

# PHOENIX LIFE HOLDINGS LIMITED

Company Registration Number: 06977344

STRATEGIC REPORT, DIRECTORS' REPORT AND  
FINANCIAL STATEMENTS  
for the year ended 31 December 2024

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PHOENIX LIFE HOLDINGS LIMITED

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**PHOENIX LIFE HOLDINGS LIMITED**


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**Strategic report**

The Directors present the Strategic report of Phoenix Life Holdings Limited (the 'Company') for the year ended 31 December 2024.

**Principal activities**

The principal activity of the Company is that of a financial services holding company, and this will continue to be its principal activity for the foreseeable future.

**Corporate activity****Result and dividends**

The results of the Company for the year are shown in the income statement on page 11. The profit before tax was £333.5m (2023: £482.6m). During the year, the Company received a dividend in specie of £419.0m from subsidiary undertakings (2023: £535.0m). There was no impairment in its investment in subsidiaries (2023: £nil).

The Company continues to hold certain derivative contracts which hedge the Phoenix Group's foreign exchange exposure. The Company's exposure under these derivatives is transferred to the Company's ultimate parent, Phoenix Group Holdings plc ('PGHP') through offsetting intragroup derivatives. During the year, the Company entered into additional derivative transactions which hedge part of the Phoenix Group's equity exposures – these derivatives are retained within the Company and the risk has not been transferred to PGHP.

Dividends of £419.0m were paid during the current year (2023: £535.0m).

**Financial position as at 31 December 2024**

The net assets of the Company at 31 December 2024 were £5,829.6m (2023: £5,894.0m). The profit after taxation arising in the year of £354.6m (2023: £494.9m).

**Principal risks and uncertainties**

The Phoenix Group, of which the Company is a member, applies a consistent methodology for the identification, assessment, management and reporting of risk that includes a high-level framework for the management of key risks within each business unit.

The principal risks and uncertainties facing the Company are:

- interest rate risk, since the movement in interest rates will impact the value of interest receivable and payable by the Company;
- liquidity risk, as a result of normal business activities, specifically the risk arising from an inability to meet short-term cash flow requirements; and
- credit risk, arising from the default of the counterparty to a particular financial asset, with the carrying value of the asset representing the Company's maximum exposure to credit risk.

The Company's exposure to all these risks is monitored by the Directors, who agree policies for managing each of these risks on an ongoing basis.

**Key Performance Indicators ('KPIs')**

Given the straightforward nature of the business, the Company's Directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business.

**Directors' duties under section 172 of the Companies Act**

Section 172 of the Companies Act 2006 (the 'Act') requires each Director of a company to act in the way they consider, in good faith, would most likely promote the success of the Company for the benefit of its members as a whole. In doing so, each director must have regard, amongst other matters, to the:

- likely consequences of any decisions in the long term;
- interests of the Company's employees;
- need to foster the Company's business relationships with suppliers, customers and others;
- impact of the Company's operations on the community and the environment;
- desirability of the Company maintaining a reputation for high standards of business conduct; and
- need to act fairly as between members of the Company.

During the year the Directors of the Company have applied Section 172 of the Act in a manner consistent with the wider Group's purpose, values and strategic priorities. To support the fulfilment of the Directors' duties outlined above, each paper prepared for consideration by the Board contains an analysis of the potential impact of proposals to be considered by the Board in light of the factors contained in Section 172.

## PHOENIX LIFE HOLDINGS LIMITED

The Board recognises that the Company's stakeholders are integral to its success. During the year, the Board ensured that its considerations and decision-making processes took into account their impact on its own stakeholders. The key stakeholder groups of the Company and its relationships with each are as follows:

- The Company's immediate and ultimate parent, Phoenix Group Holdings plc ('PGH'); and
- Any employees engaged by the Company via service companies within the Phoenix Group.

### Key board decisions

This section contains examples of key decisions of the Board, their alignment to the Group's strategy, how the Board reached its decision (including consideration of matters set out in Section 172; the interests of stakeholders; related risks and opportunities; and challenges it faced) and the outcome of those considerations. The examples shown are provided to demonstrate how the Directors of the Company have carried out their duties under Section 172 of the Act.

| Strategic priorities key                                                                                                         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|----------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|  Optimise our in-force business<br>(Group only) |  Grow organically and through M&A<br>(Group only)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|                                                                                                                                  |  Enhance our operating model and culture                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| Example key Board decision                                                                                                       | Approval of the Annual Accounts for the year ended 31 December 2023 ("YE23 accounts")                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| Link to strategic priorities                                                                                                     | How the Board reached its decision                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|                                                 | <p><b>Consideration of section 172 matters</b></p> <p>As part of the year end accounts approval process, the Board considered whether the expectation that the Company would continue in operational existence for the foreseeable future was appropriate. Such consideration enabled the Board to reach a decision to approve the YE23 accounts, within which a going concern statement was included (relied upon by other assessing the business). The long term impact of the decision to approve the YE23 accounts therefore included the potential reliance of those reading the accounts on the going concern statement, which the Board considered to be relevant and accurate.</p> <p>As part of the same approval process, the Board also noted that the financial statements had been subject to external audit, the outcome of which could, again, be used by those assessing the business to determine whether the Company had maintained high standards of business conduct.</p> |
| Outcome                                                                                                                          | Following due consideration of the matters set out in section 172, the Board approved the YE23 accounts.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |

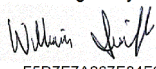
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**PHOENIX LIFE HOLDINGS LIMITED**


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| Example key Board decision                                                        | Distribution of dividend                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|-----------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Link to strategic priorities                                                      | How the Board reached its decision                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|  | <p><b>Consideration of section 172 matters</b></p> <p>During the year the Board received a paper setting out in detail the Company's realised and distributable profits, to enable it to assess the resources available for a distribution to its parent Phoenix Group Holdings plc.</p> <p>On considering the proposal the Board paid due regard to the long-term impact of the decision, specifically in the context of the Company's balance sheet position both before and after any distribution. In doing so it was able to satisfy itself of the Company's ability to meet its future financial obligations as they fell due.</p> <p>The Board also considered its obligations under the Companies Act 2006. This included, inter alia, the requirement for Directors to be satisfied that the Company's profits available for distribution had not reduced since the date of the management accounts (upon which the decision was being made) and that the Company had not incurred losses which might reduce profits available for distribution. By ensuring that all legal obligations were met, the Board was able to ensure that the Company's reputation for high standards of business conduct was maintained, expected by all stakeholders.</p> |
| <b>Outcome</b>                                                                    | Following due consideration of the matters set out in section 172, the Board approved the distribution of a dividend to Phoenix Group Holdings plc.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |

On behalf of the Board

DocuSigned by:  
  
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W Swift  
 Director

24 September 2025

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**PHOENIX LIFE HOLDINGS LIMITED**

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**Directors' report**

The Directors present their report and the financial statements of the Company for the year ended 31 December 2024.

The Company is incorporated in the United Kingdom as a private limited company. Its registration number is 06977344 and its Registered Office is 1 Wythall Green Way, Wythall, Birmingham, B47 6WG.

**Going concern**

The Strategic report and the Directors' report summarise the Company's activities, its financial performance and its financial position together with any factors likely to affect its future development. In addition, the Strategic report discusses the principal risks and uncertainties it faces. Note 21 to the financial statements summarises the Company's capital management and risk objectives and policies together with its financial risks.

The Directors have followed the UK Financial Reporting Council's 'Guidance on the Going Concern Basis of Accounting and Reporting on Solvency and Liquidity Risks' (issued April 2016) when performing their going concern assessment. As part of their comprehensive assessment of whether the Company is a going concern, the Directors have prepared cash flow and solvency forecasts for the Company for twelve months from the signing date to 30 September 2026.

The Company has agreed with Pearl Group Holdings (No. 2) Limited ('PGH2L') that on written request from PGH2L, and to the extent that funds are not otherwise available to PGH2L to meet its liabilities, the Company shall either directly pay any debt or claim outstanding from PGH2L to any of its creditors or shall fund PGH2L in such manner as may be agreed to enable PGH2L to meet its obligations up to a maximum value of £205.0m. As at 31 December 2024, the Company has provided £138.4m to PGH2L under this support arrangement. During the year, the Company provided £nil (2023: £nil) to PGH2L under the above support arrangement, leaving the remaining support available to PGH2L at a maximum value of £66.6m. PGH2 has sufficient liquid resources available to it to cover its requirements during the going concern assessment period and therefore should not require any support from the Company under the letter of support.

As a result of this review, the Directors believe the Company has adequate resources to continue to meet liabilities as they fall due for the period up to 30 September 2026. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

**Directors and their interests**

The names of those individuals who served as Directors of the Company during the year or who held office as at the date of signature of this report are as follows:

|           |                       |
|-----------|-----------------------|
| R Thakrar | Resigned 30 June 2024 |
| A Briggs  |                       |
| W Swift   |                       |

**Secretary**

Pearl Group Secretariat Services Limited acted as Secretary throughout the year.

**Disclosure of indemnity**

Qualifying third party indemnity arrangements (as defined in section 234 of the Companies Act 2006) were in force for the benefit of the Directors of the Company during the year and remain in place at the date of approval of this report.

**Disclosure of information to auditors**

So far as each of the Directors is aware, there is no relevant audit information (as defined in the Companies Act 2006) of which the Company's auditors are unaware, and each of the Directors has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information (as defined) and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418(2) of the Companies Act 2006.

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**PHOENIX LIFE HOLDINGS LIMITED**

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**Statement on Business Relationships**

*Business relationships with customers*

Customer matters are key for the Company and play a significant part of the rationale for decision-making that takes place. Board papers require authors to consider and provide detail relating to the potential impact of proposals on customers, ensuring that the Board is able to pay due regard to such matters.

*Business relationships with Partners/Suppliers*

The Service Companies within the Group are the principal leads on maintaining relationships with suppliers with respect to their contractual obligations.

**Energy and carbon reporting**

Energy and Carbon usage information is disclosed in the Group's annual report and accounts and accordingly the Company has not reported on this in these individual financial statements.

**Auditor appointment**

On 6 June 2024, Ernst & Young LLP resigned as auditors having reached the maximum period of service for an auditor of a Public Interest Entity under the mandatory auditor rotation requirements for another Company within the Group.

In accordance with section 485 of the Companies Act 2006, KPMG LLP were appointed auditors to the Company for the year ended 31 December 2024, following a Group-wide selection process carried out in accordance with section 485B of the Companies Act 2006. The appointment of KPMG LLP as auditor of the Company was approved by the Board.

In accordance with section 487 of the Companies Act 2006, KPMG LLP will be deemed to have been re-appointed at the end of the period of 28 days following circulation of copies of these financial statements as no notice has been received from members pursuant to section 488 of the Companies Act 2006 prior to the end of the accounting reference period to which these financial statements relate.

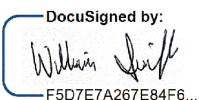
**Corporate Governance**

The Company's immediate and ultimate parent, Phoenix Group Holdings plc is listed on the UK's main market and accordingly complies with the UK Corporate Governance Code 2018 (the 'Code'). The Company does not apply the Code, nor any other code of governance, due to the limited nature of its activities, primarily as a holding company within Phoenix Group. In the event that the scope of the Company's activities changes, this position will be reviewed.

**Section 172 requirements**

The information required by section 172 of the Companies Act 2006 is provided in the Strategic report.

On behalf of the Board

DocuSigned by:  
  
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W Swift  
 Director

24 September 2025

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**PHOENIX LIFE HOLDINGS LIMITED**

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**Statement of Directors' responsibilities**

The Directors are responsible for preparing the Strategic report, the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK-adopted international accounting standards and applicable law.

Under Company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with UK-adopted international accounting standards;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

## **Independent Auditor's report to the members of Phoenix Life Holdings Limited**

### **Opinion**

We have audited the financial statements of Phoenix Life Holdings Limited ("the Company") for the year ended 31 December 2024 which comprise the Statement of comprehensive income, Statement of financial position, Statement of changes in equity, Statement of cash flows and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2024 and of its profit for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

### **Going concern**

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Company will continue in operation.

### **Fraud and breaches of laws and regulations – ability to detect**

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- enquiring of those charged with governance, legal, risk and compliance, and inspection of policy documentation as to the Company's high-level policies and procedures to prevent and detect fraud, including the Company's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud;
- reading Board meeting minutes;
- using analytical procedures to identify any usual or unexpected relationships; and

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards and taking into account our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit, we do not believe there is a fraud risk related to revenue because there is limited management judgement involved in the recognition of and measurement of revenue streams. We did not identify additional fraud risks.

We also performed procedures including:

- Identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included, but not limited to, journals posted in seldom used accounts, journals posted with unusual account pairings, and journals containing words determined to be high risk.
- Assessing whether the judgements made in making accounting estimates are indicative of a potential bias

*Identifying and responding to risks of material misstatement related to compliance with laws and regulations*

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, through discussion with the directors and other management (as required by auditing standards), and from inspection of the Company's regulatory and legal correspondence and have discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies' legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: certain aspects of Company legislation recognizing the nature of the Company's activities.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquire of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

**Context of the ability of the audit to detect fraud or breaches of law or regulation.**

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations

**Strategic report and directors' report**

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

**Matters on which we are required to report by exception**

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

### **Directors' responsibilities**

As explained more fully in their statement set out on page 7, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company'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 they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

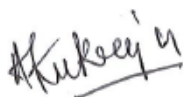
### **Auditor's responsibilities**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

### **The purpose of our audit work and to whom we owe our responsibilities**

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's 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 and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



**Senior Statutory Auditor**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants*  
15 Canada Square  
LONDON  
E14 5GL  
25 September 2025

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**PHOENIX LIFE HOLDINGS LIMITED**


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**Statement of comprehensive income**  
 for the year ended 31 December 2024

|                                                         | Notes | 2024<br>£m        | 2023<br>£m        |
|---------------------------------------------------------|-------|-------------------|-------------------|
| <b>Income</b>                                           |       |                   |                   |
| Investment income                                       | 3     | 424.4             | 574.3             |
| <b>Total income</b>                                     |       | <hr/> 424.4       | <hr/> 574.3       |
| <b>Profit before finance costs and tax</b>              |       | <hr/> 424.4       | <hr/> 574.3       |
| Finance costs                                           | 7     | (90.9)            | (91.7)            |
| <b>Profit for the year before tax</b>                   |       | <hr/> 333.5       | <hr/> 482.6       |
| Tax credit                                              | 8     | 21.1              | 12.3              |
| <b>Total income for the year attributable to owners</b> |       | <hr/> <hr/> 354.6 | <hr/> <hr/> 494.9 |

The notes on pages 15 to 31 are an integral part of these financial statements.

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**PHOENIX LIFE HOLDINGS LIMITED**

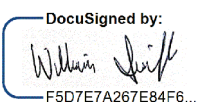

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**Statement of financial position**  
as at 31 December 2024

|                                                       | Notes | 2024<br>£m     | 2023<br>£m     |
|-------------------------------------------------------|-------|----------------|----------------|
| <b>Equity attributable to owners</b>                  |       |                |                |
| Share capital                                         | 9     | 806.0          | 806.0          |
| Capital contribution                                  | 10    | 4,042.3        | 4,042.3        |
| Retained earnings                                     |       | 981.3          | 1,045.7        |
| <b>Total equity</b>                                   |       | <b>5,829.6</b> | <b>5,894.0</b> |
| <b>Non-current liabilities</b>                        |       |                |                |
| Long-term borrowings                                  | 11    | 914.7          | 1,303.0        |
| <b>Total non-current liabilities</b>                  |       | <b>914.7</b>   | <b>1,303.0</b> |
| <b>Current liabilities</b>                            |       |                |                |
| Derivative liabilities                                | 12    | 64.9           | 86.0           |
| Obligation for repayment of collateral received       |       | 64.1           | 84.8           |
| Short-term borrowings                                 | 11    | 427.8          | -              |
| Amounts due to Group entities                         |       | 57.2           | 38.5           |
| Other payables                                        | 13    | 1.1            | 1.1            |
| Accruals                                              | 14    | 34.6           | 42.0           |
| <b>Total current liabilities</b>                      |       | <b>649.7</b>   | <b>252.4</b>   |
| <b>Total liabilities</b>                              |       | <b>1,564.4</b> | <b>1,555.4</b> |
| <b>Total equity and liabilities</b>                   |       | <b>7,394.0</b> | <b>7,449.4</b> |
| <b>Non-current assets</b>                             |       |                |                |
| Investments in subsidiaries                           | 15    | 7,095.5        | 7,095.5        |
| Investment in an associate                            | 16    | 3.7            | -              |
| <b>Total non-current assets</b>                       |       | <b>7,099.2</b> | <b>7,095.5</b> |
| <b>Current assets</b>                                 |       |                |                |
| Loans and receivables                                 | 17    | 163.8          | 203.2          |
| Amounts due from Group entities                       |       | 38.6           | 19.2           |
| Accrued income                                        | 18    | 12.5           | 30.5           |
| Financial assets at fair value through profit or loss | 19    | 15.0           | 15.0           |
| Derivative assets                                     | 12    | 64.9           | 86.0           |
| <b>Total current assets</b>                           |       | <b>294.8</b>   | <b>353.9</b>   |
| <b>Total assets</b>                                   |       | <b>7,394.0</b> | <b>7,449.4</b> |

The notes on pages 15 to 31 are an integral part of these financial statements.

On behalf of the Board

DocuSigned by:  
  
F5D7E7A267E84F6...

W Swift  
Director

24 September 2025

Registration number: 06977344

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**PHOENIX LIFE HOLDINGS LIMITED**


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**Statement of cash flows**

for the year ended 31 December 2024

|                                                                         | Notes | 2024<br>£m     | 2023<br>£m     |
|-------------------------------------------------------------------------|-------|----------------|----------------|
| <b>Cash flows from operating activities</b>                             |       |                |                |
| Cash generated by operations                                            | 20    | 97.5           | 67.3           |
| <b>Net cash flows from operating activities</b>                         |       | <u>97.5</u>    | <u>67.3</u>    |
| <b>Cash flows from investing activities</b>                             |       |                |                |
| Loans repaid by group companies                                         | 17    | 48.1           | 95.5           |
| Capital contribution paid to an associate                               | 16    | (5.0)          | -              |
| Settlement of derivatives                                               |       | -              | (3.7)          |
| <b>Net cash flows from investing activities</b>                         |       | <u>43.1</u>    | <u>91.8</u>    |
| <b>Cash flows from financing activities</b>                             |       |                |                |
| Interest paid on borrowings                                             |       | (140.6)        | (159.2)        |
| <b>Net cash flows used in financing activities</b>                      |       | <u>(140.6)</u> | <u>(159.2)</u> |
| <b>Net decrease in cash and cash equivalents</b>                        |       | <u>-</u>       | <u>(0.1)</u>   |
| Cash and cash equivalents at the beginning of the year                  |       | -              | 0.1            |
| <b>Cash and cash equivalents at the end of the year</b>                 |       | <u>-</u>       | <u>-</u>       |
| <b>Supplementary disclosures on cash flow from operating activities</b> |       |                |                |
| Interest received                                                       |       | <u>104.9</u>   | <u>103.4</u>   |

The notes on pages 15 to 31 are an integral part of these financial statements.

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**Statement of changes in equity**  
for the year ended 31 December 2024

|                                         | Share capital<br>(note 9)<br>£m | Capital<br>contribution<br>reserve<br>(note 10)<br>£m | Retained<br>earnings<br>£m | Total<br>£m    |
|-----------------------------------------|---------------------------------|-------------------------------------------------------|----------------------------|----------------|
| <b>At 1 January 2024</b>                | 806.0                           | 4,042.3                                               | 1,045.7                    | 5,894.0        |
| Total comprehensive income for the year | -                               | -                                                     | 354.6                      | 354.6          |
| Dividend paid                           | -                               | -                                                     | (419.0)                    | (419.0)        |
| <b>At 31 December 2024</b>              | <u>806.0</u>                    | <u>4,042.3</u>                                        | <u>981.3</u>               | <u>5,829.6</u> |

|                                         | Share capital<br>(note 9)<br>£m | Capital<br>contribution<br>reserve<br>(note 10)<br>£m | Retained<br>earnings<br>£m | Total<br>£m    |
|-----------------------------------------|---------------------------------|-------------------------------------------------------|----------------------------|----------------|
| <b>At 1 January 2023</b>                | 806.0                           | 1,076.8                                               | 1,085.8                    | 2,968.6        |
| Total comprehensive income for the year | -                               | -                                                     | 494.9                      | 494.9          |
| Receipt of capital contribution         | -                               | 2,965.5                                               | -                          | 2,965.5        |
| Dividend paid                           | -                               | -                                                     | (535.0)                    | (535.0)        |
| <b>At 31 December 2023</b>              | <u>806.0</u>                    | <u>4,042.3</u>                                        | <u>1,045.7</u>             | <u>5,894.0</u> |

Included in retained earnings are reserves of £399.8m (2023: £399.8m) which are considered to be non-distributable. The capital contribution reserve is considered to be a distributable reserve. Total distributable reserves are £4,623.8m (2023: £4,688.2m).

The notes on pages 15 to 31 are an integral part of these financial statements.

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**Notes to the financial statements****1. Accounting policies****(a) Basis of preparation**

The financial statements have been prepared on a historical cost basis except for those financial assets and financial liabilities that have been measured at fair value.

The Directors have followed the UK Financial Reporting Council's "Guidance on the Going Concern Basis of Accounting and Reporting on Solvency and Liquidity Risks" (issued April 2016) when performing their going concern assessment. The liquidity assessment considered the ability to meet liabilities as they fall due under a base case scenario.

The Company has agreed with Pearl Group Holdings (No. 2) Limited ('PGH2L') that on written request from PGH2L, and to the extent that funds are not otherwise available to PGH2L to meet its liabilities, the Company shall either directly pay any debt or claim outstanding from PGH2L to any of its creditors or shall fund PGH2L in such manner as may be agreed to enable PGH2L to meet its obligations up to a maximum value of £205.0m. As at 31 December 2024, the Company has provided £138.4m to PGH2L under this support arrangement. During the year, the Company provided £nil (2023: £nil) to PGH2L under the above support arrangement, leaving the remaining support available to PGH2L at a maximum value of £66.6m. PGH2 has sufficient liquid resources available to it to cover its requirements during the going concern assessment period and therefore should not require any support from the Company under the letter of support.

As a result of this review, the Directors believe the Company has adequate resources to continue to meet liabilities as they fall due for the period up to 30 September 2026. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

The financial statements are separate financial statements and the exemption in section 400 of the Companies Act 2006 has been used not to present consolidated financial statements. The results of the Company are consolidated into the accounts of the Company's ultimate parent, PGHP, a company incorporated in England and Wales. The registered address of PGHP is 20 Old Bailey, London, EC4M 7AN.

In preparation of these financial statements, the Company has considered the potential impacts of climate change on the financial statements, including on key assumptions and estimates used in the valuation of reported assets and liabilities, and concluded that there are no material implications at this time. Impacts of climate change will remain under review by the Company and the wider Phoenix Group.

**Statement of compliance**

The financial statements have been prepared in accordance with UK adopted international accounting standards and the requirements of the Companies Act 2006.

The financial statements are presented in sterling (£) rounded to the nearest £0.1m except where otherwise stated.

Assets and liabilities are offset and the net amount reported in the statement of 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 income statement unless required or permitted by an IFRS or interpretation, as specifically disclosed in the accounting policies of the Company.

**(b) Critical accounting estimates and judgements**

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Critical accounting estimates are those which involve the most complex or subjective judgements or assessments. The areas of the Company's business that typically require such estimates are the determination of the fair value of financial instruments, impairment tests for investment in subsidiaries and loans to Group entities, impairment of financial assets, and income taxes.

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***Fair value of financial instruments***

The fair values of financial instruments are classified and accounted for as set out in accounting policy (h). Where possible, financial instruments are valued on the basis of listed market prices by reference to quoted market bid prices without any deduction for transaction costs. These are categorised as Level 1 financial instruments and do not involve estimates. If prices are not readily determinable, fair value is determined using valuation techniques including pricing models, discounted cash flow techniques or broker quotes. Financial instruments valued where valuation techniques are based on observable market data at the period end are categorised as Level 2 financial instruments. Financial instruments valued where valuation techniques are based on non-observable inputs are categorised as Level 3 financial instruments. Level 2 and Level 3 financial instruments therefore involve the use of estimates.

***Impairment of investments in subsidiaries and loans to Group entities***

Investments in subsidiaries and loans to Group entities are subject to regular impairment reviews when management are aware of objective evidence of impairment. Impairments of investments in subsidiaries are measured at the difference between the carrying value of a particular asset and its estimated value in use. Impairments of investments in loans to Group entities are measured at the difference between the carrying value and the present value of the estimated future cash flows, excluding future credit losses that have not been incurred, discounted at the loans original effective interest rate. Impairments are recognised in the income statement in the period in which they occur. The Company's policies in relation to impairment testing of investments in subsidiaries and loans to Group entities are detailed in accounting policies (e) and (g) respectively.

***Impairment of financial assets***

The impairment provisions for financial assets disclosed in accounting policy (i) are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history and existing market conditions as well as forward looking estimates at the end of each reporting period. For details of the key assumptions and inputs used, see accounting policy (i).

Collective investment schemes are designated at fair value through profit or loss and accordingly are stated in the statement of financial position at fair value. They are designated at fair value through profit or loss because they are managed and evaluated on a fair value basis in accordance with the Company's stated risk management policies. These instruments are recognised initially at fair value (transaction costs are expensed) and subsequently are re-measured to fair value.

***Income taxes***

Deferred tax assets are recognised to the extent that they are regarded as recoverable, that is to the extent that, on the basis of all the available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which the losses can be relieved. The UK taxation regime applies separate rules to trading and capital profits and losses. The distinction between temporary differences that arise from items of either a capital or trading nature may affect the recognition of deferred tax assets.

The accounting policy for income taxes (both current and deferred taxes) is discussed in more detail in accounting policy (d).

***How Climate risk affects our accounting judgments and estimates***

In preparation of these financial statements, the Company has considered the impact of climate change across a number of areas, predominantly in respect of the valuation of financial assets. Many of the effects arising from climate change will be longer term in nature, with an inherent level of uncertainty, and have been assessed as having a limited effect on accounting judgments and estimates for the current period.

**(c) Borrowings**

The majority of interest-bearing borrowings are recognised initially at fair value less any attributable transaction costs. The difference between initial cost and the redemption value is amortised through the income statement over the period of the borrowing using the effective interest method.

After initial recognition, borrowings are measured at amortised cost using the effective interest method.

**(d) Income tax**

Income tax comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised in the income statement or the statement of 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 year, using tax rates and laws enacted or substantively enacted at the date of the statement of financial position together with adjustments to tax payable in respect of previous years, except to the extent that it relates to items recognised in the statement of changes in equity, in which case it is recognised in that statement.

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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.

**(e) Investment in subsidiaries**

Investments in shares in subsidiaries held for strategic purposes are carried in the statement of financial position at cost less impairment.

The Company assesses at each reporting date whether an investment in a subsidiary or group of investments in subsidiaries held at cost is impaired. The Company first assesses whether objective evidence of impairment exists. If objective evidence of impairment exists the Company calculates the amount of impairment as the difference between the recoverable amount of the subsidiary and its carrying value and recognises the amount as an expense in the income statement. The impact of any impairments recognised in respect of investments in subsidiaries is set out in note 15.

**(f) Investment in an associate**

An associate is an entity over which the investor has significant influence. A shareholding of 20% or more of an entity is presumed to result in significant influence, although where a shareholding is less than this, significant influence can be established by other means.

In the financial statements, equity accounting is applied to investments in associates and joint ventures:

- In the statement of financial position the investment is initially carried at cost and subsequently adjusted for the investor's share of profits or losses and other comprehensive income made by the investee. Distributions received from the investee reduce the carrying value of the investment.
- The investor's share of the investee's profit or loss and other comprehensive income are reported in the statement of profit or loss and other comprehensive income.

**(g) Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These investments are initially recognised at cost, being the fair value of the consideration paid for the acquisition of the investment. All transaction costs directly attributable to the acquisition are also included in the cost of the investment. Subsequent to initial recognition, these investments are carried at amortised cost, using the effective interest method. Gains and losses are recognised in the income statement through the amortisation process.

The Company assesses at each period end whether a financial asset or group of financial assets held at amortised cost is impaired. The Company first assesses whether objective evidence of impairment exists for financial assets. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in the collective assessment of impairment.

**(h) Derivatives**

Derivative financial instruments are classified as held for trading. They are recognised initially at fair value and subsequently are re-measured to fair value. The gain or loss on re-measurement to fair value is recognised in the income statement.

***Fair value estimation***

The fair value of financial instruments traded in active markets such as derivatives are based on quoted market prices at the period end. The quoted market price used for financial assets is the current bid price on the trade date. The fair value of investments that are not traded in an active market is determined using valuation techniques such as broker quotes, pricing models or discounted cash flow techniques. Where pricing models are used, inputs are based on market related data at the period end. Where discounted cash flow techniques are used, estimated future cash flows are based on contractual cash flows using current market conditions and market calibrated discount rates and interest rate assumptions for similar instruments.

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**(i) Financial assets*****Classification of Financial assets***

Financial assets are measured at amortised cost where they have:

- contractual terms that give rise to cash flows on specified dates, that represent solely payments of principal and interest on the principal amount outstanding; and
- are held within a business model whose objective is achieved by holding to collect contractual cash flows.

These financial assets are initially recognised at cost, being the fair value of the consideration paid for the acquisition of the financial asset. All transaction costs directly attributable to the acquisition are also included in the cost of the financial asset. Subsequent to initial recognition, these financial assets are carried at amortised cost, using the effective interest method.

Financial assets measured at amortised cost are included in note 17 Loans and receivables.

There has been no change in the classification of collective investment schemes which continue to be designated at fair value through profit or loss and accordingly are stated in the statement of financial position at fair value.

***Impairment of financial assets carried at amortised cost***

The Company assesses the expected credit losses associated with its loans and receivables and other receivables carried at amortised cost. The impairment methodology depends upon whether there has been a significant increase in credit risk.

The Company measures loss allowances which have low credit risk using the 12-month Expected Credit Loss ('ECL'). Interest revenue is recognised on a gross basis. A simplified approach is used to determine the loss allowances for other receivables as these are always measured at an amount equal to lifetime ECLs. See note 21 for detail of how the Company assesses whether the credit risk of a financial asset has increased since initial recognition and when estimating ECLs.

The loss allowance reduces the carrying value of the financial asset and is reassessed at each reporting date. ECLs are recognised using a provision for doubtful debts account in profit and loss. For other receivables, the ECL rate is recalculated each reporting period taking into account which counter parties are included in the reporting period.

ECLs are derived from unbiased and probability-weighted estimates of expected loss, and are measured as follows:

- 12-month ECLs - Total expected credit losses that result from default events that are possible within 12 months after the reporting date.
- Lifetime ECLs - Expected credit losses that result from all possible default events over the expected life of the financial asset.

No significant changes to estimation techniques or assumptions were made during the reporting period.

***Fair value estimation***

For units in unit trusts and shares in open-ended investment companies, fair value is determined by reference to published bid-values.

**(j) Cash and cash equivalents**

Cash and cash equivalents comprise cash balances and short-term deposits with an original maturity term of three months or less at the date of placement. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are deducted from cash and cash equivalents for the purpose of the statement of cash flows.

**(k) Share capital and capital contributions*****Ordinary share capital***

The Company has issued ordinary shares which are classified as equity. Incremental external costs that are directly attributable to the issue of these shares are recognised in the statement of changes in equity, net of tax.

***Capital contributions***

Capital contributions received by the Company and which contain no agreement for their repayment are recognised directly in the statement of changes in equity as a distributable reserve.

**(l) Subordinated loans treated as equity**

Certain subordinated loans meet the definition of equity for accounting purposes. Accordingly, they are shown at the proceeds of issue and interest payments are recognised on the date of payment and charged directly to the statement of changes in equity, net of tax relief.

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**(m) Income recognition*****Investment income***

Investment income comprises interest, dividends and fair value gains and losses on financial assets.

Interest income is recognised in the income statement as it accrues using the effective interest method. Dividend income and interest income on perpetual subordinated loans and receivables are recognised in the income statement on the date the right to receive payments is established, which in the case of listed securities is the ex-dividend date.

Fair value gains and losses on financial assets designated at fair value through profit or loss are recognised in the income statement. Realised gains and losses are the difference between the net sale proceeds and the original cost. Unrealised gains and losses are the difference between the valuation at the period end and their valuation at the previous period end or purchase price, if acquired during the year.

**(n) Finance costs**

Interest paid is recognised in the income statement as it accrues and is calculated by using the effective interest method.

**(o) Dividends**

Final dividends on ordinary shares are recognised as a liability and deducted from equity when they are approved by the Company's owners. Interim dividends are deducted from equity when they are paid.

Dividends for the year that are approved after the reporting period are dealt with as an event after the reporting period.

Declared dividends are those that are appropriately authorised and are no longer at the discretion of the entity.

**(p) Events after the reporting period**

The financial statements are adjusted to reflect significant events that have a material effect on the financial results and that have occurred between the period end and the date when the financial statements are authorised for issue, provided they give evidence of conditions that existed at the period end. Events that are indicative of conditions that arise after the period end that do not result in an adjustment to the financial statements are disclosed.

**2. Financial information**

The financial statements for the year ended 31 December 2024, set out on pages 11 to 31 were authorised by the Board of Directors for issue on 24 September 2025.

**Adoption of new accounting pronouncements in 2024**

In preparing the financial statements, the Company has adopted the following amendments to standards effective from 1 January 2024 and which have been endorsed by the UK Endorsement Board ('UKEB'):

- Supplier Finance Arrangements (Amendments to IAS 7 & IFRS 7);
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16);
- Classification of Liabilities as Current or Non-Current (Amendments to IAS 1); and
- Non-current Liabilities with Covenants (Amendments to IAS 1).

None of the above amendments to standards are considered to have a material effect on these financial statements. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

**New accounting pronouncements not yet effective**

The IASB has issued the following standards or amended standards and interpretations which apply from the dates shown. The Company has decided not to early adopt any of these standards, amendments or interpretations where this is permitted.

***Lack of Exchangeability (Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates) (1 January 2025)***

The amendments clarify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking, as well as require the disclosure of information that enables users of financial statements to understand the impact of a currency not being exchangeable. These amendments are not expected to have any impact on the Company.

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***Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7 (1 January 2026)***

The IASB issued targeted amendments to IFRS 9 and IFRS 7 to respond to recent questions arising in practice. These amendments:

- clarify the date of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system;
- clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest ('SPPI') criterion;
- add new disclosures for certain instruments with contractual terms that can change cash flows (such as some financial instruments with features linked to the achievement of environment, social and governance targets); and
- update the disclosures for equity instruments designated at fair value through other comprehensive income ('FVOCI').

The Company does not expect these amendments to have a material impact on its operations or financial statements.

***Annual Improvements to IFRS Accounting Standards — Volume 11 (1 January 2026)***

As part of the IASB's Annual Improvements process it has issued minor amendments to address potential areas of confusion within the following standards: IFRS 1 First-time Adoption of International Financial Reporting Standards - hedge accounting by a first-time adopter; IFRS 7 Financial Instruments: Disclosures - gain or loss on derecognition and clarifications within implementation guidance; IFRS 9 Financial Instruments - lessee derecognition of lease liabilities and transaction price; IFRS 10 Consolidated Financial Statements - determination of a 'de facto agent'; and IAS 7 Statement of Cash Flows - cost method.

The Company does not expect these amendments to have a material impact on its operations or financial statements.

***IFRS 18 Presentation and Disclosure in Financial Statements (1 January 2027)***

The new standard will replace IAS 1 Presentation of financial statements, introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. Even though IFRS 18 will not impact the recognition or measurement of items in the financial statements, there are expected to be impacts on presentation and disclosure, particularly in relation to the statement of comprehensive income.

Income and expenses in the statement of comprehensive are required to be split into five new categories and in addition two new defined sub-totals are required in the statement of comprehensive income; operating profit and profit before financing and income taxes. From a cash flow statement perspective, the Company is required to use the operating profit sub-total as a starting point for the statement of cash flows when presenting operating cash flows under the indirect method.

New and enhanced guidance has also been introduced on the aggregation and disaggregation of information in the financial statements. When applying these updated requirements judgement may be required to ensure that the primary financial statements fulfil their new role of providing 'useful structured summaries' to give users more useful information.

The Company will apply the new standard from its mandatory effective date of 1 January 2027. Retrospective application is required, and so the comparative information for the financial year ending 31 December 2026 will be restated in accordance with IFRS 18, including a reconciliation for each line item in the statement of comprehensive income between the restated amounts applying IFRS 18 and the amounts previously presented applying IAS 1.

During 2024, the Group performed an initial assessment of the impacts of IFRS 18 and this assessment will be extended to all Group entities in 2025.

***IFRS 19 Subsidiaries without Public Accountability (1 January 2027)***

IFRS 19 allows for certain eligible subsidiaries of parent entities that report under IFRS Accounting Standards to apply reduced disclosure requirements. The Company does not currently expect this standard to have an impact on its operations or financial statements.

***Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) (Effective date deferred)***

The amendments address the conflict between IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. These amendments are not expected to have any impact on the Company.

The following amendments to standards listed above have been endorsed for use in the UK by the UK Endorsement Board:

- Lack of Exchangeability (Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates); and
- Annual Improvements to IFRS Accounting Standards — Volume 11.

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**3. Investment income**

|                                                           | 2024<br>£m  | 2023<br>£m  |
|-----------------------------------------------------------|-------------|-------------|
| Investment income                                         |             |             |
| Interest income on loans and receivables                  | 8.6         | 11.3        |
| Net interest income on cross currency interest rate swaps | 5.3         | 8.0         |
| Share of the loss from the associate                      | (1.3)       | -           |
| Dividends received                                        | 419.0       | 535.0       |
|                                                           | <hr/> 431.6 | <hr/> 554.3 |
| Fair value gains / (losses)                               |             |             |
| Loss on matured derivatives                               | -           | (3.7)       |
| Unrealised foreign exchange (loss) / gain                 | (7.0)       | 21.6        |
| Unrealised (loss) / gain on derivatives                   | (0.2)       | 2.1         |
|                                                           | <hr/> 424.4 | <hr/> 574.3 |

Interest income on loans and receivables includes interest of £8.6m (2023: 11.3m) on loans to Group entities.

**4. Employee information**

The Company has no employees. Services are provided by Phoenix Group Management Services Limited, a subsidiary entity.

**5. Directors' remuneration**

The Directors received the following for their services as Directors of the Company.

|                                                                                                                            | 2024<br>£000 | 2023<br>£000 |
|----------------------------------------------------------------------------------------------------------------------------|--------------|--------------|
| Remuneration (excluding pension contributions and awards under share option schemes and other long-term incentive schemes) | <hr/> 57     | <hr/> 76     |
| Share-based payments                                                                                                       | <hr/> 59     | <hr/> 59     |
| Contributions to money purchase pension schemes                                                                            | <hr/> 2      | <hr/> 2      |
| Highest paid Directors' remuneration:                                                                                      |              |              |
| Remuneration (excluding pension contributions and awards under share option schemes and other long-term incentive schemes) | <hr/> 23     | <hr/> 37     |
| Share-based payments                                                                                                       | <hr/> 23     | <hr/> 30     |
| Contributions to money purchase pension schemes                                                                            | <hr/> -      | <hr/> -      |
| Number of Directors who are members of a money purchase pension scheme                                                     | <hr/> 1      | <hr/> 2      |
| Number of Directors who exercised share options during the year                                                            | <hr/> 3      | <hr/> 2      |

The Directors are employed by Phoenix Group Management Services Limited. The total compensation paid to the Directors of the Company relates to services to the Company, irrespective of which entity within the Phoenix Group has paid the compensation.

For the purposes of this note an apportionment of the total remuneration paid to the Directors of the Company by the Phoenix Group has been made based on an estimate of the services rendered to the Company.

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During the year ended 31 December 2024 key management personnel and their close family members contributed £36,000 (2023: £39,000) to pensions and savings products sold by the Phoenix Group. At 31 December 2024, the total value of key management personnel's investments in Group pensions and savings products was £625,000 (2023: £542,000).

**6. Auditor's remuneration**

The remuneration of the auditor of the Company, including their associates in respect of the audit of the financial statements was £0.1m (2023: £0.1m).

**7. Finance costs**

|                                                            | 2024<br>£m  | 2023<br>£m  |
|------------------------------------------------------------|-------------|-------------|
| Interest expense on borrowings at amortised cost           | 81.3        | 77.5        |
| Amortisation of debt issue costs (see note 11)             | 0.6         | 0.6         |
| Net interest expense on cross currency interest rate swaps | 5.2         | 8.1         |
| Interest paid on collateral received                       | 3.8         | 5.5         |
|                                                            | <u>90.9</u> | <u>91.7</u> |

Interest expense on borrowings relates to interest of £81.3m (2023: £77.5m) on loans with Group entities.

The net interest income expense on cross currency interest rate swaps of £5.2m (2023: £8.1m) is due to Phoenix Group Holdings plc.

**8. Tax credit**
***Current year tax credit***

|                                        | 2024<br>£m    | 2023<br>£m    |
|----------------------------------------|---------------|---------------|
| Current tax                            |               |               |
| UK Corporation tax                     | (21.1)        | (12.3)        |
| Adjustment in respect of prior periods | -             | -             |
| Total tax credit for the year          | <u>(21.1)</u> | <u>(12.3)</u> |

***Reconciliation of tax credit***

|                                              | 2024<br>£m    | 2023<br>£m    |
|----------------------------------------------|---------------|---------------|
| Profit for the year before tax               | <u>333.5</u>  | <u>482.6</u>  |
| Tax at standard UK rate of 25% (2023: 23.5%) | 83.4          | 113.4         |
| Non-taxable income                           | (104.8)       | (125.7)       |
| Share of the loss from the associate         | 0.3           | -             |
| Total tax credit for the year                | <u>(21.1)</u> | <u>(12.3)</u> |

***Factors affecting the current and future tax charges***

A corporation tax rate of 25% was enacted on 10 June 2021, with effect from 1 April 2023.

No deferred tax assets or liabilities are recognised at 31 December 2024.

***Pillar Two Tax***

The Group is continuing to monitor developments in relation to the G20-OECD Inclusive Framework "Pillar Two" rules, as the Group is within the 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.

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In May 2023, the scope of IAS 12 has been 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 introduce 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 Company confirms that it has applied this exception during the period.

**9. Share capital**

|                                                                                   | 2024<br>£m   | 2023<br>£m   |
|-----------------------------------------------------------------------------------|--------------|--------------|
| Issued and fully paid: 806,000,022 (2023: 806,000,022) ordinary shares of £1 each | <u>806.0</u> | <u>806.0</u> |

The Company's Articles of Association contain a restriction on the number of shares that may be allotted.

**10. Capital contribution**

|                                | 2024<br>£m     | 2023<br>£m     |
|--------------------------------|----------------|----------------|
| At 1 January                   | 4,042.3        | 1,076.8        |
| Capital contributions received | -              | 2,965.5        |
| At 31 December                 | <u>4,042.3</u> | <u>4,042.3</u> |

During the year ended 31 December 2023, materially all of the net assets of Standard Life Assurance Limited and Phoenix Life Assurance Limited, fellow group undertakings, were transferred to Phoenix Life Limited, another fellow group undertaking and an indirect subsidiary of the Company. As a result, the Company's investment in its direct subsidiary, Impala Holdings Limited, increased by £2,965.5m (see note 15), and consequently the Company had a corresponding increase in its capital contribution reserve.

The capital contribution reserve has been treated as a distributable reserve as there is no agreement for its repayment.

**11. Borrowings**

|                                               | Carrying value |                | Fair value     |                |
|-----------------------------------------------|----------------|----------------|----------------|----------------|
|                                               | 2024<br>£m     | 2023<br>£m     | 2024<br>£m     | 2023<br>£m     |
| Loans from Group companies at amortised cost: |                |                |                |                |
| a) £428.1m subordinated loan                  | 427.8          | 427.5          | 433.7          | 438.4          |
| b) \$500.0m subordinated loan                 | 398.7          | 391.4          | 399.0          | 376.9          |
| c) £450.0m loan                               | 516.0          | 484.1          | 516.0          | 484.1          |
| Total borrowings                              | <u>1,342.5</u> | <u>1,303.0</u> | <u>1,348.7</u> | <u>1,299.4</u> |
| Amounts due for settlement within 12 months   | <u>427.8</u>   | <u>-</u>       |                |                |
| Amounts due for settlement after 12 months    | <u>914.7</u>   | <u>1,303.0</u> |                |                |

- a) On 23 January 2016 the Company entered into a £428.1m loan (as borrower) from PGH Capital plc ('PGHC') (as lender). The loan accrues interest at 6.675% and has a maturity date of 18 December 2025. The loan is subordinate to the senior creditors of the Company, and all payments under the loan are conditional upon the Company being solvent both at the time of payment and immediately thereafter. On 20 March 2017, PGHC was substituted as lender under this loan by Phoenix Group Holdings ('PGH').

On 12 December 2018, PGH was substituted as lender under this loan by Phoenix Group Holdings plc ('PGHP'), the Company's ultimate parent entity.

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Debt issue costs incurred were offset against the value of the loan and these are being amortised over the life of the loan. During the year £0.3m debt issue costs were amortised (2023: £0.4m), and interest of £28.6m was incurred (2023: £28.6m).

- b) On 6 July 2017, the Company entered into a US \$500.0m loan (as borrower) from PGH (as lender), receiving £385.0m. The loan accrues interest at 5.375% and has a maturity date of 6 July 2027. The loan is subordinate to the senior creditors of the Company, and all payments under the loan are conditional upon the Company being solvent both at the time of payment and immediately thereafter. On 12 December 2018, PGH was substituted as lender under this loan by PGHP.

Debt issue costs of £2.3m were offset against the value of the loan and these are amortised over the life of the loan. During the year, £0.3m of debt issue costs were amortised (2023: £0.2m) and interest of £21.0m (2023: £26.9m) was incurred.

- c) On 20 July 2023, the Company entered into a £450.0m loan (as borrower) from PGHP (as lender). The loan accrues interest at SONIA plus 1.2986% and has a maturity date of 31 December 2027. During the year, interest of £31.9m was capitalised (2023: £27.1m).

### Reconciliation of borrowings

The table below details the changes in the Company's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Company's statement of cash flows as cash flows from financing activities.

| 2024                      |         | Cash flow items | Non cash flow items   |           |                      |             |                    |                       | 31 Dec  |
|---------------------------|---------|-----------------|-----------------------|-----------|----------------------|-------------|--------------------|-----------------------|---------|
|                           |         | Loans repaid    | Foreign exchange loss | New loans | Interest capitalised | Loan offset | Dividend in specie | Issue costs amortised |         |
|                           | 1 Jan   |                 |                       |           |                      |             |                    |                       |         |
|                           | £m      | £m              | £m                    | £m        | £m                   | £m          | £m                 | £m                    | £m      |
| £428.1m subordinated loan | 427.5   | -               | -                     | -         | -                    | -           | -                  | 0.3                   | 427.8   |
| \$500m subordinated loan  | 391.4   | -               | 7.0                   | -         | -                    | -           | -                  | 0.3                   | 398.7   |
| £450m loan                | 484.1   | -               | -                     | -         | 31.9                 | -           | -                  | -                     | 516.0   |
| Total borrowings          | 1,303.0 | -               | 7.0                   | -         | 31.9                 | -           | -                  | 0.6                   | 1,342.5 |

| 2023                      |         | Cash flow items | Non cash flow items   |           |                      |             |                    |                       | 31 Dec  |
|---------------------------|---------|-----------------|-----------------------|-----------|----------------------|-------------|--------------------|-----------------------|---------|
|                           |         | Loans repaid    | Foreign exchange gain | New loans | Interest capitalised | Loan offset | Dividend in specie | Issue costs amortised |         |
|                           | 1 Jan   |                 |                       |           |                      |             |                    |                       |         |
|                           | £m      | £m              | £m                    | £m        | £m                   | £m          | £m                 | £m                    | £m      |
| £428.1m subordinated loan | 427.1   | -               | -                     | -         | -                    | -           | -                  | 0.4                   | 427.5   |
| \$500m subordinated loan  | 412.8   | -               | (21.6)                | -         | -                    | -           | -                  | 0.2                   | 391.4   |
| £450m loan                | 457.0   | -               | -                     | -         | 27.1                 | -           | -                  | -                     | 484.1   |
| Total borrowings          | 1,296.9 | -               | (21.6)                | -         | 27.1                 | -           | -                  | 0.6                   | 1,303.0 |

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**Nature of borrowings**

|                          | 2024<br>£m     | 2023<br>£m     |
|--------------------------|----------------|----------------|
| Fixed rate borrowings    | 826.5          | 818.9          |
| Floating rate borrowings | 516.0          | 484.1          |
|                          | <u>1,342.5</u> | <u>1,303.0</u> |

**Determination of fair value and fair value hierarchy of borrowings**

Borrowings are categorised as Level 3 financial instruments. The fair value of borrowings with no external market is determined by internally developed discounted cash flow models using a risk adjusted discount rate corroborated with external market data where possible.

There were no level 1 or level 2 borrowings in 2024 or 2023.

There were no fair value gains or losses recognised in other comprehensive income.

**12. Derivatives**

The fair values of derivative financial instruments are as follows:

|                                    | Assets<br>2024<br>£m | Liabilities<br>2024<br>£m | Assets<br>2023<br>£m | Liabilities<br>2023<br>£m |
|------------------------------------|----------------------|---------------------------|----------------------|---------------------------|
| <b>OTC derivatives</b>             |                      |                           |                      |                           |
| Cross currency interest rate swaps | 64.9                 | -                         | 86.0                 | -                         |
| Equity short forwards              | -                    | -                         | -                    | -                         |
| <b>Group derivatives</b>           |                      |                           |                      |                           |
| Cross currency interest rate swaps | -                    | 64.9                      | -                    | 86.0                      |
| Equity short forwards              | -                    | -                         | -                    | -                         |
| Total derivatives                  | <u>64.9</u>          | <u>64.9</u>               | <u>86.0</u>          | <u>86.0</u>               |

**Determination of fair value and fair value hierarchy of derivatives**

The OTC and Group derivatives are both categorised as Level 2 financial instruments. The fair values of over the counter and group derivatives are estimated using pricing models. Where pricing models are used, inputs are based on market related data at the period end.

There were no level 1 or level 3 derivative liabilities in 2024 or 2023.

**13. Other payables**

|                                                   | 2024<br>£m | 2023<br>£m |
|---------------------------------------------------|------------|------------|
| Reimbursement liability payable to a Group entity | <u>1.1</u> | <u>1.1</u> |

**14. Accruals**

|                                                        | 2024<br>£m  | 2023<br>£m  |
|--------------------------------------------------------|-------------|-------------|
| Accrued interest on borrowings                         | 10.6        | 11.3        |
| Interest payable on cross currency interest rate swaps | 24.0        | 30.7        |
|                                                        | <u>34.6</u> | <u>42.0</u> |

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**15. Investment in subsidiaries**

|                                         | 2024<br>£m     | 2023<br>£m     |
|-----------------------------------------|----------------|----------------|
| <b>Cost</b>                             |                |                |
| At 1 January                            | 8,028.1        | 5,062.6        |
| Capital contribution made to subsidiary | -              | 2,965.5        |
| At 31 December                          | <u>8,028.1</u> | <u>8,028.1</u> |
| <b>Impairment</b>                       |                |                |
| At 1 January and 31 December            | <u>(932.6)</u> | <u>(932.6)</u> |
| <b>Carrying amount</b>                  |                |                |
| At 31 December                          | <u>7,095.5</u> | <u>7,095.5</u> |

During the year ended 31 December 2023, materially all of the net assets of Standard Life Assurance Limited and Phoenix Life Assurance Limited, fellow group undertakings, were transferred to Phoenix Life Limited, another fellow group undertaking and an indirect subsidiary of the Company. As a result, the Company's investment in its direct subsidiary, Impala Holdings Limited, increased by £2,965.5m. This transfer was made at nil consideration.

Where indicators of impairment have been identified the carrying value of the Company's investments in its subsidiaries has been tested for impairment at the period end. The recoverable amount of each subsidiary is based on its value in use. The value in use of the life insurance subsidiaries has been calculated based on dividend projections on a consistent basis to that set out in the Company's business plan approved by the Board. These dividend projections reflect the emergence of surplus from in-force business on a Solvency II basis, together with the impact of planned management actions in the next five years and any anticipated new business. The contribution to value in use of the non-life entities, which do not generate revenues external to the Company, was based on their Solvency II Own Funds as at the balance sheet date. The value in use calculation has used a discount rate of 9.2%, calculated using a risk adjusted weighted average cost of capital approach.

Following an assessment of the Company's investments in its subsidiaries, no change in provision for impairment has been made in the year (2023: £nil).

The subsidiaries of the Company at 31 December 2024 were as follows:

|                                                      | Country of<br>incorporation and<br>principal place of<br>operation | Class of shares held<br>(wholly-owned unless otherwise<br>indicated) |
|------------------------------------------------------|--------------------------------------------------------------------|----------------------------------------------------------------------|
| Pearl Group Holdings (No. 2) Limited ('PGH2L')       | UK                                                                 | Ordinary shares of 5p                                                |
| Impala Holdings Limited ('IHL')                      |                                                                    | A Ordinary shares of £1                                              |
|                                                      |                                                                    | B Ordinary shares of £1                                              |
|                                                      |                                                                    | C Ordinary shares of £1                                              |
|                                                      |                                                                    | D Ordinary shares of £1                                              |
| Abbey Life Assurance Company Limited                 | UK                                                                 | Ordinary shares of £1                                                |
| Abbey Life Trustee Services Limited                  | UK                                                                 | Ordinary shares of £1                                                |
| PG Dormant (No 7) Limited                            | UK                                                                 | Ordinary shares of £1                                                |
| (previously Pearl Group Management Services Limited) |                                                                    |                                                                      |

The financial statements of PGH2L and IHL contain listings of all material subsidiaries of those companies.

**16. Investment in an associate**

|                                             | 2024<br>£m | 2023<br>£m |
|---------------------------------------------|------------|------------|
| Investment in Future Growth Capital ('FGC') | <u>3.7</u> | <u>-</u>   |

During the year, the Company entered an agreement with Schroder International Holdings Limited ('Schroders'), to launch Future Growth Capital ('FGC'), the first private market investment manager to be established in the UK to promote the objectives of the Mansion House Compact.

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The Company's investment in FGC is through a 49.9% holding in Future Growth Capital Holdings Limited and its wholly owned subsidiary undertaking, Future Growth Capital Limited. This investment in the FGC associate is accounted for using the equity method in the financial statements.

At 31 December 2024, the Company's share of the investment is £3.7m and its share of the loss from the associate, included within net investment income in the income statement, is £1.3m.

Summary of the financial information (at 100%) for Future Growth Capital Holdings Limited is shown below:

|                             | 2024<br>£m   | 2023<br>£m |
|-----------------------------|--------------|------------|
| Total assets                | 10.0         | -          |
| Total liabilities           | <u>(2.6)</u> | <u>-</u>   |
|                             | <u>7.4</u>   | <u>-</u>   |
| Loss for the year after tax | <u>(2.6)</u> | <u>-</u>   |

**17. Loans and receivables**

|                                             | Carrying value |              | Fair value   |              |
|---------------------------------------------|----------------|--------------|--------------|--------------|
|                                             | 2024<br>£m     | 2023<br>£m   | 2024<br>£m   | 2023<br>£m   |
| Loans to Group companies at amortised cost: |                |              |              |              |
| a) Cash pooling facility                    | 163.8          | 203.2        | 163.8        | 203.2        |
| Total loans and receivables                 | <u>163.8</u>   | <u>203.2</u> | <u>163.8</u> | <u>203.2</u> |
| Amounts due for settlement within 12 months | <u>163.8</u>   | <u>203.2</u> |              |              |
| Amounts due for settlement after 12 months  | <u>-</u>       | <u>-</u>     |              |              |

- a) On 13 September 2023, the Company along with certain fellow subsidiaries, entered into an uncommitted intra-group cash-pooling facility with Phoenix Group Holdings plc ('PGHP'), under which the Company will either borrow funds from, or lend funds to, PGHP. All amounts due under the facility attract interest at SONIA and are repayable on demand. The amounts owed to the Company by PGHP at the commencement of the facility were included within it, and the Company received advances of £324.1m (2023: £573.5m) and repaid £276.0m (2023: £478.0m) during 2024. Interest of £8.7m (2023: £11.3m) was capitalised during the year.

No loans are considered to be past due or impaired.

***Determination of fair value and fair value hierarchy of loans and receivables***

Loans and receivables are categorised as Level 3 financial instruments. The fair value of loans and receivables with no external market is determined by internally developed discounted cash flow models using a risk adjusted discount rate corroborated with external market data where possible.

There were no level 1 or level 2 loans and receivables in 2024 or 2023.

There were no fair value gains or losses recognised in other comprehensive income.

**18. Accrued income**

|                                                           | 2024<br>£m  | 2023<br>£m  |
|-----------------------------------------------------------|-------------|-------------|
| Interest receivable on cross currency interest rate swaps | <u>12.5</u> | <u>30.5</u> |

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**19. Financial assets at fair value through profit or loss**

|                                                             | 2024<br>£m  | 2023<br>£m  |
|-------------------------------------------------------------|-------------|-------------|
| Financial assets at fair value through profit or loss       |             |             |
| Designated upon initial recognition                         |             |             |
| Equities                                                    | 15.0        | 15.0        |
| Total Financial assets at fair value through profit or loss | <u>15.0</u> | <u>15.0</u> |

**Determination of fair value and fair value hierarchy of financial assets**

The open ended investment companies are categorised as Level 1 financial instruments. The fair value of Level 1 financial instruments traded in active markets (such as publicly traded securities and derivatives) is based on quoted market prices at the period end. The quoted market price used for financial assets is the current bid price on the trade date. If the bid price is unavailable a 'last traded' approach is adopted. For units in unit trusts and shares in open ended investment companies, fair value is by reference to published bid values.

The equities are categorised as Level 3 financial instruments. The fair value of Level 3 financial instruments is determined by valuation techniques using non-observable market inputs are based on a combination of independent third party evidence and internally developed models. In relation to investments in equity investments, non-observable third party evidence in the form of revenue estimations are used as the basis for the valuation.

There were no level 2 financial assets in 2024 or 2023.

**20. Cash flows from operating activities**

|                                                                                                          | 2024<br>£m  | 2023<br>£m  |
|----------------------------------------------------------------------------------------------------------|-------------|-------------|
| Profit for the year before tax                                                                           | 333.5       | 482.6       |
| Adjustments to reconcile profit for the year to net cash inflow from operating activities in respect of: |             |             |
| Dividends received                                                                                       | (419.0)     | (535.0)     |
| Interest expense on borrowings                                                                           | 91.6        | 90.8        |
| Interest income on loans and receivables                                                                 | (8.7)       | (11.3)      |
| Share of the loss from the associate                                                                     | 1.3         |             |
| Fair value losses on derivatives                                                                         | -           | (1.7)       |
| Foreign exchange loss / (gain)                                                                           | 7.0         | (21.6)      |
| Change in operating assets and liabilities                                                               | 91.8        | 63.5        |
| Cash generated by operations                                                                             | <u>97.5</u> | <u>67.3</u> |

**21. Capital and risk management**

The Company's capital comprises share capital and all reserves. The total capital of the Company at 31 December 2024 was £5,829.6m (2023: £5,894.0m). The movement in the period reflects the receipt of a capital contribution of £nil (2023: £3,767.5m), the profit after taxation arising in the year of £354.6m (2023: £494.9m) and the payment of a dividend of £419.0m (2023: £535.0m).

There are no externally imposed capital requirements on the Company. The Company's capital is monitored by the Directors and managed on an on-going basis via a monthly close process to ensure that it remains positive at all times.

The principal risks and uncertainties facing the Company are:

- Interest rate risk  
The movement in interest rates will impact the value of interest payable and receivable by the Company.

An increase of 1% in interest rates, with all other variables held constant, would result in an increase in profit after tax in respect of a full financial year and in equity of £nil (2023: £nil). A decrease of 1% in interest rates, with all other variables held constant, would result in a decrease in profit after tax in respect of a full financial year and in equity of £nil (2023: £nil).

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- **Liquidity risk**

Exposure to liquidity risk arises as a result of normal business activities, specifically the risk arising from an inability to meet short-term cash flow requirements. The following table provides a maturity analysis showing the remaining contractual maturities of the Company's undiscounted financial liabilities and associated interest.

|      |                                                       | 1 year or less or<br>on demand<br>£m | 1-5 years<br>£m | Greater than 5<br>years<br>£m | Total<br>£m |
|------|-------------------------------------------------------|--------------------------------------|-----------------|-------------------------------|-------------|
| 2024 | Borrowings                                            | 476.7                                | 1,051.4         | -                             | 1,528.1     |
|      | Amounts owed to<br>Group entities                     | 57.2                                 | -               | -                             | 57.2        |
|      | Obligation for<br>repayment of collateral<br>received | 64.1                                 | -               | -                             | 64.1        |
|      | Other payables                                        | 1.1                                  | -               | -                             | 1.1         |
|      | Derivatives                                           | -                                    | 64.9            | -                             | 64.9        |
| 2023 | Borrowings                                            | 49.6                                 | 1,492.4         | -                             | 1,542.0     |
|      | Amounts owed to<br>Group entities                     | 38.5                                 | -               | -                             | 38.5        |
|      | Obligation for<br>repayment of collateral<br>received | 84.8                                 | -               | -                             | 84.8        |
|      | Other payables                                        | 1.1                                  | -               | -                             | 1.1         |
|      | Derivatives                                           | -                                    | 86.0            | -                             | 86.0        |

- **Credit risk**

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. These obligations can relate to both recognised and unrecognised assets and liabilities.

*Credit risk management practices*

The Company's current credit risk grading framework comprises the following categories:

| Category   | Description                                                                                                                                | Basis for recognising an expected credit loss ('ECL') |
|------------|--------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------|
| Performing | The counterparty has a low risk of default and does not have any past-due amounts                                                          | 12m ECL                                               |
| Doubtful   | There has been a significant increase in credit risk since initial recognition                                                             | Lifetime ECL – not credit impaired                    |
| In default | There is evidence indicating the asset is credit-impaired                                                                                  | Lifetime ECL – credit impaired                        |
| Write-off  | There is evidence indicating that the debtor is in severe financial difficulty and the Phoenix Group has no realistic prospect of recovery | Amount is written off                                 |

The table below details the credit quality of the Company's financial assets, as well as the Company's maximum exposure to credit risk by credit risk rating grades:

| 2024                              | Note | External<br>credit<br>rating | Internal<br>credit<br>rating | 12m or<br>lifetime<br>ECL? | Gross<br>carrying<br>amount<br>£m | Loss<br>allowance<br>£m | Net<br>carrying<br>amount<br>£m |
|-----------------------------------|------|------------------------------|------------------------------|----------------------------|-----------------------------------|-------------------------|---------------------------------|
| Loans and<br>receivables          | 17   | N/A                          | Performing                   | 12m ECL                    | 163.8                             | -                       | 163.8                           |
| Derivatives                       | 12   | A                            | Performing                   | 12m ECL                    | 20.7                              | -                       | 20.7                            |
| Derivatives                       | 12   | A+                           | Performing                   | 12m ECL                    | 44.2                              | -                       | 44.2                            |
| Amounts owed by<br>Group entities |      | N/A                          | Performing                   | 12m ECL                    | 38.6                              | -                       | 38.6                            |

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| 2023                              | Note | External<br>credit<br>rating | Internal<br>credit<br>rating | 12m or<br>lifetime<br>ECL? | Gross<br>carrying<br>amount<br>£m | Loss<br>allowance<br>£m | Net<br>carrying<br>amount<br>£m |
|-----------------------------------|------|------------------------------|------------------------------|----------------------------|-----------------------------------|-------------------------|---------------------------------|
| Loans and<br>receivables          | 17   | N/A                          | Performing                   | 12m ECL                    | 203.2                             | -                       | 203.2                           |
| Derivatives                       | 12   | A                            | Performing                   | 12m ECL                    | 50.8                              | -                       | 50.8                            |
| Derivatives                       | 12   | A+                           | Performing                   | 12m ECL                    | 35.2                              | -                       | 35.2                            |
| Amounts owed by<br>Group entities |      | N/A                          | Performing                   | 12m ECL                    | 19.2                              | -                       | 19.2                            |

The Company considers reasonable and supportable information that is relevant and available without undue cost or effort to assess whether there has been a significant increase in risk since initial recognition. This includes quantitative and qualitative information and also, forward-looking analysis.

**Loans and receivables, and Amounts owed by Group entities** – the Company is exposed to credit risk relating to loans and receivables advanced to other Group Companies, and other amounts owed by Group entities, both of which are considered low risk. The Company assesses whether there has been a significant increase in credit risk since initial recognition by assessing whether there has been any historic defaults, by reviewing the going concern assessment of the borrower, the long term stability of the Phoenix Group and the ability of the parent company to prevent a default by providing a capital or cash injection.

**Collective investment schemes** – The Company's financial assets represented by collective investment schemes are held in open-ended investment companies which have investment grade ratings. The Company considers that its financial assets have a low credit risk based on the credit ratings, and there being no history of default.

**Cash and cash equivalents** – The Company's cash and cash equivalents are held with bank and financial institution counterparties, all of which have an investment grade credit rating. The Company considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties and there being no history of default.

**Derivatives** – The Company's exposure to credit risk is mitigated by entering into collateral arrangements which are adjusted on a daily basis. Regular credit reviews of the counterparties to the derivatives are also undertaken.

**Other receivables** – The Company's exposure to credit risk is influenced mainly by the individual characteristics of each counterparty including historic loss experiences and current market conditions. The Company also reviews external ratings, if they are available, and financial statements.

The Company writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

The Company's exposure to all these risks is monitored by the Directors, who agree policies for managing each of these risks on an ongoing basis.

## 22. Related party transactions

The Company enters into transactions with related parties in its normal course of business.

During the year, the Company received interest income from its ultimate parent of £45.6m (2023: £58.7m). The Company paid interest to its ultimate parent undertaking of £123.6m (2023: £133.0m).

### **Amounts due to related parties**

|                                    | 2024<br>£m | 2023<br>£m |
|------------------------------------|------------|------------|
| Loans due to ultimate parent       | 1,342.5    | 1,303.0    |
| Amounts due to ultimate parent     | 34.1       | 15.4       |
| Amounts due to fellow subsidiaries | 23.1       | 23.1       |

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**Amounts due from related parties**

|                                      | 2024  | 2023  |
|--------------------------------------|-------|-------|
|                                      | £m    | £m    |
| Loans due from ultimate parent       | 163.8 | 203.2 |
| Amounts due from subsidiaries        | 6.9   | 6.9   |
| Amounts due from fellow subsidiaries | 31.7  | 12.3  |

**Key management compensation**

The total compensation payable to employees classified as key management, which comprises the Directors, is disclosed in note 5.

**Parent and ultimate parent entity**

Information on the Company's parent and ultimate parent is given in note 25.

**23. Contingent liabilities**

The Company has agreed with Pearl Group Holdings (No. 2) Limited ('PGH2L') that on written request from PGH2L, and to the extent that funds are not otherwise available to PGH2L to meet its liabilities, the Company shall either directly pay any debt or claim outstanding from PGH2L to any of its creditors or shall fund PGH2L in such manner as may be agreed to enable PGH2L to meet its obligations up to a maximum value of £205.0m. As at 31 December 2024, the Company has provided £138.4m (2023: £138.4m) to PGH2L under this support arrangement. During the year, the Company provided £nil (2023: £nil) to PGH2L under the above support arrangement, leaving the remaining support available to PGH2L at a maximum value of £66.6m (2023: £66.6m). PGH2 has sufficient liquid resources available to it to cover its requirements during the going concern assessment period and therefore should not require any support from the Company under the letter of support.

**24. Events after the reporting date**

There were no subsequent events which require adjustment and / or disclosure in these financial statements.

**25. Other information**

The Company is a private company limited by shares. The Company's principal place of business is the United Kingdom. The Company's immediate parent company and its ultimate parent company is Phoenix Group Holdings plc ('PGHP'), a company incorporated in the United Kingdom. A copy of the financial statements of PGHP can be obtained from the Company Secretary, The Phoenix Group, 20 Old Bailey, London, EC4M 7AN or [www.thephoenixgroup.com](http://www.thephoenixgroup.com).