurred • SCR or MCR breach, or any other event which requires redemption deferral in order to comply with Tier 3 requirements (including upon the regulator's determination)	• Insolvent Insurer Winding-up has occurred • SCR or MCR breach, or any other event which requires redemption deferral in order to comply with Tier 3 requirements	• Insolvent Insurer Winding-up has occurred • SCR or MCR breach, or any other event which requires redemption deferral in order to comply with Tier 3 requirements	• Insolvent Insurer Winding-up has occurred • SCR breach, or any other event which requires redemption deferral in order to comply with Tier 2 requirements (including upon the regulator's determination)
Special Call Events	Issuer option to call at par at any time for taxation reasons (additional amounts, deductibility) or Capital Disqualification Event	Issuer option to call at par for taxation reasons (additional amounts, withholding, deductibility) or Capital Disqualification Event	Issuer option to call at par at any time for taxation reasons (additional amounts, deductibility) or Capital Disqualification Event	Issuer option to call at par at any time for taxation reasons (additional amounts, deductibility) or Capital Disqualification Event
Exchange and/or Variation	Applicable for taxation reasons or Capital Disqualification Event	Applicable for Capital Disqualification Event only	Applicable for taxation reasons or Capital Disqualification Event	Applicable for taxation reasons or Capital Disqualification Event

Current corporate structure



Notes: All shareholdings are 100%. Only shows material subsidiaries

Capital management framework under Solvency II

Phoenix Group Holdings → **Debt interest and repayments**
Shareholder dividends

Cash remittances ↑

Phoenix Life Holdings Limited → **Head office costs**
Pension scheme contributions

Cash remittances ↑

Phoenix Life companies

Group solvency

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

Individual company solvency

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

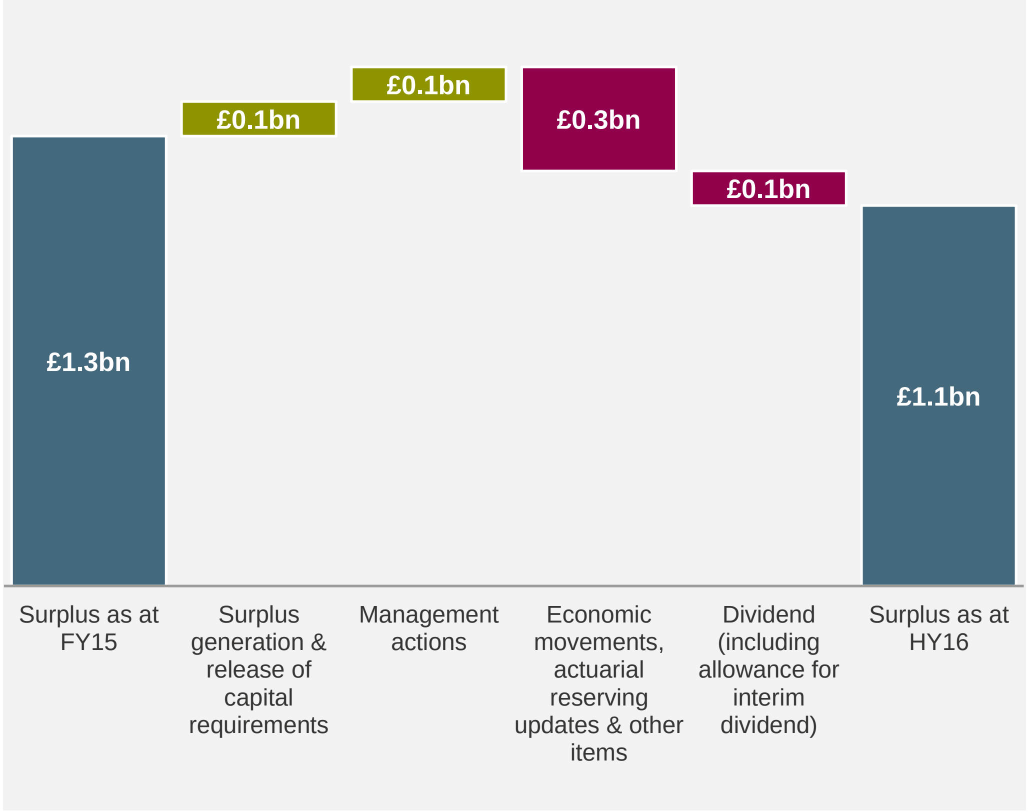
Notes:
(1) The acquired AXA businesses and Abbey Life are currently on Standard Formula. An application was made to the PRA in Q4 2016 to seek approval to bring the AXA business onto the Group's Internal Model. A similar application will be made for Abbey Life in H2 2017.

Impact of Brexit on Phoenix Group

Impact on capital position	• Significant fall in swap rates following EU Referendum impacted Solvency II position, in line with the sensitivities disclosed at FY15 • Additional management actions delivered during the year
Asset quality	• High quality corporate bond portfolio, with 99% of shareholder portfolio being investment grade • Shareholders and bondholders have minimal exposure to equities and property
Risk mitigation	• Cashflows from the Phoenix Life companies protected through hedging actions

Impact of market movements partly mitigated by management actions

Change in Solvency II surplus

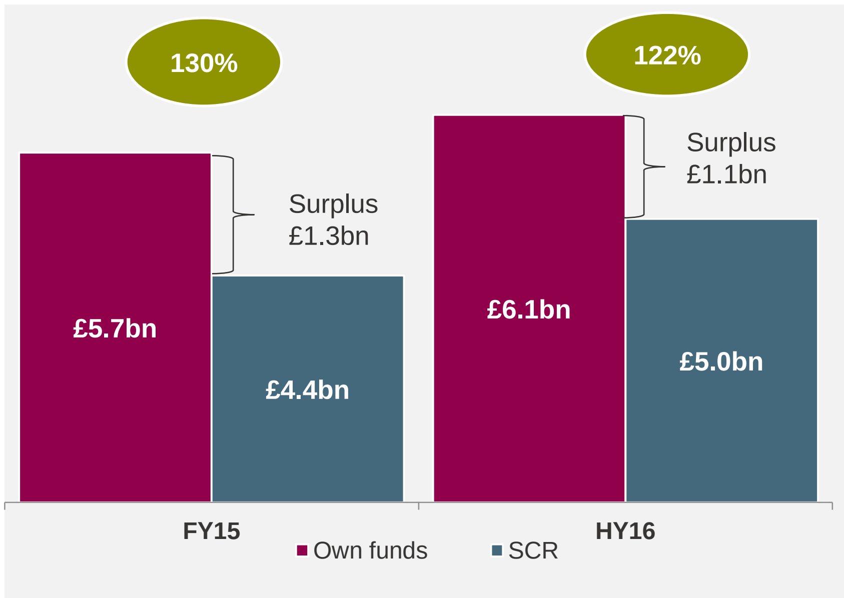


- Surplus has been negatively impacted by market movements, primarily lower swap rates
- Impact has been partly mitigated by management actions and natural run-off of book
- Additional £0.3 billion of liquid assets held outside PLHL Group, including net proceeds of £190 million from equity placing as at HY16
- Impact of the payment of interim dividend included in the Solvency II surplus

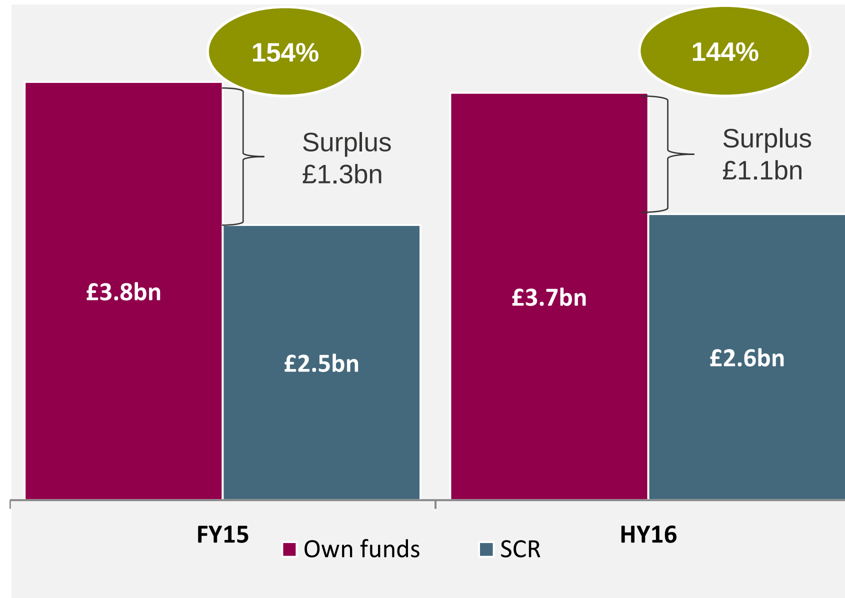
Notes: HY16 Solvency II capital position is estimated

Estimated existing Solvency II surplus and SCR coverage ratio

Solvency II Coverage ratio



Shareholder Capital ratio

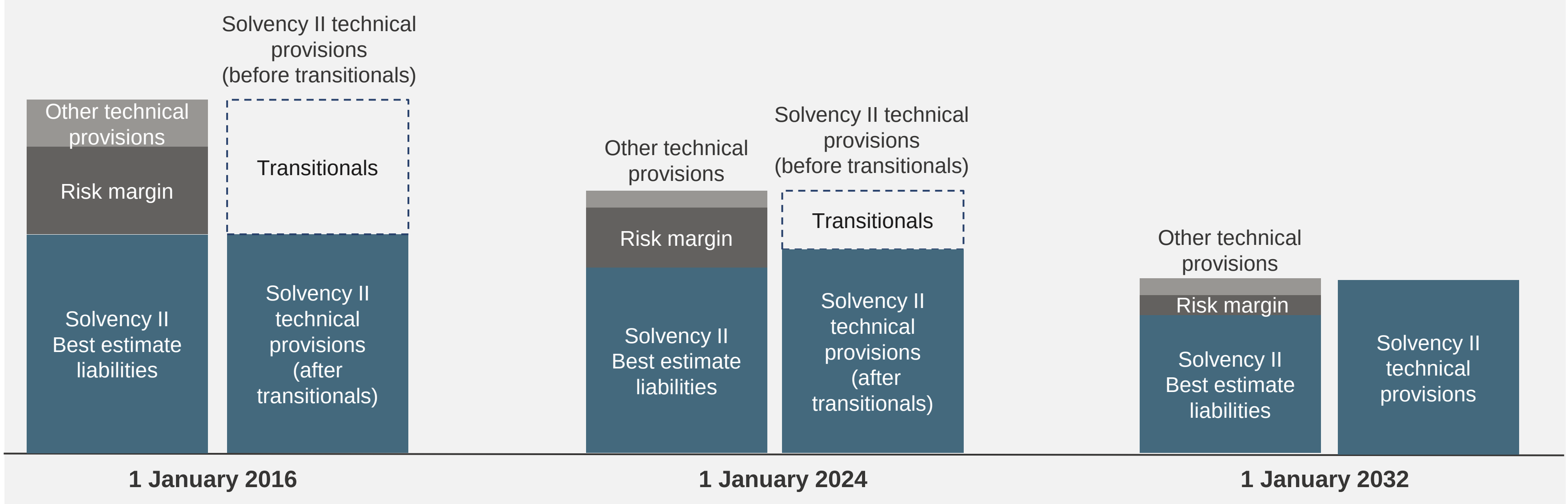


Notes:

- Excludes the benefits of AXA and Abbey Life transactions, and the proposed transaction
- The Solvency II Coverage ratio calculation represents the ratio of the Group's eligible own funds to SCR, as calculated in accordance with Solvency II rules. The calculation therefore includes the SCR of unsupported With Profit Funds and the PGL Group pension scheme, together with an equivalent own funds amount. It does not, however, include surpluses that arise in those funds but which are available to absorb economic shocks. This ratio is the relevant trigger for mandatory redemption deferral on the proposed T3 offering
- The Shareholder Capital ratio calculation excludes the Own Funds and SCR of unsupported With Profit Funds and PGL Group pension scheme
- £0.3 billion of unrecognised surplus in unsupported With Profit Funds and PGL Group pension scheme
- Phoenix Group capital requirements calculated at PLHL using a Full Internal Model
- Surplus over SCR of £1.1 billion at HY16 includes the impact of the payment of the interim dividend

Run-off of transitional measures partially mitigated by the reduction in the risk margin and other provisions

Illustrative Solvency II evolution of liabilities



- Transitional measures will run-off over 16 years and will reflect the run-off of the business as per Solvency II implementation
- The risk margin and other liabilities will also run-off over the duration of the liabilities to mitigate the adverse impact of the run-off of transitional measures

Notes: Graphs illustrative and not to scale

Wide range of products within Phoenix at HY16

Product	Shareholder exposure	Principal shareholder risks
Unsupported with-profits (£24.7bn)	• Typically the shareholder receives 10% of declared bonus (90:10 structure)	• Indirect Market / ALM risk • Indirect Longevity risk • Indirect Lapse risk
Supported with-profits (£4.9bn)	• Shareholder capital exposed to 100% downside until estate is rebuilt to cover capital requirements	• Market / ALM risk • Longevity risk • Lapse risk
Unit-linked (£10.0bn)	• Shareholders indirect exposure through fund-related charges	• Indirect Market risk • Lapse risk
Annuities and other (£9.7bn)	• Shareholder directly exposed to all investment and demographic risks	• Longevity risk • Credit / ALM risk • Lapse risk

Ongoing focus on maximising operational efficiency

Costs reductions track policy run-off						
	2010 – 2011	2011 – 2012	2012 – 2013	2013 – 2014	2014 – 2015	Cumulative since 2010
Policy run-off	6.9%	6.7%	10.4%(2)	8.5%	4.5%	32.0%
Costs(1) run-off	9.2%	7.2%	9.6%	9.8%	6.9%	36.1%

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

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

Asset mix of life companies at HY16

At 30 June 2016 £m unless otherwise stated	Total shareholder, non-profit and supported with-profits[2]	%	Policyholder funds[3]		Total Policyholder	Total assets[1]
			Non-supported with-profits funds	Unit linked		
Cash deposits	3,991	26	4,687	1,191	5,878	9,869
Debt securities						
Debt securities – gilts	1,806	12	7,212	645	7,857	9,663
Debt securities – bonds	7,900	52	6,340	758	7,098	14,998
Total debt securities	**9,706**	**64**	**13,552**	**1,403**	**14,955**	**24,661**
Equity securities	**241**	**2**	**5,470**	**6,837**	**12,307**	**12,548**
Property investments	**210**	**1**	**702**	**309**	**1,011**	**1,221**
Other investments[4]	**1,056**	**7**	**2,143**	**119**	**2,262**	**3,318**
Total	**15,204**	**100**	**26,554**	**9,859**	**36,413**	**51,617**

Notes:
(1) The analysis of the asset portfolio comprises assets held by the Group's life companies. It excludes other Group assets such as cash held in holding companies and service companies, the assets held by non-controlling interests in collective investment schemes and is net of derivative liabilities. This information is presented on a look through basis to underlying holdings where available
(2) Includes assets where shareholders of the life companies bear the investment risk
(3) Includes assets where policyholders bear most of the investment risk
(4) Includes equity release mortgages of £331 million, policy loans of £11 million, other loans of £19 million, net derivatives of £2,350 million and other investments of £607 million

Credit rating analysis of debt portfolio at HY16

At 30 June 2016 £m	Total shareholder, non-profit and supported with-profits	Policyholder funds		Total Policyholder	Total assets
		Non-supported with-profits funds	Unit-linked		
AAA	1,841	1,564	180	1,744	3,585
AA	3,626	8,523	713	9,236	12,862
A	2,357	1,126	170	1,296	3,653
BBB	1,755	1,719	233	1,952	3,707
BB	87	177	24	201	288
B and below	1	250	5	255	256
Non-rated	39	193	78	271	310
As at 30 June 2016	**9,706**	**13,552**	**1,403**	**14,955**	**24,661**

Total debt exposure by country at HY16

At 30 June 2016 £m1	Other Government and Supranational		Corporate: Financial Institutions		Corporate: Other		Asset backed securities		Total debt securities		Total debt
	Shareholder	Policyholder	Shareholder	Policyholder	Shareholder	Policyholder	Shareholder	Policyholder	Shareholder	Policyholder	
UK	2,102	8,240	956	733	1,317	932	973	521	5,348	10,426	15,774
EIB	505	485	-	-	-	-	-	-	505	485	990
USA	12	122	533	404	442	215	31	4	1,018	745	1,763
Germany	319	588	55	55	223	159	88	41	685	843	1,528
France	80	120	82	67	215	137	32	-	409	324	733
Netherlands	17	116	241	237	49	16	76	22	383	391	774
Italy	-	32	8	7	60	46	-	-	68	85	153
Portugal	-	-	-	-	-	5	-	-	-	5	5
Ireland	-	-	2	-	4	6	28	12	34	18	52
Spain	-	9	1	13	49	28	-	-	50	50	100
Other – non-Eurozone[2]	156	738	658	571	258	180	49	9	1,121	1,498	2,619
Other – Eurozone	9	35	42	28	34	22	-	-	85	85	170
Total debt exposure	**3,200**	**10,485**	**2,578**	**2,115**	**2,651**	**1,746**	**1,277**	**609**	**9,706**	**14,955**	**24,661**
of which Peripheral Eurozone	**-**	**41**	**11**	**20**	**113**	**85**	**28**	**12**	**152**	**158**	**310**
At 31 December 2015, £m											
Total debt exposure	**3,466**	**10,023**	**2,226**	**1,741**	**2,243**	**2,562**	**728**	**538**	**8,663**	**14,864**	**23,527**
of which Peripheral Eurozone	**-**	**8**	**39**	**31**	**104**	**60**	**-**	**13**	**143**	**112**	**255**

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

Rating benchmarking vs UK peers

Rating Agency	Fitch		S&P	
Firm Name	Phoenix	Bupa	Royal London	Liverpool Victoria
Insurance Financial Strength Rating	**A / Positive**	**A+ / Stable**	**A / Stable**	**BBB+ / Stable**
Senior Unsecured Debt	**BBB+**	**A-**	-	
Subordinated Debt	**BBB-**	**BBB**	**BBB+**	**BBB-**
Key rating drivers	✓ Potential benefits from Abbey Life and AXA acquisitions ✓ Largest UK closed life consolidator ✓ Strong capitalisation ✓ Strong operating profitability ✓ Low investment risk and strong liquidity × Low geographical diversification × High (but improved) financial leverage × Weak fixed-charge coverage	✓ Strong franchise & market leading position in PMI ✓ Sound capitalisation and proven track record of delivering stable earnings ✓ Largest provider of expatriate health insurance × Lack of diversification by insurance business line × Considerable amount of goodwill affecting the quality of capital	✓ Strong brand name & sizeable share in the UK life market ✓ Resilient earnings ✓ Strong capital position × Mutual status weighs on financial flexibility × Exposed to significant level of longevity risk × Capital and earnings are subject to volatility	✓ Prospectively stabilising capital and earnings at very strong levels ✓ Third largest private motor insurance provider in the UK by premium × High financial leverage means that further hybrid issues would not be given capital credit under S&P's criteria