

Phoenix Life Limited

Annual PRA Insurance Returns for the year ended

31 December 2015

IPRU(INS) Appendices 9.1, 9.3, 9.4, 9.4A, 9.6

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Statement of solvency - long-term insurance businessName of insurer **Phoenix Life Limited**

Global business

Financial year ended **31 December 2015**

Solo solvency calculation

	Company registration number	GL/ UK/ CM	day month year			Units
	R2	1016269	GL	31	12	2015
			As at end of this financial year			As at end of the previous year
			1			2

Capital resources

Capital resources arising within the long-term insurance fund	11	3007165	3535197
Capital resources allocated towards long-term insurance business arising outside the long-term insurance fund	12	631099	662814
Capital resources available to cover long-term insurance business capital resources requirement (11+12)	13	3638264	4198011

Guarantee fund

Guarantee fund requirement	21	299475	325921
Excess (deficiency) of available capital resources to cover guarantee fund requirement	22	3338789	3811993

Minimum capital requirement (MCR)

Long-term insurance capital requirement	31	898425	959749
Resilience capital requirement	32		
Base capital resources requirement	33	2657	2902
Individual minimum capital requirement	34	898425	959749
Capital requirements of regulated related undertakings	35		6004
Minimum capital requirement (34+35)	36	898425	965754
Excess (deficiency) of available capital resources to cover 50% of MCR	37	3032292	3715134
Excess (deficiency) of available capital resources to cover 75% of MCR	38	2807685	3473696

Enhanced capital requirement

With-profits insurance capital component	39	2099575	2539042
Enhanced capital requirement	40	2997999	3504796

Capital resources requirement (CRR)

Capital resources requirement (greater of 36 and 40)	41	2997999	3504796
Excess (deficiency) of available capital resources to cover long-term insurance business CRR (13-41)	42	640264	693215

Contingent liabilities

Quantifiable contingent liabilities in respect of long-term insurance business as shown in a supplementary note to Form 14	51		
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Components of capital resources

Name of insurer **Phoenix Life Limited**

Global business

Financial year ended **31 December 2015**

	Company registration number	GL/UK/CM	day	month	year	Units	
	R3	1016269	GL	31	12	2015	£000
			General insurance business	Long-term insurance business	Total as at the end of this financial year	Total as at the end of the previous year	
			1	2	3	4	

Core tier one capital

Permanent share capital	11			69088	69088	69088
Profit and loss account and other reserves	12			633670	633670	907617
Share premium account	13			546	546	546
Positive valuation differences	14			2391867	2391867	2797608
Fund for future appropriations	15			568068	568068	629770
Core tier one capital in related undertakings	16					3287
Core tier one capital (sum of 11 to 16)	19			3663239	3663239	4407916

Tier one waivers

Unpaid share capital / unpaid initial funds and calls for supplementary contributions	21					
Implicit Items	22					
Tier one waivers in related undertakings	23					
Total tier one waivers as restricted (21+22+23)	24					

Other tier one capital

Perpetual non-cumulative preference shares as restricted	25					
Perpetual non-cumulative preference shares in related undertakings	26					
Innovative tier one capital as restricted	27					
Innovative tier one capital in related undertakings	28					

Total tier one capital before deductions (19+24+25+26+27+28)	31			3663239	3663239	4407916
Investments in own shares	32					
Intangible assets	33			181735	181735	200051
Amounts deducted from technical provisions for discounting	34					
Other negative valuation differences	35					
Deductions in related undertakings	36					
Deductions from tier one (32 to 36)	37			181735	181735	200051
Total tier one capital after deductions (31-37)	39			3481504	3481504	4207865

Components of capital resources

Name of insurer **Phoenix Life Limited**

Global business

Financial year ended **31 December 2015**

	Company registration number	GL/UK/CM	day month year			Units	
	R3	1016269	GL	31	12	2015	£000
			General insurance business 1	Long-term insurance business 2	Total as at the end of this financial year 3		Total as at the end of the previous year 4

Tier two capital

Implicit items, (tier two waivers and amounts excluded from line 22)	41					
Perpetual non-cumulative preference shares excluded from line 25	42					
Innovative tier one capital excluded from line 27	43					
Tier two waivers, innovative tier one capital and perpetual non-cumulative preference shares treated as tier two capital (41 to 43)	44					
Perpetual cumulative preference shares	45					
Perpetual subordinated debt and securities	46					
Upper tier two capital in related undertakings	47					
Upper tier two capital (44 to 47)	49					

Fixed term preference shares	51					
Other tier two instruments	52			200000	200000	200000
Lower tier two capital in related undertakings	53					
Lower tier two capital (51+52+53)	59			200000	200000	200000

Total tier two capital before restrictions (49+59)	61			200000	200000	200000
Excess tier two capital	62					
Further excess lower tier two capital	63					
Total tier two capital after restrictions, before deductions (61-62-63)	69			200000	200000	200000

Components of capital resources

Name of insurer **Phoenix Life Limited**

Global business

Financial year ended **31 December 2015**

	Company registration number	GL/UK/CM	day month year			Units	
	R3	1016269	GL	31	12	2015	£000
			General insurance business 1	Long-term insurance business 2	Total as at the end of this financial year 3		Total as at the end of the previous year 4

Total capital resources

Positive adjustments for regulated non-insurance related undertakings	71					
Total capital resources before deductions (39+69+71)	72			3681504	3681504	4407865
Inadmissible assets other than intangibles and own shares	73			36677	36677	29719
Assets in excess of market risk and counterparty limits	74					180134
Deductions for related ancillary services undertakings	75			6563	6563	
Deductions for regulated non-insurance related undertakings	76					
Deductions of ineligible surplus capital	77					
Total capital resources after deductions (72-73-74-75-76-77)	79			3638264	3638264	4198011

Available capital resources for GENPRU/INSRU tests

Available capital resources for guarantee fund requirement	81			3638264	3638264	4137914
Available capital resources for 50% MCR requirement	82			3481504	3481504	4198011
Available capital resources for 75% MCR requirement	83			3481504	3481504	4198011

Financial engineering adjustments

Implicit items	91					
Financial reinsurance - ceded	92			1842	1842	
Financial reinsurance - accepted	93					
Outstanding contingent loans	94					
Any other charges on future profits	95					
Sum of financial engineering adjustments (91+92-93+94+95)	96			1842	1842	

Calculation of general insurance capital requirement - premiums amount and brought forward amount

Name of insurer **Phoenix Life Limited**

Global business

Financial year ended **31 December 2015**

Long term insurance business

	Company registration number	GL/UK/CM	day month year			Units	
	R11	1016269	GL	31	12	2015	£000
				This financial year 1		Previous year 2	
Gross premiums written			11	16378		18596	
Premiums taxes and levies (included in line 11)			12				
Premiums written net of taxes and levies (11-12)			13	16378		18596	
Premiums for classes 11, 12 or 13 (included in line 13)			14				
Premiums for "actuarial health insurance" (included in line 13)			15				
Sub-total A (13 + 1/2 14 - 2/3 15)			16	16378		18596	
Gross premiums earned			21	16378		18596	
Premium taxes and levies (included in line 21)			22				
Premiums earned net of taxes and levies (21-22)			23	16378		18596	
Premiums for classes 11, 12 or 13 (included in line 23)			24				
Premiums for "actuarial health insurance" (included in line 23)			25				
Sub-total H (23 + 1/2 24 - 2/3 25)			26	16378		18596	
Sub-total I (higher of sub-total A and sub-total H)			30	16378		18596	
Adjusted sub-total I if financial year is not a 12 month period to produce an annual figure			31				
Division of gross adjusted premiums amount sub-total I (or adjusted sub-total I if appropriate)	x 0.18		32	2948		3347	
	Excess (if any) over 61.3M EURO x 0.02		33				
Sub-total J (32-33)			34	2948		3347	
Claims paid in period of 3 financial years			41	92175		106176	
Claims outstanding carried forward at the end of the 3 year period	For insurance business accounted for on an underwriting year basis		42	179182		198301	
	For insurance business accounted for on an accident year basis		43				
Claims outstanding brought forward at the beginning of the 3 year period	For insurance business accounted for on an underwriting year basis		44	340368		365192	
	For insurance business accounted for on an accident year basis		45				
Sub-total C (41+42+43-44-45)			46	(69011)		(60716)	
Amounts recoverable from reinsurers in respect of claims included in Sub-total C			47	(51421)		(33419)	
Sub-total D (46-47)			48	(17590)		(27297)	
Reinsurance Ratio (Sub-total D /sub-total C or, if more, 0.50 or, if less, 1.00)			49	0.50		0.50	
Premiums amount (Sub-total J x reinsurance ratio)			50	1474		1674	
Provision for claims outstanding (before discounting and net of reinsurance)			51	91413		95778	
Provision for claims outstanding (before discounting and gross of reinsurance) if both 51.1 and 51.2 are zero, otherwise zero			52				
Brought forward amount (See instruction 4)			53	6091		6382	
Greater of lines 50 and 53			54	6091		6382	

Calculation of general insurance capital requirement - claims amount and result

Name of insurer **Phoenix Life Limited**

Global business

Financial year ended **31 December 2015**

Long term insurance business

		Company registration number	GL/ UK/ CM	day month year			Units	
		R12	1016269	GL	31	12	2015	£000
					This financial year 1		Previous year 2	
Reference period (No. of months) See INSPRU 1.1.63R		11			36		36	
Claims paid in reference period		21			92175		106176	
Claims outstanding carried forward at the end of the reference period	For insurance business accounted for on an underwriting year basis	22			179182		198301	
	For insurance business accounted for on an accident year basis	23						
Claims outstanding brought forward at the beginning of the reference period	For insurance business accounted for on an underwriting year basis	24			340368		365192	
	For insurance business accounted for on an accident year basis	25						
Claims incurred in reference period (21+22+23-24-25)		26			(69011)		(60716)	
Claims incurred for classes 11, 12 or 13 (included in 26)		27						
Claims incurred for "actuarial health insurance" (included in 26)		28						
Sub-total E (26 +1/2 27 - 2/3 28)		29			(69011)		(60716)	
Sub-total F - Conversion of sub-total E to annual figure (multiply by 12 and divide by number of months in the reference period)		31			(23004)		(20239)	
Division of sub-total F (gross adjusted claims amount)	x 0.26	32			(5981)		(5262)	
	Excess (if any) over 42.9M EURO x 0.03	33						
Sub-total G (32-33)		39			(5981)		(5262)	
Claims amount Sub-total G x reinsurance ratio (11.49)		41			(2990)		(2631)	
Higher of premiums amount and brought forward amount (11.54)		42			6091		6382	
General insurance capital requirement (higher of lines 41 and 42)		43			6091		6382	

Analysis of admissible assets

Name of insurer **Phoenix Life Limited**

Global business

Financial year ended **31 December 2015**

Category of assets **Total other than long term insurance business assets**

Company registration number	GL/UK/CM	day	month	year	Units	Category of assets	
R13	1016269	GL	31	12	2015	£000	1
					As at end of this financial year	As at end of the previous year	
					1	2	
Land and buildings			11				

Investments in group undertakings and participating interests

UK insurance dependants	Shares	21		
	Debts and loans	22		
Other insurance dependants	Shares	23		32892
	Debts and loans	24		
Non-insurance dependants	Shares	25	3035	3045
	Debts and loans	26		
Other group undertakings	Shares	27		
	Debts and loans	28		177979
Participating interests	Shares	29		
	Debts and loans	30		

Other financial investments

Equity shares	41		
Other shares and other variable yield participations	42		
Holdings in collective investment schemes	43	643093	452624
Rights under derivative contracts	44		
Fixed interest securities	Approved	45	
	Other	46	
Variable interest securities	Approved	47	
	Other	48	
Participation in investment pools	49		
Loans secured by mortgages	50		
Loans to public or local authorities and nationalised industries or undertakings	51		
Loans secured by policies of insurance issued by the company	52		
Other loans	53		
Bank and approved credit & financial institution deposits	One month or less withdrawal	54	
	More than one month withdrawal	55	
Other financial investments	56		
Deposits with ceding undertakings	57		
Assets held to match linked liabilities	Index linked	58	
	Property linked	59	

Analysis of admissible assets

Name of insurer **Phoenix Life Limited**

Global business

Financial year ended **31 December 2015**

Category of assets **Total other than long term insurance business assets**

Company registration number	GL/UK/CM	day	month	year	Units	Category of assets	
R13	1016269	GL	31	12	2015	£000	1
					As at end of this financial year	As at end of the previous year	
					1	2	

Reinsurers' share of technical provisions

Provision for unearned premiums	60		
Claims outstanding	61		
Provision for unexpired risks	62		
Other	63		

Debtors and salvage

Direct insurance business	Policyholders	71		
	Intermediaries	72		
Salvage and subrogation recoveries		73		
Reinsurance	Accepted	74		
	Ceded	75		
Dependants	due in 12 months or less	76		
	due in more than 12 months	77		
Other	due in 12 months or less	78	246	248
	due in more than 12 months	79		

Other assets

Tangible assets	80		
Deposits not subject to time restriction on withdrawal with approved institutions	81	5052	5030
Cash in hand	82		
Other assets (particulars to be specified by way of supplementary note)	83		
Accrued interest and rent	84	171	1615
Deferred acquisition costs (general business only)	85		
Other prepayments and accrued income	86		

Deductions from the aggregate value of assets	87		
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Grand total of admissible assets after deduction of admissible assets in excess of market risk and counterparty limits (11 to 86 less 87)	89	651598	673434
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Analysis of admissible assets

Name of insurer **Phoenix Life Limited**

Global business

Financial year ended **31 December 2015**

Category of assets **Total other than long term insurance business assets**

Company registration number	GL/UK/CM	day	month	year	Units	Category of assets	
R13	1016269	GL	31	12	2015	£000	1
					As at end of this financial year	As at end of the previous year	
					1	2	

Reconciliation to asset values determined in accordance with the insurance accounts rules or international accounting standards as applicable to the firm for the purpose of its external financial reporting

Total admissible assets after deduction of admissible assets in excess of market risk and counterparty limits (as per line 89 above)	91	651598	673434
Admissible assets in excess of market and counterparty limits	92		101734
Inadmissible assets directly held	93	154841	170228
Capital resources requirement deduction of regulated related undertakings	94		6004
Ineligible surplus capital and restricted assets in regulated related insurance undertakings	95		
Inadmissible assets of regulated related undertakings	96		583
Book value of related ancillary services undertakings	97	6563	
Other differences in the valuation of assets (other than for assets not valued above)	98		(3052)
Deferred acquisition costs excluded from line 89	99		
Reinsurers' share of technical provisions excluded from line 89	100		
Other asset adjustments (may be negative)	101		
Total assets determined in accordance with the insurance accounts rules or international accounting standards as applicable to the firm for the purpose of its external financial reporting (91 to 101)	102	813001	948931
Amounts included in line 89 attributable to debts due from related insurers, other than those under contracts of insurance or reinsurance	103		

Analysis of admissible assets

Name of insurer **Phoenix Life Limited**

Global business

Financial year ended **31 December 2015**

Category of assets **Total long term insurance business assets**

Company registration number	GL/UK/CM	day	month	year	Units	Category of assets	
R13	1016269	GL	31	12	2015	£000	10
					As at end of this financial year	As at end of the previous year	
					1	2	
Land and buildings			11		327759	307221	

Investments in group undertakings and participating interests

UK insurance dependants	Shares	21		
	Debts and loans	22		
Other insurance dependants	Shares	23		
	Debts and loans	24		
Non-insurance dependants	Shares	25	28907	33970
	Debts and loans	26		
Other group undertakings	Shares	27		
	Debts and loans	28	107559	131272
Participating interests	Shares	29	486024	584343
	Debts and loans	30		

Other financial investments

Equity shares	41	176973	99247	
Other shares and other variable yield participations	42			
Holdings in collective investment schemes	43	10020708	13666497	
Rights under derivative contracts	44	973795	1414773	
Fixed interest securities	Approved	45	6705590	7800409
	Other	46	3227295	113189
Variable interest securities	Approved	47	753618	887574
	Other	48	80940	323283
Participation in investment pools	49			
Loans secured by mortgages	50	270949	2280	
Loans to public or local authorities and nationalised industries or undertakings	51			
Loans secured by policies of insurance issued by the company	52	2530	4109	
Other loans	53			
Bank and approved credit & financial institution deposits	One month or less withdrawal	54		
	More than one month withdrawal	55	10500	10557
Other financial investments	56			
Deposits with ceding undertakings	57			
Assets held to match linked liabilities	Index linked	58	879091	909129
	Property linked	59	9659287	10345883

Analysis of admissible assets

Name of insurer **Phoenix Life Limited**

Global business

Financial year ended **31 December 2015**

Category of assets **Total long term insurance business assets**

Company registration number	GL/UK/CM	day	month	year	Units	Category of assets	
R13	1016269	GL	31	12	2015	£000	10
					As at end of this financial year	As at end of the previous year	
					1	2	

Reinsurers' share of technical provisions

Provision for unearned premiums	60		
Claims outstanding	61		
Provision for unexpired risks	62		
Other	63		

Debtors and salvage

Direct insurance business	Policyholders	71	7690	8345
	Intermediaries	72		
Salvage and subrogation recoveries		73		
Reinsurance	Accepted	74		
	Ceded	75	33845	72252
Dependants	due in 12 months or less	76		
	due in more than 12 months	77		
Other	due in 12 months or less	78	163624	195574
	due in more than 12 months	79		

Other assets

Tangible assets	80		
Deposits not subject to time restriction on withdrawal with approved institutions	81	148534	142377
Cash in hand	82		
Other assets (particulars to be specified by way of supplementary note)	83		
Accrued interest and rent	84	139483	92992
Deferred acquisition costs (general business only)	85		
Other prepayments and accrued income	86	87658	56094

Deductions from the aggregate value of assets	87		
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Grand total of admissible assets after deduction of admissible assets in excess of market risk and counterparty limits (11 to 86 less 87)	89	34292359	37201369
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Analysis of admissible assets

Name of insurer **Phoenix Life Limited**

Global business

Financial year ended **31 December 2015**

Category of assets **Total long term insurance business assets**

Company registration number	GL/UK/CM	day	month	year	Units	Category of assets	
R13	1016269	GL	31	12	2015	£000	10
					As at end of this financial year	As at end of the previous year	
					1	2	

Reconciliation to asset values determined in accordance with the insurance accounts rules or international accounting standards as applicable to the firm for the purpose of its external financial reporting

Total admissible assets after deduction of admissible assets in excess of market risk and counterparty limits (as per line 89 above)	91	34292359	37201369
Admissible assets in excess of market and counterparty limits	92		78400
Inadmissible assets directly held	93	47206	38421
Capital resources requirement deduction of regulated related undertakings	94		
Ineligible surplus capital and restricted assets in regulated related insurance undertakings	95		
Inadmissible assets of regulated related undertakings	96		
Book value of related ancillary services undertakings	97		
Other differences in the valuation of assets (other than for assets not valued above)	98	6893	6254
Deferred acquisition costs excluded from line 89	99	16365	20538
Reinsurers' share of technical provisions excluded from line 89	100	4272672	4664641
Other asset adjustments (may be negative)	101	424	3181
Total assets determined in accordance with the insurance accounts rules or international accounting standards as applicable to the firm for the purpose of its external financial reporting (91 to 101)	102	38635920	42012805
Amounts included in line 89 attributable to debts due from related insurers, other than those under contracts of insurance or reinsurance	103		

Analysis of admissible assets

Name of insurer **Phoenix Life Limited**

Global business

Financial year ended **31 December 2015**

Category of assets **100% With-Profits Fund**

	Company registration number	GL/UK/CM	day month year			Units	Category of assets
	R13	1016269	GL	31	12	2015	£000
						As at end of this financial year	As at end of the previous year
						1	2
Land and buildings				11			

Investments in group undertakings and participating interests

UK insurance dependants	Shares	21		
	Debts and loans	22		
Other insurance dependants	Shares	23		
	Debts and loans	24		
Non-insurance dependants	Shares	25		
	Debts and loans	26		
Other group undertakings	Shares	27		
	Debts and loans	28		
Participating interests	Shares	29	3915	5832
	Debts and loans	30		

Other financial investments

Equity shares	41	649	367	
Other shares and other variable yield participations	42			
Holdings in collective investment schemes	43	47490	48647	
Rights under derivative contracts	44	41	8	
Fixed interest securities	Approved	45	22055	29569
	Other	46	125	68
Variable interest securities	Approved	47	270	345
	Other	48	302	
Participation in investment pools	49			
Loans secured by mortgages	50			
Loans to public or local authorities and nationalised industries or undertakings	51			
Loans secured by policies of insurance issued by the company	52	4	53	
Other loans	53			
Bank and approved credit & financial institution deposits	One month or less withdrawal	54		
	More than one month withdrawal	55		
Other financial investments	56			
Deposits with ceding undertakings	57			
Assets held to match linked liabilities	Index linked	58		
	Property linked	59		

Analysis of admissible assets

Name of insurer **Phoenix Life Limited**

Global business

Financial year ended **31 December 2015**

Category of assets **100% With-Profits Fund**

Company registration number	GL/UK/CM	day	month	year	Units	Category of assets	
R13	1016269	GL	31	12	2015	£000	11
					As at end of this financial year	As at end of the previous year	
					1	2	

Reinsurers' share of technical provisions

Provision for unearned premiums	60		
Claims outstanding	61		
Provision for unexpired risks	62		
Other	63		

Debtors and salvage

Direct insurance business	Policyholders	71		
	Intermediaries	72		
Salvage and subrogation recoveries		73		
Reinsurance	Accepted	74		
	Ceded	75		
Dependants	due in 12 months or less	76		
	due in more than 12 months	77		
Other	due in 12 months or less	78	452	29
	due in more than 12 months	79		

Other assets

Tangible assets	80		
Deposits not subject to time restriction on withdrawal with approved institutions	81	6	90
Cash in hand	82		
Other assets (particulars to be specified by way of supplementary note)	83		
Accrued interest and rent	84	200	277
Deferred acquisition costs (general business only)	85		
Other prepayments and accrued income	86		

Deductions from the aggregate value of assets	87		
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Grand total of admissible assets after deduction of admissible assets in excess of market risk and counterparty limits (11 to 86 less 87)	89	75508	85285
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Analysis of admissible assets

Name of insurer **Phoenix Life Limited**

Global business

Financial year ended **31 December 2015**

Category of assets **100% With-Profits Fund**

Company registration number	GL/UK/CM	day	month	year	Units	Category of assets	
R13	1016269	GL	31	12	2015	£000	11
					As at end of this financial year	As at end of the previous year	
					1	2	

Reconciliation to asset values determined in accordance with the insurance accounts rules or international accounting standards as applicable to the firm for the purpose of its external financial reporting

Total admissible assets after deduction of admissible assets in excess of market risk and counterparty limits (as per line 89 above)	91	75508	85285
Admissible assets in excess of market and counterparty limits	92		
Inadmissible assets directly held	93	4	5
Capital resources requirement deduction of regulated related undertakings	94		
Ineligible surplus capital and restricted assets in regulated related insurance undertakings	95		
Inadmissible assets of regulated related undertakings	96		
Book value of related ancillary services undertakings	97		
Other differences in the valuation of assets (other than for assets not valued above)	98		
Deferred acquisition costs excluded from line 89	99		
Reinsurers' share of technical provisions excluded from line 89	100	115	129
Other asset adjustments (may be negative)	101		
Total assets determined in accordance with the insurance accounts rules or international accounting standards as applicable to the firm for the purpose of its external financial reporting (91 to 101)	102	75627	85419
Amounts included in line 89 attributable to debts due from related insurers, other than those under contracts of insurance or reinsurance	103		

Analysis of admissible assets

Name of insurer **Phoenix Life Limited**

Global business

Financial year ended **31 December 2015**

Category of assets **Non-Profit Fund**

	Company registration number	GL/UK/CM	day month year			Units	Category of assets	
	R13	1016269	GL	31	12	2015	£000	12
							As at end of this financial year	As at end of the previous year
							1	2
Land and buildings							137916	123501

Investments in group undertakings and participating interests

UK insurance dependants	Shares	21		
	Debts and loans	22		
Other insurance dependants	Shares	23		
	Debts and loans	24		
Non-insurance dependants	Shares	25	28907	33970
	Debts and loans	26		
Other group undertakings	Shares	27		
	Debts and loans	28	107559	131272
Participating interests	Shares	29		
	Debts and loans	30		

Other financial investments

Equity shares		41	19699	4536
Other shares and other variable yield participations		42		
Holdings in collective investment schemes		43	410109	3988206
Rights under derivative contracts		44	79077	262899
Fixed interest securities	Approved	45	1044692	849400
	Other	46	3185190	76115
Variable interest securities	Approved	47	357638	370566
	Other	48	40181	271328
Participation in investment pools		49		
Loans secured by mortgages		50	270949	2259
Loans to public or local authorities and nationalised industries or undertakings		51		
Loans secured by policies of insurance issued by the company		52	280	382
Other loans		53		
Bank and approved credit & financial institution deposits	One month or less withdrawal	54		
	More than one month withdrawal	55	10500	10557
Other financial investments		56		
Deposits with ceding undertakings		57		
Assets held to match linked liabilities	Index linked	58	545790	568157
	Property linked	59	9648326	10335061

Analysis of admissible assets

Name of insurer **Phoenix Life Limited**

Global business

Financial year ended **31 December 2015**

Category of assets **Non-Profit Fund**

Company registration number	GL/UK/CM	day	month	year	Units	Category of assets	
R13	1016269	GL	31	12	2015	£000	12
					As at end of this financial year	As at end of the previous year	
					1	2	

Reinsurers' share of technical provisions

Provision for unearned premiums	60		
Claims outstanding	61		
Provision for unexpired risks	62		
Other	63		

Debtors and salvage

Direct insurance business	Policyholders	71	6007	7054
	Intermediaries	72		
Salvage and subrogation recoveries		73		
Reinsurance	Accepted	74		
	Ceded	75	20326	25805
Dependants	due in 12 months or less	76		
	due in more than 12 months	77		
Other	due in 12 months or less	78	118847	90705
	due in more than 12 months	79		

Other assets

Tangible assets	80		
Deposits not subject to time restriction on withdrawal with approved institutions	81	51471	47823
Cash in hand	82		
Other assets (particulars to be specified by way of supplementary note)	83		
Accrued interest and rent	84	79163	18885
Deferred acquisition costs (general business only)	85		
Other prepayments and accrued income	86	23746	28883

Deductions from the aggregate value of assets	87		
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Grand total of admissible assets after deduction of admissible assets in excess of market risk and counterparty limits (11 to 86 less 87)	89	16186373	17247363
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Analysis of admissible assets

Name of insurer **Phoenix Life Limited**

Global business

Financial year ended **31 December 2015**

Category of assets **Non-Profit Fund**

Company registration number	GL/UK/CM	day	month	year	Units	Category of assets	
R13	1016269	GL	31	12	2015	£000	12
					As at end of this financial year	As at end of the previous year	
					1	2	

Reconciliation to asset values determined in accordance with the insurance accounts rules or international accounting standards as applicable to the firm for the purpose of its external financial reporting

Total admissible assets after deduction of admissible assets in excess of market risk and counterparty limits (as per line 89 above)	91	16186373	17247363
Admissible assets in excess of market and counterparty limits	92		78400
Inadmissible assets directly held	93	38883	36161
Capital resources requirement deduction of regulated related undertakings	94		
Ineligible surplus capital and restricted assets in regulated related insurance undertakings	95		
Inadmissible assets of regulated related undertakings	96		
Book value of related ancillary services undertakings	97		
Other differences in the valuation of assets (other than for assets not valued above)	98	699	11657
Deferred acquisition costs excluded from line 89	99	16365	20538
Reinsurers' share of technical provisions excluded from line 89	100	1229984	1366410
Other asset adjustments (may be negative)	101	424	3181
Total assets determined in accordance with the insurance accounts rules or international accounting standards as applicable to the firm for the purpose of its external financial reporting (91 to 101)	102	17472727	18763709
Amounts included in line 89 attributable to debts due from related insurers, other than those under contracts of insurance or reinsurance	103		

Analysis of admissible assets

Name of insurer **Phoenix Life Limited**

Global business

Financial year ended **31 December 2015**

Category of assets **90% With-Profits Fund**

	Company registration number	GL/UK/CM	day month year			Units	Category of assets	
	R13	1016269	GL	31	12	2015	£000	13
							As at end of this financial year	As at end of the previous year
							1	2
Land and buildings				11				

Investments in group undertakings and participating interests

UK insurance dependants	Shares	21		
	Debts and loans	22		
Other insurance dependants	Shares	23		
	Debts and loans	24		
Non-insurance dependants	Shares	25		
	Debts and loans	26		
Other group undertakings	Shares	27		
	Debts and loans	28		
Participating interests	Shares	29	2703	5832
	Debts and loans	30		

Other financial investments

Equity shares	41	915	472	
Other shares and other variable yield participations	42			
Holdings in collective investment schemes	43	55148	59825	
Rights under derivative contracts	44	2	16	
Fixed interest securities	Approved	45	35248	42256
	Other	46	119	109
Variable interest securities	Approved	47	2201	2269
	Other	48	402	
Participation in investment pools	49			
Loans secured by mortgages	50			
Loans to public or local authorities and nationalised industries or undertakings	51			
Loans secured by policies of insurance issued by the company	52			
Other loans	53			
Bank and approved credit & financial institution deposits	One month or less withdrawal	54		
	More than one month withdrawal	55		
Other financial investments	56			
Deposits with ceding undertakings	57			
Assets held to match linked liabilities	Index linked	58		
	Property linked	59		

Analysis of admissible assets

Name of insurer **Phoenix Life Limited**

Global business

Financial year ended **31 December 2015**

Category of assets **90% With-Profits Fund**

Company registration number	GL/UK/CM	day	month	year	Units	Category of assets	
R13	1016269	GL	31	12	2015	£000	13
					As at end of this financial year	As at end of the previous year	
					1	2	

Reinsurers' share of technical provisions

Provision for unearned premiums	60		
Claims outstanding	61		
Provision for unexpired risks	62		
Other	63		

Debtors and salvage

Direct insurance business	Policyholders	71		
	Intermediaries	72		
Salvage and subrogation recoveries		73		
Reinsurance	Accepted	74		
	Ceded	75		
Dependants	due in 12 months or less	76		
	due in more than 12 months	77		
Other	due in 12 months or less	78	1185	855
	due in more than 12 months	79		

Other assets

Tangible assets	80		
Deposits not subject to time restriction on withdrawal with approved institutions	81	287	247
Cash in hand	82		
Other assets (particulars to be specified by way of supplementary note)	83		
Accrued interest and rent	84	324	391
Deferred acquisition costs (general business only)	85		
Other prepayments and accrued income	86		

Deductions from the aggregate value of assets	87		
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Grand total of admissible assets after deduction of admissible assets in excess of market risk and counterparty limits (11 to 86 less 87)	89	98535	112272
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Analysis of admissible assets

Name of insurer **Phoenix Life Limited**

Global business

Financial year ended **31 December 2015**

Category of assets **90% With-Profits Fund**

Company registration number	GL/UK/CM	day	month	year	Units	Category of assets	
R13	1016269	GL	31	12	2015	£000	13
					As at end of this financial year	As at end of the previous year	
					1	2	

Reconciliation to asset values determined in accordance with the insurance accounts rules or international accounting standards as applicable to the firm for the purpose of its external financial reporting

Total admissible assets after deduction of admissible assets in excess of market risk and counterparty limits (as per line 89 above)	91	98535	112272
Admissible assets in excess of market and counterparty limits	92		
Inadmissible assets directly held	93	58	2
Capital resources requirement deduction of regulated related undertakings	94		
Ineligible surplus capital and restricted assets in regulated related insurance undertakings	95		
Inadmissible assets of regulated related undertakings	96		
Book value of related ancillary services undertakings	97		
Other differences in the valuation of assets (other than for assets not valued above)	98		
Deferred acquisition costs excluded from line 89	99		
Reinsurers' share of technical provisions excluded from line 89	100	5	6
Other asset adjustments (may be negative)	101		
Total assets determined in accordance with the insurance accounts rules or international accounting standards as applicable to the firm for the purpose of its external financial reporting (91 to 101)	102	98598	112280
Amounts included in line 89 attributable to debts due from related insurers, other than those under contracts of insurance or reinsurance	103		

Analysis of admissible assets

Name of insurer **Phoenix Life Limited**

Global business

Financial year ended **31 December 2015**

Category of assets **Britannic Industrial Branch Fund**

Company registration number	GL/UK/CM	day	month	year	Units	Category of assets	
R13	1016269	GL	31	12	2015	£000	14
					As at end of this financial year	As at end of the previous year	
					1	2	
Land and buildings			11				

Investments in group undertakings and participating interests

UK insurance dependants	Shares	21		
	Debts and loans	22		
Other insurance dependants	Shares	23		
	Debts and loans	24		
Non-insurance dependants	Shares	25		
	Debts and loans	26		
Other group undertakings	Shares	27		
	Debts and loans	28		
Participating interests	Shares	29	6165	8871
	Debts and loans	30		

Other financial investments

Equity shares	41	1504	998	
Other shares and other variable yield participations	42			
Holdings in collective investment schemes	43	93531	112191	
Rights under derivative contracts	44	267	35	
Fixed interest securities	Approved	45	105559	134999
	Other	46	600	336
Variable interest securities	Approved	47	18651	21483
	Other	48	905	
Participation in investment pools	49			
Loans secured by mortgages	50			
Loans to public or local authorities and nationalised industries or undertakings	51			
Loans secured by policies of insurance issued by the company	52		1	
Other loans	53			
Bank and approved credit & financial institution deposits	One month or less withdrawal	54		
	More than one month withdrawal	55		
Other financial investments	56			
Deposits with ceding undertakings	57			
Assets held to match linked liabilities	Index linked	58		
	Property linked	59		

Analysis of admissible assets

Name of insurer **Phoenix Life Limited**

Global business

Financial year ended **31 December 2015**

Category of assets **Britannic Industrial Branch Fund**

Company registration number	GL/UK/CM	day	month	year	Units	Category of assets	
R13	1016269	GL	31	12	2015	£000	14
					As at end of this financial year	As at end of the previous year	
					1	2	

Reinsurers' share of technical provisions

Provision for unearned premiums	60		
Claims outstanding	61		
Provision for unexpired risks	62		
Other	63		

Debtors and salvage

Direct insurance business	Policyholders	71	30	56
	Intermediaries	72		
Salvage and subrogation recoveries		73		
Reinsurance	Accepted	74		
	Ceded	75		
Dependants	due in 12 months or less	76		
	due in more than 12 months	77		
Other	due in 12 months or less	78	657	1074
	due in more than 12 months	79		

Other assets

Tangible assets	80		
Deposits not subject to time restriction on withdrawal with approved institutions	81	103	146
Cash in hand	82		
Other assets (particulars to be specified by way of supplementary note)	83		
Accrued interest and rent	84	942	1367
Deferred acquisition costs (general business only)	85		
Other prepayments and accrued income	86	5134	

Deductions from the aggregate value of assets	87		
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Grand total of admissible assets after deduction of admissible assets in excess of market risk and counterparty limits (11 to 86 less 87)	89	234049	281557
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Analysis of admissible assets

Name of insurer **Phoenix Life Limited**

Global business

Financial year ended **31 December 2015**

Category of assets **Britannic Industrial Branch Fund**

Company registration number	GL/UK/CM	day	month	year	Units	Category of assets	
R13	1016269	GL	31	12	2015	£000	14
					As at end of this financial year	As at end of the previous year	
					1	2	

Reconciliation to asset values determined in accordance with the insurance accounts rules or international accounting standards as applicable to the firm for the purpose of its external financial reporting

Total admissible assets after deduction of admissible assets in excess of market risk and counterparty limits (as per line 89 above)	91	234049	281557
Admissible assets in excess of market and counterparty limits	92		
Inadmissible assets directly held	93	652	263
Capital resources requirement deduction of regulated related undertakings	94		
Ineligible surplus capital and restricted assets in regulated related insurance undertakings	95		
Inadmissible assets of regulated related undertakings	96		
Book value of related ancillary services undertakings	97		
Other differences in the valuation of assets (other than for assets not valued above)	98		
Deferred acquisition costs excluded from line 89	99		
Reinsurers' share of technical provisions excluded from line 89	100		
Other asset adjustments (may be negative)	101		
Total assets determined in accordance with the insurance accounts rules or international accounting standards as applicable to the firm for the purpose of its external financial reporting (91 to 101)	102	234701	281820
Amounts included in line 89 attributable to debts due from related insurers, other than those under contracts of insurance or reinsurance	103		

Analysis of admissible assets

Name of insurer **Phoenix Life Limited**

Global business

Financial year ended **31 December 2015**

Category of assets **Britannic With-Profits Fund**

	Company registration number	GL/UK/CM	day month year			Units	Category of assets	
	R13	1016269	GL	31	12	2015	£000	15
							As at end of this financial year	As at end of the previous year
							1	2
Land and buildings				11			122765	121516

Investments in group undertakings and participating interests

UK insurance dependants	Shares	21		
	Debts and loans	22		
Other insurance dependants	Shares	23		
	Debts and loans	24		
Non-insurance dependants	Shares	25		
	Debts and loans	26		
Other group undertakings	Shares	27		
	Debts and loans	28		
Participating interests	Shares	29	144101	151562
	Debts and loans	30		

Other financial investments

Equity shares	41	71289	45430	
Other shares and other variable yield participations	42			
Holdings in collective investment schemes	43	2345085	2442588	
Rights under derivative contracts	44	485	9	
Fixed interest securities	Approved	45	1256348	1445118
	Other	46	6739	6990
Variable interest securities	Approved	47	140075	156692
	Other	48	11764	
Participation in investment pools	49			
Loans secured by mortgages	50			
Loans to public or local authorities and nationalised industries or undertakings	51			
Loans secured by policies of insurance issued by the company	52	72	82	
Other loans	53			
Bank and approved credit & financial institution deposits	One month or less withdrawal	54		
	More than one month withdrawal	55		
Other financial investments	56			
Deposits with ceding undertakings	57			
Assets held to match linked liabilities	Index linked	58		
	Property linked	59		

Analysis of admissible assets

Name of insurer **Phoenix Life Limited**

Global business

Financial year ended **31 December 2015**

Category of assets **Britannic With-Profits Fund**

Company registration number	GL/UK/CM	day	month	year	Units	Category of assets	
R13	1016269	GL	31	12	2015	£000	15
					As at end of this financial year	As at end of the previous year	
					1	2	

Reinsurers' share of technical provisions

Provision for unearned premiums	60		
Claims outstanding	61		
Provision for unexpired risks	62		
Other	63		

Debtors and salvage

Direct insurance business	Policyholders	71	65	59
	Intermediaries	72		
Salvage and subrogation recoveries		73		
Reinsurance	Accepted	74		
	Ceded	75	30	63
Dependants	due in 12 months or less	76		
	due in more than 12 months	77		
Other	due in 12 months or less	78	2992	3150
	due in more than 12 months	79		

Other assets

Tangible assets	80		
Deposits not subject to time restriction on withdrawal with approved institutions	81	1996	2886
Cash in hand	82		
Other assets (particulars to be specified by way of supplementary note)	83		
Accrued interest and rent	84	13568	16406
Deferred acquisition costs (general business only)	85		
Other prepayments and accrued income	86	18585	

Deductions from the aggregate value of assets	87		
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Grand total of admissible assets after deduction of admissible assets in excess of market risk and counterparty limits (11 to 86 less 87)	89	4135959	4392550
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Analysis of admissible assets

Name of insurer **Phoenix Life Limited**

Global business

Financial year ended **31 December 2015**

Category of assets **Britannic With-Profits Fund**

Company registration number	GL/UK/CM	day	month	year	Units	Category of assets	
R13	1016269	GL	31	12	2015	£000	15
					As at end of this financial year	As at end of the previous year	
					1	2	

Reconciliation to asset values determined in accordance with the insurance accounts rules or international accounting standards as applicable to the firm for the purpose of its external financial reporting

Total admissible assets after deduction of admissible assets in excess of market risk and counterparty limits (as per line 89 above)	91	4135959	4392550
Admissible assets in excess of market and counterparty limits	92		
Inadmissible assets directly held	93	535	667
Capital resources requirement deduction of regulated related undertakings	94		
Ineligible surplus capital and restricted assets in regulated related insurance undertakings	95		
Inadmissible assets of regulated related undertakings	96		
Book value of related ancillary services undertakings	97		
Other differences in the valuation of assets (other than for assets not valued above)	98	6195	8015
Deferred acquisition costs excluded from line 89	99		
Reinsurers' share of technical provisions excluded from line 89	100	1174	1253
Other asset adjustments (may be negative)	101		
Total assets determined in accordance with the insurance accounts rules or international accounting standards as applicable to the firm for the purpose of its external financial reporting (91 to 101)	102	4143863	4402485
Amounts included in line 89 attributable to debts due from related insurers, other than those under contracts of insurance or reinsurance	103		

Analysis of admissible assets

Name of insurer **Phoenix Life Limited**

Global business

Financial year ended **31 December 2015**

Category of assets **Phoenix With-Profits Fund**

	Company registration number	GL/UK/CM	day	month	year	Units	Category of assets	
	R13	1016269	GL	31	12	2015	£000	16
						As at end of this financial year	As at end of the previous year	
						1	2	
Land and buildings						11	67078	62205

Investments in group undertakings and participating interests

UK insurance dependants	Shares	21		
	Debts and loans	22		
Other insurance dependants	Shares	23		
	Debts and loans	24		
Non-insurance dependants	Shares	25		
	Debts and loans	26		
Other group undertakings	Shares	27		
	Debts and loans	28		
Participating interests	Shares	29	70338	84660
	Debts and loans	30		

Other financial investments

Equity shares	41	25078	13556	
Other shares and other variable yield participations	42			
Holdings in collective investment schemes	43	1578379	1892811	
Rights under derivative contracts	44	214305	276449	
Fixed interest securities	Approved	45	1175921	1326992
	Other	46	6943	7555
Variable interest securities	Approved	47		
	Other	48	10451	4182
Participation in investment pools	49			
Loans secured by mortgages	50		20	
Loans to public or local authorities and nationalised industries or undertakings	51			
Loans secured by policies of insurance issued by the company	52	29	30	
Other loans	53			
Bank and approved credit & financial institution deposits	One month or less withdrawal	54		
	More than one month withdrawal	55		
Other financial investments	56			
Deposits with ceding undertakings	57			
Assets held to match linked liabilities	Index linked	58	285319	290092
	Property linked	59	4681	4923

Analysis of admissible assets

Name of insurer **Phoenix Life Limited**

Global business

Financial year ended **31 December 2015**

Category of assets **Phoenix With-Profits Fund**

Company registration number	GL/UK/CM	day	month	year	Units	Category of assets	
R13	1016269	GL	31	12	2015	£000	16
					As at end of this financial year	As at end of the previous year	
					1	2	

Reinsurers' share of technical provisions

Provision for unearned premiums	60		
Claims outstanding	61		
Provision for unexpired risks	62		
Other	63		

Debtors and salvage

Direct insurance business	Policyholders	71	136	16
	Intermediaries	72		
Salvage and subrogation recoveries		73		
Reinsurance	Accepted	74		
	Ceded	75	483	4569
Dependants	due in 12 months or less	76		
	due in more than 12 months	77		
Other	due in 12 months or less	78	10580	1516
	due in more than 12 months	79		

Other assets

Tangible assets	80		
Deposits not subject to time restriction on withdrawal with approved institutions	81	34319	30089
Cash in hand	82		
Other assets (particulars to be specified by way of supplementary note)	83		
Accrued interest and rent	84	14027	16185
Deferred acquisition costs (general business only)	85		
Other prepayments and accrued income	86	7744	11558

Deductions from the aggregate value of assets	87		
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Grand total of admissible assets after deduction of admissible assets in excess of market risk and counterparty limits (11 to 86 less 87)	89	3505812	4027410
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Analysis of admissible assets

Name of insurer **Phoenix Life Limited**

Global business

Financial year ended **31 December 2015**

Category of assets **Phoenix With-Profits Fund**

Company registration number	GL/UK/CM	day	month	year	Units	Category of assets	
R13	1016269	GL	31	12	2015	£000	16
					As at end of this financial year	As at end of the previous year	
					1	2	

Reconciliation to asset values determined in accordance with the insurance accounts rules or international accounting standards as applicable to the firm for the purpose of its external financial reporting

Total admissible assets after deduction of admissible assets in excess of market risk and counterparty limits (as per line 89 above)	91	3505812	4027410
Admissible assets in excess of market and counterparty limits	92		
Inadmissible assets directly held	93	2660	470
Capital resources requirement deduction of regulated related undertakings	94		
Ineligible surplus capital and restricted assets in regulated related insurance undertakings	95		
Inadmissible assets of regulated related undertakings	96		
Book value of related ancillary services undertakings	97		
Other differences in the valuation of assets (other than for assets not valued above)	98		
Deferred acquisition costs excluded from line 89	99		
Reinsurers' share of technical provisions excluded from line 89	100	570179	615955
Other asset adjustments (may be negative)	101		
Total assets determined in accordance with the insurance accounts rules or international accounting standards as applicable to the firm for the purpose of its external financial reporting (91 to 101)	102	4078651	4643835
Amounts included in line 89 attributable to debts due from related insurers, other than those under contracts of insurance or reinsurance	103		

Analysis of admissible assets

Name of insurer **Phoenix Life Limited**

Global business

Financial year ended **31 December 2015**

Category of assets **Alba With-Profits Fund**

	Company registration number	GL/UK/CM	day month year			Units	Category of assets	
	R13	1016269	GL	31	12	2015	£000	17
							As at end of this financial year	As at end of the previous year
							1	2
Land and buildings				11				

Investments in group undertakings and participating interests

UK insurance dependants	Shares	21		
	Debts and loans	22		
Other insurance dependants	Shares	23		
	Debts and loans	24		
Non-insurance dependants	Shares	25		
	Debts and loans	26		
Other group undertakings	Shares	27		
	Debts and loans	28		
Participating interests	Shares	29	27103	31214
	Debts and loans	30		

Other financial investments

Equity shares	41			
Other shares and other variable yield participations	42			
Holdings in collective investment schemes	43	455697	309041	
Rights under derivative contracts	44	43689	45004	
Fixed interest securities	Approved	45	434003	569772
	Other	46	2485	1371
Variable interest securities	Approved	47	40600	115919
	Other	48	220	314
Participation in investment pools	49			
Loans secured by mortgages	50			
Loans to public or local authorities and nationalised industries or undertakings	51			
Loans secured by policies of insurance issued by the company	52	1277	1265	
Other loans	53			
Bank and approved credit & financial institution deposits	One month or less withdrawal	54		
	More than one month withdrawal	55		
Other financial investments	56			
Deposits with ceding undertakings	57			
Assets held to match linked liabilities	Index linked	58	4657	4679
	Property linked	59	4689	4696

Analysis of admissible assets

Name of insurer **Phoenix Life Limited**

Global business

Financial year ended **31 December 2015**

Category of assets **Alba With-Profits Fund**

Company registration number	GL/UK/CM	day	month	year	Units	Category of assets	
R13	1016269	GL	31	12	2015	£000	17
					As at end of this financial year	As at end of the previous year	
					1	2	

Reinsurers' share of technical provisions

Provision for unearned premiums	60		
Claims outstanding	61		
Provision for unexpired risks	62		
Other	63		

Debtors and salvage

Direct insurance business	Policyholders	71	937	185
	Intermediaries	72		
Salvage and subrogation recoveries		73		
Reinsurance	Accepted	74		
	Ceded	75	13005	37515
Dependants	due in 12 months or less	76		
	due in more than 12 months	77		
Other	due in 12 months or less	78	3667	2173
	due in more than 12 months	79		

Other assets

Tangible assets	80		
Deposits not subject to time restriction on withdrawal with approved institutions	81	1220	4806
Cash in hand	82		
Other assets (particulars to be specified by way of supplementary note)	83		
Accrued interest and rent	84	4101	4821
Deferred acquisition costs (general business only)	85		
Other prepayments and accrued income	86	17883	5433

Deductions from the aggregate value of assets	87		
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Grand total of admissible assets after deduction of admissible assets in excess of market risk and counterparty limits (11 to 86 less 87)	89	1055231	1138207
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Analysis of admissible assets

Name of insurer **Phoenix Life Limited**

Global business

Financial year ended **31 December 2015**

Category of assets **Alba With-Profits Fund**

Company registration number	GL/UK/CM	day	month	year	Units	Category of assets	
R13	1016269	GL	31	12	2015	£000	17
					As at end of this financial year	As at end of the previous year	
					1	2	

Reconciliation to asset values determined in accordance with the insurance accounts rules or international accounting standards as applicable to the firm for the purpose of its external financial reporting

Total admissible assets after deduction of admissible assets in excess of market risk and counterparty limits (as per line 89 above)	91	1055231	1138207
Admissible assets in excess of market and counterparty limits	92		
Inadmissible assets directly held	93	463	88
Capital resources requirement deduction of regulated related undertakings	94		
Ineligible surplus capital and restricted assets in regulated related insurance undertakings	95		
Inadmissible assets of regulated related undertakings	96		
Book value of related ancillary services undertakings	97		
Other differences in the valuation of assets (other than for assets not valued above)	98		(13418)
Deferred acquisition costs excluded from line 89	99		
Reinsurers' share of technical provisions excluded from line 89	100	1482706	1589366
Other asset adjustments (may be negative)	101		
Total assets determined in accordance with the insurance accounts rules or international accounting standards as applicable to the firm for the purpose of its external financial reporting (91 to 101)	102	2538400	2714243
Amounts included in line 89 attributable to debts due from related insurers, other than those under contracts of insurance or reinsurance	103		

Analysis of admissible assets

Name of insurer **Phoenix Life Limited**

Global business

Financial year ended **31 December 2015**

Category of assets **Scottish Mutual With-Profits Fund**

	Company registration number	GL/UK/CM	day	month	year	Units	Category of assets	
	R13	1016269	GL	31	12	2015	£000	18
						As at end of this financial year	As at end of the previous year	
						1	2	
Land and buildings			11					

Investments in group undertakings and participating interests

UK insurance dependants	Shares	21		
	Debts and loans	22		
Other insurance dependants	Shares	23		
	Debts and loans	24		
Non-insurance dependants	Shares	25		
	Debts and loans	26		
Other group undertakings	Shares	27		
	Debts and loans	28		
Participating interests	Shares	29	52241	71218
	Debts and loans	30		

Other financial investments

Equity shares	41	15307	9080	
Other shares and other variable yield participations	42			
Holdings in collective investment schemes	43	1313603	1415548	
Rights under derivative contracts	44	324398	370737	
Fixed interest securities	Approved	45	798358	800943
	Other	46	3031	1831
Variable interest securities	Approved	47	74286	98860
	Other	48	5547	
Participation in investment pools	49			
Loans secured by mortgages	50			
Loans to public or local authorities and nationalised industries or undertakings	51			
Loans secured by policies of insurance issued by the company	52			
Other loans	53			
Bank and approved credit & financial institution deposits	One month or less withdrawal	54		
	More than one month withdrawal	55		
Other financial investments	56			
Deposits with ceding undertakings	57			
Assets held to match linked liabilities	Index linked	58		
	Property linked	59		

Analysis of admissible assets

Name of insurer **Phoenix Life Limited**

Global business

Financial year ended **31 December 2015**

Category of assets **Scottish Mutual With-Profits Fund**

Company registration number	GL/UK/CM	day	month	year	Units	Category of assets	
R13	1016269	GL	31	12	2015	£000	18
					As at end of this financial year	As at end of the previous year	
					1	2	

Reinsurers' share of technical provisions

Provision for unearned premiums	60		
Claims outstanding	61		
Provision for unexpired risks	62		
Other	63		

Debtors and salvage

Direct insurance business	Policyholders	71		
	Intermediaries	72		
Salvage and subrogation recoveries		73		
Reinsurance	Accepted	74		
	Ceded	75		
Dependants	due in 12 months or less	76		
	due in more than 12 months	77		
Other	due in 12 months or less	78	2069	53972
	due in more than 12 months	79		

Other assets

Tangible assets	80		
Deposits not subject to time restriction on withdrawal with approved institutions	81	13167	12862
Cash in hand	82		
Other assets (particulars to be specified by way of supplementary note)	83		
Accrued interest and rent	84	7392	8094
Deferred acquisition costs (general business only)	85		
Other prepayments and accrued income	86	5006	

Deductions from the aggregate value of assets	87		
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Grand total of admissible assets after deduction of admissible assets in excess of market risk and counterparty limits (11 to 86 less 87)	89	2614404	2843144
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Analysis of admissible assets

Name of insurer **Phoenix Life Limited**

Global business

Financial year ended **31 December 2015**

Category of assets **Scottish Mutual With-Profits Fund**

Company registration number	GL/UK/CM	day	month	year	Units	Category of assets	
R13	1016269	GL	31	12	2015	£000	18
					As at end of this financial year	As at end of the previous year	
					1	2	

Reconciliation to asset values determined in accordance with the insurance accounts rules or international accounting standards as applicable to the firm for the purpose of its external financial reporting

Total admissible assets after deduction of admissible assets in excess of market risk and counterparty limits (as per line 89 above)	91	2614404	2843144
Admissible assets in excess of market and counterparty limits	92		
Inadmissible assets directly held	93	276	15
Capital resources requirement deduction of regulated related undertakings	94		
Ineligible surplus capital and restricted assets in regulated related insurance undertakings	95		
Inadmissible assets of regulated related undertakings	96		
Book value of related ancillary services undertakings	97		
Other differences in the valuation of assets (other than for assets not valued above)	98		
Deferred acquisition costs excluded from line 89	99		
Reinsurers' share of technical provisions excluded from line 89	100		
Other asset adjustments (may be negative)	101		
Total assets determined in accordance with the insurance accounts rules or international accounting standards as applicable to the firm for the purpose of its external financial reporting (91 to 101)	102	2614680	2843159
Amounts included in line 89 attributable to debts due from related insurers, other than those under contracts of insurance or reinsurance	103		

Analysis of admissible assets

Name of insurer **Phoenix Life Limited**

Global business

Financial year ended **31 December 2015**

Category of assets **SPI With-Profits Fund**

	Company registration number	GL/UK/CM	day month year			Units	Category of assets	
	R13	1016269	GL	31	12	2015	£000	19
							As at end of this financial year	As at end of the previous year
							1	2
Land and buildings				11				

Investments in group undertakings and participating interests

UK insurance dependants	Shares	21		
	Debts and loans	22		
Other insurance dependants	Shares	23		
	Debts and loans	24		
Non-insurance dependants	Shares	25		
	Debts and loans	26		
Other group undertakings	Shares	27		
	Debts and loans	28		
Participating interests	Shares	29	77241	100707
	Debts and loans	30		

Other financial investments

Equity shares	41	17486	10112	
Other shares and other variable yield participations	42			
Holdings in collective investment schemes	43	1195383	1369187	
Rights under derivative contracts	44	112000	141947	
Fixed interest securities	Approved	45	597757	674355
	Other	46	2145	1112
Variable interest securities	Approved	47	15136	15263
	Other	48	3821	
Participation in investment pools	49			
Loans secured by mortgages	50			
Loans to public or local authorities and nationalised industries or undertakings	51			
Loans secured by policies of insurance issued by the company	52	302	361	
Other loans	53			
Bank and approved credit & financial institution deposits	One month or less withdrawal	54		
	More than one month withdrawal	55		
Other financial investments	56			
Deposits with ceding undertakings	57			
Assets held to match linked liabilities	Index linked	58	2934	3149
	Property linked	59		

Analysis of admissible assets

Name of insurer **Phoenix Life Limited**

Global business

Financial year ended **31 December 2015**

Category of assets **SPI With-Profits Fund**

Company registration number	GL/UK/CM	day	month	year	Units	Category of assets	
R13	1016269	GL	31	12	2015	£000	19
					As at end of this financial year	As at end of the previous year	
					1	2	

Reinsurers' share of technical provisions

Provision for unearned premiums	60		
Claims outstanding	61		
Provision for unexpired risks	62		
Other	63		

Debtors and salvage

Direct insurance business	Policyholders	71	360	523
	Intermediaries	72		
Salvage and subrogation recoveries		73		
Reinsurance	Accepted	74		
	Ceded	75		
Dependants	due in 12 months or less	76		
	due in more than 12 months	77		
Other	due in 12 months or less	78	16216	36602
	due in more than 12 months	79		

Other assets

Tangible assets	80		
Deposits not subject to time restriction on withdrawal with approved institutions	81	25025	24067
Cash in hand	82		
Other assets (particulars to be specified by way of supplementary note)	83		
Accrued interest and rent	84	5198	7152
Deferred acquisition costs (general business only)	85		
Other prepayments and accrued income	86	2641	

Deductions from the aggregate value of assets	87		
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Grand total of admissible assets after deduction of admissible assets in excess of market risk and counterparty limits (11 to 86 less 87)	89	2073646	2384536
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Analysis of admissible assets

Name of insurer **Phoenix Life Limited**

Global business

Financial year ended **31 December 2015**

Category of assets **SPI With-Profits Fund**

Company registration number	GL/UK/CM	day	month	year	Units	Category of assets	
R13	1016269	GL	31	12	2015	£000	19
					As at end of this financial year	As at end of the previous year	
					1	2	

Reconciliation to asset values determined in accordance with the insurance accounts rules or international accounting standards as applicable to the firm for the purpose of its external financial reporting

Total admissible assets after deduction of admissible assets in excess of market risk and counterparty limits (as per line 89 above)	91	2073646	2384536
Admissible assets in excess of market and counterparty limits	92		
Inadmissible assets directly held	93	2235	384
Capital resources requirement deduction of regulated related undertakings	94		
Ineligible surplus capital and restricted assets in regulated related insurance undertakings	95		
Inadmissible assets of regulated related undertakings	96		
Book value of related ancillary services undertakings	97		
Other differences in the valuation of assets (other than for assets not valued above)	98		
Deferred acquisition costs excluded from line 89	99		
Reinsurers' share of technical provisions excluded from line 89	100	3120	3549
Other asset adjustments (may be negative)	101		
Total assets determined in accordance with the insurance accounts rules or international accounting standards as applicable to the firm for the purpose of its external financial reporting (91 to 101)	102	2079001	2388469
Amounts included in line 89 attributable to debts due from related insurers, other than those under contracts of insurance or reinsurance	103		

Analysis of admissible assets

Name of insurer **Phoenix Life Limited**

Global business

Financial year ended **31 December 2015**

Category of assets **SAL With-Profits Fund**

	Company registration number	GL/UK/CM	day month year			Units	Category of assets	
	R13	1016269	GL	31	12	2015	£000	20
							As at end of this financial year	As at end of the previous year
							1	2
Land and buildings				11				

Investments in group undertakings and participating interests

UK insurance dependants	Shares	21		
	Debts and loans	22		
Other insurance dependants	Shares	23		
	Debts and loans	24		
Non-insurance dependants	Shares	25		
	Debts and loans	26		
Other group undertakings	Shares	27		
	Debts and loans	28		
Participating interests	Shares	29	102218	124446
	Debts and loans	30		

Other financial investments

Equity shares	41	25046	14695	
Other shares and other variable yield participations	42			
Holdings in collective investment schemes	43	2526283	2028453	
Rights under derivative contracts	44	199532	317669	
Fixed interest securities	Approved	45	1235649	1927006
	Other	46	19917	17702
Variable interest securities	Approved	47	104763	106178
	Other	48	7348	47459
Participation in investment pools	49			
Loans secured by mortgages	50			
Loans to public or local authorities and nationalised industries or undertakings	51			
Loans secured by policies of insurance issued by the company	52	565	1935	
Other loans	53			
Bank and approved credit & financial institution deposits	One month or less withdrawal	54		
	More than one month withdrawal	55		
Other financial investments	56			
Deposits with ceding undertakings	57			
Assets held to match linked liabilities	Index linked	58	40391	43053
	Property linked	59	1591	1202

Analysis of admissible assets

Name of insurer **Phoenix Life Limited**

Global business

Financial year ended **31 December 2015**

Category of assets **SAL With-Profits Fund**

Company registration number	GL/UK/CM	day	month	year	Units	Category of assets	
R13	1016269	GL	31	12	2015	£000	20
					As at end of this financial year	As at end of the previous year	
					1	2	

Reinsurers' share of technical provisions

Provision for unearned premiums	60		
Claims outstanding	61		
Provision for unexpired risks	62		
Other	63		

Debtors and salvage

Direct insurance business	Policyholders	71	154	452
	Intermediaries	72		
Salvage and subrogation recoveries		73		
Reinsurance	Accepted	74		
	Ceded	75		4300
Dependants	due in 12 months or less	76		
	due in more than 12 months	77		
Other	due in 12 months or less	78	6958	5498
	due in more than 12 months	79		

Other assets

Tangible assets	80		
Deposits not subject to time restriction on withdrawal with approved institutions	81	20941	19361
Cash in hand	82		
Other assets (particulars to be specified by way of supplementary note)	83		
Accrued interest and rent	84	14567	19415
Deferred acquisition costs (general business only)	85		
Other prepayments and accrued income	86	6919	10220

Deductions from the aggregate value of assets	87		
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Grand total of admissible assets after deduction of admissible assets in excess of market risk and counterparty limits (11 to 86 less 87)	89	4312843	4689044
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Analysis of admissible assets

Name of insurer **Phoenix Life Limited**

Global business

Financial year ended **31 December 2015**

Category of assets **SAL With-Profits Fund**

Company registration number	GL/UK/CM	day	month	year	Units	Category of assets	
R13	1016269	GL	31	12	2015	£000	20
					As at end of this financial year	As at end of the previous year	
					1	2	

Reconciliation to asset values determined in accordance with the insurance accounts rules or international accounting standards as applicable to the firm for the purpose of its external financial reporting

Total admissible assets after deduction of admissible assets in excess of market risk and counterparty limits (as per line 89 above)	91	4312843	4689044
Admissible assets in excess of market and counterparty limits	92		
Inadmissible assets directly held	93	1441	368
Capital resources requirement deduction of regulated related undertakings	94		
Ineligible surplus capital and restricted assets in regulated related insurance undertakings	95		
Inadmissible assets of regulated related undertakings	96		
Book value of related ancillary services undertakings	97		
Other differences in the valuation of assets (other than for assets not valued above)	98		
Deferred acquisition costs excluded from line 89	99		
Reinsurers' share of technical provisions excluded from line 89	100	844389	937769
Other asset adjustments (may be negative)	101		
Total assets determined in accordance with the insurance accounts rules or international accounting standards as applicable to the firm for the purpose of its external financial reporting (91 to 101)	102	5158673	5627181
Amounts included in line 89 attributable to debts due from related insurers, other than those under contracts of insurance or reinsurance	103		

Analysis of admissible assets

Name of insurer **Phoenix Life Limited**

Global business

Financial year ended **31 December 2015**

Category of assets **NPI With-Profits Fund**

	Company registration number	GL/UK/CM	day month year			Units	Category of assets
	R13	1016269	GL	31	12	2015	£000
						As at end of this financial year	As at end of the previous year
						1	2
Land and buildings				11			

Investments in group undertakings and participating interests

UK insurance dependants	Shares	21		
	Debts and loans	22		
Other insurance dependants	Shares	23		
	Debts and loans	24		
Non-insurance dependants	Shares	25		
	Debts and loans	26		
Other group undertakings	Shares	27		
	Debts and loans	28		
Participating interests	Shares	29		
	Debts and loans	30		

Other financial investments

Equity shares		41		
Other shares and other variable yield participations		42		
Holdings in collective investment schemes		43		
Rights under derivative contracts		44		
Fixed interest securities	Approved	45		
	Other	46		
Variable interest securities	Approved	47		
	Other	48		
Participation in investment pools		49		
Loans secured by mortgages		50		
Loans to public or local authorities and nationalised industries or undertakings		51		
Loans secured by policies of insurance issued by the company		52		
Other loans		53		
Bank and approved credit & financial institution deposits	One month or less withdrawal	54		
	More than one month withdrawal	55		
Other financial investments		56		
Deposits with ceding undertakings		57		
Assets held to match linked liabilities	Index linked	58		
	Property linked	59		

Analysis of admissible assets

Name of insurer **Phoenix Life Limited**

Global business

Financial year ended **31 December 2015**

Category of assets **NPI With-Profits Fund**

Company registration number	GL/UK/CM	day	month	year	Units	Category of assets	
R13	1016269	GL	31	12	2015	£000	21
					As at end of this financial year	As at end of the previous year	
					1	2	

Reinsurers' share of technical provisions

Provision for unearned premiums	60		
Claims outstanding	61		
Provision for unexpired risks	62		
Other	63		

Debtors and salvage

Direct insurance business	Policyholders	71	
	Intermediaries	72	
Salvage and subrogation recoveries		73	
Reinsurance	Accepted	74	
	Ceded	75	
Dependants	due in 12 months or less	76	
	due in more than 12 months	77	
Other	due in 12 months or less	78	
	due in more than 12 months	79	

Other assets

Tangible assets	80	
Deposits not subject to time restriction on withdrawal with approved institutions	81	
Cash in hand	82	
Other assets (particulars to be specified by way of supplementary note)	83	
Accrued interest and rent	84	
Deferred acquisition costs (general business only)	85	
Other prepayments and accrued income	86	

Deductions from the aggregate value of assets	87	
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Grand total of admissible assets after deduction of admissible assets in excess of market risk and counterparty limits (11 to 86 less 87)	89	
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Analysis of admissible assets

Name of insurer **Phoenix Life Limited**

Global business

Financial year ended **31 December 2015**

Category of assets **NPI With-Profits Fund**

Company registration number	GL/UK/CM	day	month	year	Units	Category of assets	
R13	1016269	GL	31	12	2015	£000	21
					As at end of this financial year	As at end of the previous year	
					1	2	

Reconciliation to asset values determined in accordance with the insurance accounts rules or international accounting standards as applicable to the firm for the purpose of its external financial reporting

Total admissible assets after deduction of admissible assets in excess of market risk and counterparty limits (as per line 89 above)	91		
Admissible assets in excess of market and counterparty limits	92		
Inadmissible assets directly held	93		
Capital resources requirement deduction of regulated related undertakings	94		
Ineligible surplus capital and restricted assets in regulated related insurance undertakings	95		
Inadmissible assets of regulated related undertakings	96		
Book value of related ancillary services undertakings	97		
Other differences in the valuation of assets (other than for assets not valued above)	98		
Deferred acquisition costs excluded from line 89	99		
Reinsurers' share of technical provisions excluded from line 89	100	141000	150203
Other asset adjustments (may be negative)	101		
Total assets determined in accordance with the insurance accounts rules or international accounting standards as applicable to the firm for the purpose of its external financial reporting (91 to 101)	102	141000	150203
Amounts included in line 89 attributable to debts due from related insurers, other than those under contracts of insurance or reinsurance	103		

Long term insurance business liabilities and margins

Name of insurer **Phoenix Life Limited**
Global business
Financial year ended **31 December 2015**
Total business/Sub fund **Summary**
Units **£000**

As at end of this financial year 1	As at end of the previous year 2
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Mathematical reserves, after distribution of surplus	11	29034861	30857980	
Cash bonuses which had not been paid to policyholders prior to end of the financial year	12			
Balance of surplus/(valuation deficit)	13	383752	423967	
Long term insurance business fund carried forward (11 to 13)	14	29418612	31281947	
Claims outstanding	Gross	15	295470	282197
	Reinsurers' share	16		
	Net (15-16)	17	295470	282197
Provisions	Taxation	21		
	Other risks and charges	22	3343	4260
Deposits received from reinsurers	23	375745	404831	
Creditors	Direct insurance business	31	8927	14086
	Reinsurance accepted	32		
	Reinsurance ceded	33	8053	8919
Debenture loans	Secured	34		
	Unsecured	35		
Amounts owed to credit institutions	36	126404	125199	
Creditors	Taxation	37	4037	54207
	Other	38	1389073	1877180
Accruals and deferred income	39	34560	32114	
Provision for "reasonably foreseeable adverse variations"	41	4720	5198	
Total other insurance and non-insurance liabilities (17 to 41)	49	2250334	2808191	
Excess of the value of net admissible assets	51	2623413	3111231	
Total liabilities and margins	59	34292359	37201369	

Amounts included in line 59 attributable to liabilities to related companies, other than those under contracts of insurance or reinsurance	61	93443	52107
Amounts included in line 59 attributable to liabilities in respect of property linked benefits	62	9659287	10345883

Total liabilities (11+12+49)	71	31285195	33666172
Increase to liabilities - DAC related	72		
Reinsurers' share of technical provisions	73	4272672	4664641
Other adjustments to liabilities (may be negative)	74	2367943	2772738
Capital and reserves and fund for future appropriations	75	710110	909255
Total liabilities under insurance accounts rules or international accounting standards as applicable to the firm for the purpose of its external financial reporting (71 to 75)	76	38635920	42012805

Long term insurance business liabilities and margins

Name of insurer **Phoenix Life Limited**
Global business
Financial year ended **31 December 2015**
Total business/Sub fund **Britannic Industrial Branch Fund**
Units **£000**

As at end of this financial year 1	As at end of the previous year 2
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Mathematical reserves, after distribution of surplus	11	123819	187245	
Cash bonuses which had not been paid to policyholders prior to end of the financial year	12			
Balance of surplus/(valuation deficit)	13	98454	88669	
Long term insurance business fund carried forward (11 to 13)	14	222272	275914	
Claims outstanding	Gross	15	4581	4562
	Reinsurers' share	16		
	Net (15-16)	17	4581	4562
Provisions	Taxation	21		
	Other risks and charges	22		
Deposits received from reinsurers	23			
Creditors	Direct insurance business	31		
	Reinsurance accepted	32		
	Reinsurance ceded	33		
Debenture loans	Secured	34		
	Unsecured	35		
Amounts owed to credit institutions	36			
Creditors	Taxation	37	854	
	Other	38	5948	624
Accruals and deferred income	39	393	457	
Provision for "reasonably foreseeable adverse variations"	41			
Total other insurance and non-insurance liabilities (17 to 41)	49	11776	5643	
Excess of the value of net admissible assets	51			
Total liabilities and margins	59	234049	281557	

Amounts included in line 59 attributable to liabilities to related companies, other than those under contracts of insurance or reinsurance	61	5460	23
Amounts included in line 59 attributable to liabilities in respect of property linked benefits	62		

Total liabilities (11+12+49)	71	135595	192888
Increase to liabilities - DAC related	72		
Reinsurers' share of technical provisions	73		
Other adjustments to liabilities (may be negative)	74	84071	70840
Capital and reserves and fund for future appropriations	75	15035	18091
Total liabilities under insurance accounts rules or international accounting standards as applicable to the firm for the purpose of its external financial reporting (71 to 75)	76	234701	281820

Long term insurance business liabilities and margins

Name of insurer **Phoenix Life Limited**
Global business
Financial year ended **31 December 2015**
Total business/Sub fund **Britannic With-Profits Fund**
Units **£000**

As at end of this financial year 1	As at end of the previous year 2
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Mathematical reserves, after distribution of surplus	11	2821383	2908363	
Cash bonuses which had not been paid to policyholders prior to end of the financial year	12			
Balance of surplus/(valuation deficit)	13	5000	5000	
Long term insurance business fund carried forward (11 to 13)	14	2826383	2913363	
Claims outstanding	Gross	15	10784	9871
	Reinsurers' share	16		
	Net (15-16)	17	10784	9871
Provisions	Taxation	21		
	Other risks and charges	22	697	741
Deposits received from reinsurers	23			
Creditors	Direct insurance business	31	1940	6532
	Reinsurance accepted	32		
	Reinsurance ceded	33	1	1
Debenture loans	Secured	34		
	Unsecured	35		
Amounts owed to credit institutions	36			
Creditors	Taxation	37	70	7580
	Other	38	27194	3441
Accruals and deferred income	39	4694	3107	
Provision for "reasonably foreseeable adverse variations"	41	798	798	
Total other insurance and non-insurance liabilities (17 to 41)	49	46179	32071	
Excess of the value of net admissible assets	51	1263398	1447116	
Total liabilities and margins	59	4135959	4392550	

Amounts included in line 59 attributable to liabilities to related companies, other than those under contracts of insurance or reinsurance	61	20089	301
Amounts included in line 59 attributable to liabilities in respect of property linked benefits	62		

Total liabilities (11+12+49)	71	2867562	2940434
Increase to liabilities - DAC related	72		
Reinsurers' share of technical provisions	73	1174	1253
Other adjustments to liabilities (may be negative)	74	1036345	1209086
Capital and reserves and fund for future appropriations	75	238783	251712
Total liabilities under insurance accounts rules or international accounting standards as applicable to the firm for the purpose of its external financial reporting (71 to 75)	76	4143863	4402485

Long term insurance business liabilities and margins

Name of insurer **Phoenix Life Limited**
Global business
Financial year ended **31 December 2015**
Total business/Sub fund **90% With-Profits Fund**
Units **£000**

As at end of this financial year 1	As at end of the previous year 2
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Mathematical reserves, after distribution of surplus	11	54767	59755	
Cash bonuses which had not been paid to policyholders prior to end of the financial year	12			
Balance of surplus/(valuation deficit)	13	450	450	
Long term insurance business fund carried forward (11 to 13)	14	55217	60205	
Claims outstanding	Gross	15	93	40
	Reinsurers' share	16		
	Net (15-16)	17	93	40
Provisions	Taxation	21		
	Other risks and charges	22		
Deposits received from reinsurers	23			
Creditors	Direct insurance business	31	45	114
	Reinsurance accepted	32		
	Reinsurance ceded	33		
Debenture loans	Secured	34		
	Unsecured	35		
Amounts owed to credit institutions	36			
Creditors	Taxation	37		679
	Other	38	367	33
Accruals and deferred income	39	82	61	
Provision for "reasonably foreseeable adverse variations"	41			
Total other insurance and non-insurance liabilities (17 to 41)	49	586	927	
Excess of the value of net admissible assets	51	42731	51140	
Total liabilities and margins	59	98535	112272	

Amounts included in line 59 attributable to liabilities to related companies, other than those under contracts of insurance or reinsurance	61		
Amounts included in line 59 attributable to liabilities in respect of property linked benefits	62		

Total liabilities (11+12+49)	71	55354	60682
Increase to liabilities - DAC related	72		
Reinsurers' share of technical provisions	73	5	6
Other adjustments to liabilities (may be negative)	74	37580	46058
Capital and reserves and fund for future appropriations	75	5659	5534
Total liabilities under insurance accounts rules or international accounting standards as applicable to the firm for the purpose of its external financial reporting (71 to 75)	76	98598	112280

Long term insurance business liabilities and margins

Name of insurer **Phoenix Life Limited**
Global business
Financial year ended **31 December 2015**
Total business/Sub fund **100% Fund**
Units **£000**

As at end of this financial year	As at end of the previous year
1	2

Mathematical reserves, after distribution of surplus		11	16858	18318
Cash bonuses which had not been paid to policyholders prior to end of the financial year		12		
Balance of surplus/(valuation deficit)		13	850	850
Long term insurance business fund carried forward (11 to 13)		14	17708	19168
Claims outstanding	Gross	15	1797	1638
	Reinsurers' share	16		
	Net (15-16)	17	1797	1638
Provisions	Taxation	21		
	Other risks and charges	22		
Deposits received from reinsurers		23		
Creditors	Direct insurance business	31	5	6
	Reinsurance accepted	32		
	Reinsurance ceded	33		
Debenture loans	Secured	34		
	Unsecured	35		
Amounts owed to credit institutions		36		
Creditors	Taxation	37		844
	Other	38	377	43
Accruals and deferred income		39	191	160
Provision for "reasonably foreseeable adverse variations"		41		
Total other insurance and non-insurance liabilities (17 to 41)		49	2370	2692
Excess of the value of net admissible assets		51	55431	63425
Total liabilities and margins		59	75509	85285

Amounts included in line 59 attributable to liabilities to related companies, other than those under contracts of insurance or reinsurance		61		5
Amounts included in line 59 attributable to liabilities in respect of property linked benefits		62		

Total liabilities (11+12+49)		71	19228	21010
Increase to liabilities - DAC related		72		
Reinsurers' share of technical provisions		73	115	129
Other adjustments to liabilities (may be negative)		74	56285	64280
Capital and reserves and fund for future appropriations		75		
Total liabilities under insurance accounts rules or international accounting standards as applicable to the firm for the purpose of its external financial reporting (71 to 75)		76	75627	85419

Long term insurance business liabilities and margins

Name of insurer **Phoenix Life Limited**
Global business
Financial year ended **31 December 2015**
Total business/Sub fund **Alba With-Profits Fund**
Units **£000**

As at end of this financial year	As at end of the previous year
1	2

Mathematical reserves, after distribution of surplus	11	988006	1099991	
Cash bonuses which had not been paid to policyholders prior to end of the financial year	12			
Balance of surplus/(valuation deficit)	13			
Long term insurance business fund carried forward (11 to 13)	14	988006	1099991	
Claims outstanding	Gross	15	15137	15768
	Reinsurers' share	16		
	Net (15-16)	17	15137	15768
Provisions	Taxation	21		
	Other risks and charges	22	52	53
Deposits received from reinsurers	23			
Creditors	Direct insurance business	31	4522	4180
	Reinsurance accepted	32		
	Reinsurance ceded	33	3451	3546
Debenture loans	Secured	34		
	Unsecured	35		
Amounts owed to credit institutions	36			
Creditors	Taxation	37	551	935
	Other	38	23568	7927
Accruals and deferred income	39	762	808	
Provision for "reasonably foreseeable adverse variations"	41			
Total other insurance and non-insurance liabilities (17 to 41)	49	48043	33217	
Excess of the value of net admissible assets	51	19182	5000	
Total liabilities and margins	59	1055231	1138208	

Amounts included in line 59 attributable to liabilities to related companies, other than those under contracts of insurance or reinsurance	61	14270	5269
Amounts included in line 59 attributable to liabilities in respect of property linked benefits	62	4689	4696

Total liabilities (11+12+49)	71	1036049	1133208
Increase to liabilities - DAC related	72		
Reinsurers' share of technical provisions	73	1482706	1589366
Other adjustments to liabilities (may be negative)	74	14449	(25423)
Capital and reserves and fund for future appropriations	75	5195	17093
Total liabilities under insurance accounts rules or international accounting standards as applicable to the firm for the purpose of its external financial reporting (71 to 75)	76	2538400	2714244

Long term insurance business liabilities and margins

Name of insurer **Phoenix Life Limited**
Global business
Financial year ended **31 December 2015**
Total business/Sub fund **Phoenix With-Profits Fund**
Units **£000**

As at end of this financial year 1	As at end of the previous year 2
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Mathematical reserves, after distribution of surplus	11	2969427	3063260	
Cash bonuses which had not been paid to policyholders prior to end of the financial year	12			
Balance of surplus/(valuation deficit)	13	110500	110500	
Long term insurance business fund carried forward (11 to 13)	14	3079927	3173760	
Claims outstanding	Gross	15	68104	64953
	Reinsurers' share	16		
	Net (15-16)	17	68104	64953
Provisions	Taxation	21		
	Other risks and charges	22	124	192
Deposits received from reinsurers	23			
Creditors	Direct insurance business	31	427	241
	Reinsurance accepted	32		
	Reinsurance ceded	33	16	272
Debenture loans	Secured	34		
	Unsecured	35		
Amounts owed to credit institutions	36			
Creditors	Taxation	37		13290
	Other	38	118593	347543
Accruals and deferred income	39	5171	4434	
Provision for "reasonably foreseeable adverse variations"	41			
Total other insurance and non-insurance liabilities (17 to 41)	49	192435	430926	
Excess of the value of net admissible assets	51	233449	422724	
Total liabilities and margins	59	3505812	4027410	

Amounts included in line 59 attributable to liabilities to related companies, other than those under contracts of insurance or reinsurance	61	2394	909
Amounts included in line 59 attributable to liabilities in respect of property linked benefits	62	4681	4923

Total liabilities (11+12+49)	71	3161862	3494186
Increase to liabilities - DAC related	72		
Reinsurers' share of technical provisions	73	570179	615955
Other adjustments to liabilities (may be negative)	74	228504	391413
Capital and reserves and fund for future appropriations	75	118105	142281
Total liabilities under insurance accounts rules or international accounting standards as applicable to the firm for the purpose of its external financial reporting (71 to 75)	76	4078651	4643835

Long term insurance business liabilities and margins

Name of insurer **Phoenix Life Limited**
Global business
Financial year ended **31 December 2015**
Total business/Sub fund **Scottish Mutual With-Profits Fund**
Units **£000**

As at end of this financial year	As at end of the previous year
1	2

Mathematical reserves, after distribution of surplus	11	2008476	2188246
Cash bonuses which had not been paid to policyholders prior to end of the financial year	12		
Balance of surplus/(valuation deficit)	13		
Long term insurance business fund carried forward (11 to 13)	14	2008476	2188246
Claims outstanding	Gross	15	2
	Reinsurers' share	16	
	Net (15-16)	17	2
Provisions	Taxation	21	
	Other risks and charges	22	
Deposits received from reinsurers	23		
Creditors	Direct insurance business	31	
	Reinsurance accepted	32	
	Reinsurance ceded	33	
Debenture loans	Secured	34	
	Unsecured	35	
Amounts owed to credit institutions	36		
Creditors	Taxation	37	3363
	Other	38	340976 382301
Accruals and deferred income	39	1500	1265
Provision for "reasonably foreseeable adverse variations"	41		
Total other insurance and non-insurance liabilities (17 to 41)	49	342475	386931
Excess of the value of net admissible assets	51	263453	267967
Total liabilities and margins	59	2614404	2843144

Amounts included in line 59 attributable to liabilities to related companies, other than those under contracts of insurance or reinsurance	61	7264	
Amounts included in line 59 attributable to liabilities in respect of property linked benefits	62		

Total liabilities (11+12+49)	71	2350951	2575178
Increase to liabilities - DAC related	72		
Reinsurers' share of technical provisions	73		
Other adjustments to liabilities (may be negative)	74	201927	221117
Capital and reserves and fund for future appropriations	75	61802	46864
Total liabilities under insurance accounts rules or international accounting standards as applicable to the firm for the purpose of its external financial reporting (71 to 75)	76	2614680	2843159

Long term insurance business liabilities and margins

Name of insurer **Phoenix Life Limited**
Global business
Financial year ended **31 December 2015**
Total business/Sub fund **SPI With-Profits Fund**
Units **£000**

As at end of this financial year 1	As at end of the previous year 2
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Mathematical reserves, after distribution of surplus	11	1493210	1656732	
Cash bonuses which had not been paid to policyholders prior to end of the financial year	12			
Balance of surplus/(valuation deficit)	13	107959	107959	
Long term insurance business fund carried forward (11 to 13)	14	1601169	1764691	
Claims outstanding	Gross	15	5777	6167
	Reinsurers' share	16		
	Net (15-16)	17	5777	6167
Provisions	Taxation	21		
	Other risks and charges	22		
Deposits received from reinsurers	23			
Creditors	Direct insurance business	31		
	Reinsurance accepted	32		
	Reinsurance ceded	33		
Debenture loans	Secured	34		
	Unsecured	35		
Amounts owed to credit institutions	36			
Creditors	Taxation	37	1605	7378
	Other	38	130858	165189
Accruals and deferred income	39	4036	3698	
Provision for "reasonably foreseeable adverse variations"	41			
Total other insurance and non-insurance liabilities (17 to 41)	49	142276	182432	
Excess of the value of net admissible assets	51	330201	437413	
Total liabilities and margins	59	2073645	2384536	

Amounts included in line 59 attributable to liabilities to related companies, other than those under contracts of insurance or reinsurance	61	4535	204
Amounts included in line 59 attributable to liabilities in respect of property linked benefits	62		

Total liabilities (11+12+49)	71	1635486	1839164
Increase to liabilities - DAC related	72		
Reinsurers' share of technical provisions	73	3120	3549
Other adjustments to liabilities (may be negative)	74	387558	482770
Capital and reserves and fund for future appropriations	75	52837	62986
Total liabilities under insurance accounts rules or international accounting standards as applicable to the firm for the purpose of its external financial reporting (71 to 75)	76	2079000	2388469

Long term insurance business liabilities and margins

Name of insurer **Phoenix Life Limited**
Global business
Financial year ended **31 December 2015**
Total business/Sub fund **SAL With-Profits Fund**
Units **£000**

As at end of this financial year	As at end of the previous year
1	2

Mathematical reserves, after distribution of surplus		11	3232765	3650022
Cash bonuses which had not been paid to policyholders prior to end of the financial year		12		
Balance of surplus/(valuation deficit)		13	60539	60539
Long term insurance business fund carried forward (11 to 13)		14	3293304	3710561
Claims outstanding	Gross	15	58509	53173
	Reinsurers' share	16		
	Net (15-16)	17	58509	53173
Provisions	Taxation	21		
	Other risks and charges	22	138	326
Deposits received from reinsurers		23		
Creditors	Direct insurance business	31	831	766
	Reinsurance accepted	32		
	Reinsurance ceded	33	39	
Debenture loans	Secured	34		
	Unsecured	35		
Amounts owed to credit institutions		36		
Creditors	Taxation	37		4790
	Other	38	539372	498419
Accruals and deferred income		39	5080	4565
Provision for "reasonably foreseeable adverse variations"		41		
Total other insurance and non-insurance liabilities (17 to 41)		49	603970	562038
Excess of the value of net admissible assets		51	415569	416445
Total liabilities and margins		59	4312843	4689044

Amounts included in line 59 attributable to liabilities to related companies, other than those under contracts of insurance or reinsurance		61	2339	1069
Amounts included in line 59 attributable to liabilities in respect of property linked benefits		62	1591	1202

Total liabilities (11+12+49)		71	3836735	4212060
Increase to liabilities - DAC related		72		
Reinsurers' share of technical provisions		73	844389	937769
Other adjustments to liabilities (may be negative)		74	406896	392144
Capital and reserves and fund for future appropriations		75	70653	85207
Total liabilities under insurance accounts rules or international accounting standards as applicable to the firm for the purpose of its external financial reporting (71 to 75)		76	5158673	5627181

Long term insurance business liabilities and margins

Name of insurer **Phoenix Life Limited**
 Global business
 Financial year ended **31 December 2015**
 Total business/Sub fund **Non - Profit Fund**
 Units **£000**

As at end of this financial year 1	As at end of the previous year 2
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Mathematical reserves, after distribution of surplus	11	15326150	16026049	
Cash bonuses which had not been paid to policyholders prior to end of the financial year	12			
Balance of surplus/(valuation deficit)	13		50000	
Long term insurance business fund carried forward (11 to 13)	14	15326150	16076049	
Claims outstanding	Gross	15	130688	126022
	Reinsurers' share	16		
	Net (15-16)	17	130688	126022
Provisions	Taxation	21		
	Other risks and charges	22	2333	2948
Deposits received from reinsurers	23	375745	404831	
Creditors	Direct insurance business	31	1156	2248
	Reinsurance accepted	32		
	Reinsurance ceded	33	4546	5099
Debenture loans	Secured	34		
	Unsecured	35		
Amounts owed to credit institutions	36	126404	125199	
Creditors	Taxation	37	957	15347
	Other	38	201820	471660
Accruals and deferred income	39	12651	13559	
Provision for "reasonably foreseeable adverse variations"	41	3922	4401	
Total other insurance and non-insurance liabilities (17 to 41)	49	860222	1171314	
Excess of the value of net admissible assets	51			
Total liabilities and margins	59	16186372	17247363	

Amounts included in line 59 attributable to liabilities to related companies, other than those under contracts of insurance or reinsurance	61	37093	44328
Amounts included in line 59 attributable to liabilities in respect of property linked benefits	62	9648326	10335061

Total liabilities (11+12+49)	71	16186372	17197363
Increase to liabilities - DAC related	72		
Reinsurers' share of technical provisions	73	1229984	1366410
Other adjustments to liabilities (may be negative)	74	(85672)	(79548)
Capital and reserves and fund for future appropriations	75	142042	279485
Total liabilities under insurance accounts rules or international accounting standards as applicable to the firm for the purpose of its external financial reporting (71 to 75)	76	17472727	18763709

Long term insurance business liabilities and margins

Name of insurer **Phoenix Life Limited**
Global business
Financial year ended **31 December 2015**
Total business/Sub fund **NPI With-Profits Fund**
Units **£000**

As at end of this financial year	As at end of the previous year
1	2

Mathematical reserves, after distribution of surplus		11		
Cash bonuses which had not been paid to policyholders prior to end of the financial year		12		
Balance of surplus/(valuation deficit)		13		
Long term insurance business fund carried forward (11 to 13)		14		
Claims outstanding	Gross	15		
	Reinsurers' share	16		
	Net (15-16)	17		
Provisions	Taxation	21		
	Other risks and charges	22		
Deposits received from reinsurers		23		
Creditors	Direct insurance business	31		
	Reinsurance accepted	32		
	Reinsurance ceded	33		
Debenture loans	Secured	34		
	Unsecured	35		
Amounts owed to credit institutions		36		
Creditors	Taxation	37		
	Other	38		
Accruals and deferred income		39		
Provision for "reasonably foreseeable adverse variations"		41		
Total other insurance and non-insurance liabilities (17 to 41)		49		
Excess of the value of net admissible assets		51		
Total liabilities and margins		59		

Amounts included in line 59 attributable to liabilities to related companies, other than those under contracts of insurance or reinsurance		61		
Amounts included in line 59 attributable to liabilities in respect of property linked benefits		62		

Total liabilities (11+12+49)		71		
Increase to liabilities - DAC related		72		
Reinsurers' share of technical provisions		73	141000	150203
Other adjustments to liabilities (may be negative)		74		
Capital and reserves and fund for future appropriations		75		
Total liabilities under insurance accounts rules or international accounting standards as applicable to the firm for the purpose of its external financial reporting (71 to 75)		76	141000	150203

Liabilities (other than long term insurance business)Name of insurer **Phoenix Life Limited**

Global business

Financial year ended **31 December 2015**

	Company registration number	GL/ UK/ CM	day	month	year	Units	
	R15	1016269	GL	31	12	2015	£000
						As at end of this financial year 1	As at end of the previous year 2

Technical provisions (gross amount)

Provisions for unearned premiums	11		
Claims outstanding	12		
Provision for unexpired risks	13		
Equalisation provisions	Credit business	14	
	Other than credit business	15	
Other technical provisions	16		
Total gross technical provisions (11 to 16)	19		

Provisions and creditors

Provisions	Taxation	21		
	Other risks and charges	22		
Deposits received from reinsurers	31			
Creditors	Direct insurance business	41		
	Reinsurance accepted	42		
	Reinsurance ceded	43		
Debenture loans	Secured	44		
	Unsecured	45		
Amounts owed to credit institutions	46			
Creditors	Taxation	47	1191	1522
	Foreseeable dividend	48		
	Other	49	8023	3879
Accruals and deferred income	51	11284	11223	
Total (19 to 51)	59	20498	16624	
Provision for "reasonably foreseeable adverse variations"	61			
Cumulative preference share capital	62			
Subordinated loan capital	63	200000	200000	
Total (59 to 63)	69	220498	216624	

Amounts included in line 69 attributable to liabilities to related insurers, other than those under contracts of insurance or reinsurance	71		
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Amounts deducted from technical provisions for discounting	82		
Other adjustments (may be negative)	83	31242	34541
Capital and reserves	84	561261	697766
Total liabilities under insurance accounts rules or international accounting standards as applicable to the firm for the purpose of its external financial reporting (69-82+83+84)	85	813001	948931

Profit and loss account (non-technical account)Name of insurer **Phoenix Life Limited**

Global business

Financial year ended **31 December 2015**

		Company registration number	GL/ UK/ CM	day	month	year	Units	
		R16	1016269	GL	31	12	2015	£000
				This financial year			Previous year	
				1			2	
Transfer (to)/from the general insurance business technical account	From Form 20		11					
	Equalisation provisions		12					
Transfer from the long term insurance business revenue account			13			279526	231514	
Investment income	Income		14			11638	11764	
	Value re-adjustments on investments		15			(9292)	9183	
	Gains on the realisation of investments		16			6208	240	
Investment charges	Investment management charges, including interest		17			14837	16039	
	Value re-adjustments on investments		18					
	Loss on the realisation of investments		19					
Allocated investment return transferred to the general insurance business technical account			20					
Other income and charges (particulars to be specified by way of supplementary note)			21			(2803)	(10612)	
Profit or loss on ordinary activities before tax (11+12+13+14+15+16-17-18-19-20+21)			29			270439	226050	
Tax on profit or loss on ordinary activities			31			159	(7622)	
Profit or loss on ordinary activities after tax (29-31)			39			270280	233672	
Extraordinary profit or loss (particulars to be specified by way of supplementary note)			41					
Tax on extraordinary profit or loss			42					
Other taxes not shown under the preceding items			43					
Profit or loss for the financial year (39+41-(42+43))			49			270280	233672	
Dividends (paid or foreseeable)			51			397959	134464	
Profit or loss retained for the financial year (49-51)			59			(127679)	99208	

Analysis of derivative contractsName of insurer **Phoenix Life Limited**

Global business

Financial year ended **31 December 2015**Category of assets **Total other than long term insurance business assets**

		Company registration number	GL/ UK/ CM	day	month	year	Units	Category of assets	
		R17	1016269	GL	31	12	2015	£000	1
Derivative contracts		Value as at the end of this financial year				Notional amount as at the end of this financial year			
		Assets 1	Liabilities 2	Bought / Long 3	Sold / Short 4				
Futures and contracts for differences	Fixed-interest securities	11							
	Interest rates	12				3713	132000		
	Inflation	13							
	Credit index / basket	14							
	Credit single name	15							
	Equity index	16							
	Equity stock	17							
	Land	18							
	Currencies	19							
	Mortality	20							
	Other	21							
In the money options	Swaptions	31							
	Equity index calls	32							
	Equity stock calls	33							
	Equity index puts	34							
	Equity stock puts	35							
	Other	36							
Out of the money options	Swaptions	41							
	Equity index calls	42							
	Equity stock calls	43							
	Equity index puts	44							
	Equity stock puts	45							
	Other	46							
Total (11 to 46)		51				3713	132000		
Adjustment for variation margin		52							
Total (51 + 52)		53				3713			

THE NOTIONAL AMOUNTS IN COLUMNS 3 AND 4 ARE NOT A MEASURE OF EXPOSURE.
Please see instructions 11 and 12 to this Form for the meaning of these figures.

Analysis of derivative contractsName of insurer **Phoenix Life Limited**

Global business

Financial year ended **31 December 2015**Category of assets **Total long term insurance business assets**

		Company registration number	GL/ UK/ CM	day	month	year	Units	Category of assets	
		R17	1016269	GL	31	12	2015	£000	10
Derivative contracts		Value as at the end of this financial year				Notional amount as at the end of this financial year			
		Assets 1		Liabilities 2		Bought / Long 3		Sold / Short 4	
Futures and contracts for differences	Fixed-interest securities	11	797	434	105066	138235			
	Interest rates	12	730412	719630	8407565	4516394			
	Inflation	13	2695	8310	128747	177966			
	Credit index / basket	14							
	Credit single name	15							
	Equity index	16	2983	16613	49259	486761			
	Equity stock	17							
	Land	18							
	Currencies	19	1586	22361	44019	770366			
	Mortality	20							
	Other	21							
In the money options	Swaptions	31	99596		249035				
	Equity index calls	32							
	Equity stock calls	33							
	Equity index puts	34	114587			376521			
	Equity stock puts	35							
	Other	36							
Out of the money options	Swaptions	41	21139		1592732				
	Equity index calls	42			27				
	Equity stock calls	43							
	Equity index puts	44							
	Equity stock puts	45							
	Other	46							
Total (11 to 46)		51	973795	767349	10576451	6466243			
Adjustment for variation margin		52							
Total (51 + 52)		53	973795	767349					

THE NOTIONAL AMOUNTS IN COLUMNS 3 AND 4 ARE NOT A MEASURE OF EXPOSURE.
Please see instructions 11 and 12 to this Form for the meaning of these figures.

Analysis of derivative contractsName of insurer **Phoenix Life Limited**

Global business

Financial year ended **31 December 2015**Category of assets **100% With-Profits Fund**

		Company registration number	GL/ UK/ CM	day	month	year	Units	Category of assets	
		R17	1016269	GL	31	12	2015	£000	11
Derivative contracts		Value as at the end of this financial year			Notional amount as at the end of this financial year				
		Assets 1	Liabilities 2	Bought / Long 3	Sold / Short 4				
Futures and contracts for differences	Fixed-interest securities	11			233				
	Interest rates	12							
	Inflation	13							
	Credit index / basket	14							
	Credit single name	15							
	Equity index	16	40		1261				
	Equity stock	17							
	Land	18							
	Currencies	19	1	142	40	4489			
	Mortality	20							
	Other	21							
In the money options	Swaptions	31							
	Equity index calls	32							
	Equity stock calls	33							
	Equity index puts	34							
	Equity stock puts	35							
	Other	36							
Out of the money options	Swaptions	41							
	Equity index calls	42							
	Equity stock calls	43							
	Equity index puts	44							
	Equity stock puts	45							
	Other	46							
Total (11 to 46)		51	41	142	1535	4489			
Adjustment for variation margin		52							
Total (51 + 52)		53	41	142					

THE NOTIONAL AMOUNTS IN COLUMNS 3 AND 4 ARE NOT A MEASURE OF EXPOSURE.
Please see instructions 11 and 12 to this Form for the meaning of these figures.

Analysis of derivative contractsName of insurer **Phoenix Life Limited**

Global business

Financial year ended **31 December 2015**Category of assets **Non-Profit Fund**

		Company registration number	GL/ UK/ CM	day	month	year	Units	Category of assets	
		R17	1016269	GL	31	12	2015	£000	12
Derivative contracts		Value as at the end of this financial year			Notional amount as at the end of this financial year				
		Assets 1	Liabilities 2	Bought / Long 3	Sold / Short 4				
Futures and contracts for differences	Fixed-interest securities	11					47196		
	Interest rates	12	75515			99565	2667529	1973789	
	Inflation	13	2695			8310	128747	177966	
	Credit index / basket	14							
	Credit single name	15							
	Equity index	16	839			16612		486761	
	Equity stock	17							
	Land	18							
	Currencies	19	28			7987	4591	298399	
	Mortality	20							
	Other	21							
In the money options	Swaptions	31							
	Equity index calls	32							
	Equity stock calls	33							
	Equity index puts	34							
	Equity stock puts	35							
	Other	36							
Out of the money options	Swaptions	41							
	Equity index calls	42					27		
	Equity stock calls	43							
	Equity index puts	44							
	Equity stock puts	45							
	Other	46							
Total (11 to 46)		51	79077			132474	2848091	2936915	
Adjustment for variation margin		52							
Total (51 + 52)		53	79077			132474			

THE NOTIONAL AMOUNTS IN COLUMNS 3 AND 4 ARE NOT A MEASURE OF EXPOSURE.
Please see instructions 11 and 12 to this Form for the meaning of these figures.

Analysis of derivative contractsName of insurer **Phoenix Life Limited**

Global business

Financial year ended **31 December 2015**Category of assets **90% With-Profits Fund**

		Company registration number	GL/ UK/ CM	day	month	year	Units	Category of assets	
		R17	1016269	GL	31	12	2015	£000	13
Derivative contracts		Value as at the end of this financial year				Notional amount as at the end of this financial year			
		Assets 1	Liabilities 2	Bought / Long 3	Sold / Short 4				
Futures and contracts for differences	Fixed-interest securities	11	1					118	
	Interest rates	12							
	Inflation	13							
	Credit index / basket	14							
	Credit single name	15							
	Equity index	16							
	Equity stock	17							
	Land	18							
	Currencies	19	1	137	47			4345	
	Mortality	20							
	Other	21							
In the money options	Swaptions	31							
	Equity index calls	32							
	Equity stock calls	33							
	Equity index puts	34							
	Equity stock puts	35							
	Other	36							
Out of the money options	Swaptions	41							
	Equity index calls	42							
	Equity stock calls	43							
	Equity index puts	44							
	Equity stock puts	45							
	Other	46							
Total (11 to 46)		51	2	137	47		4462		
Adjustment for variation margin		52							
Total (51 + 52)		53	2	137					

THE NOTIONAL AMOUNTS IN COLUMNS 3 AND 4 ARE NOT A MEASURE OF EXPOSURE.
Please see instructions 11 and 12 to this Form for the meaning of these figures.

Analysis of derivative contractsName of insurer **Phoenix Life Limited**

Global business

Financial year ended **31 December 2015**Category of assets **Britannic Industrial Branch Fund**

		Company registration number	GL/ UK/ CM	day	month	year	Units	Category of assets	
		R17	1016269	GL	31	12	2015	£000	14
Derivative contracts		Value as at the end of this financial year				Notional amount as at the end of this financial year			
		Assets 1		Liabilities 2		Bought / Long 3		Sold / Short 4	
Futures and contracts for differences	Fixed-interest securities	11	29					7853	
	Interest rates	12							
	Inflation	13							
	Credit index / basket	14							
	Credit single name	15							
	Equity index	16	218				5161		
	Equity stock	17							
	Land	18							
	Currencies	19	20		175		991	5545	
	Mortality	20							
	Other	21							
In the money options	Swaptions	31							
	Equity index calls	32							
	Equity stock calls	33							
	Equity index puts	34							
	Equity stock puts	35							
	Other	36							
Out of the money options	Swaptions	41							
	Equity index calls	42							
	Equity stock calls	43							
	Equity index puts	44							
	Equity stock puts	45							
	Other	46							
Total (11 to 46)		51	267		175		6152	13398	
Adjustment for variation margin		52							
Total (51 + 52)		53	267		175				

THE NOTIONAL AMOUNTS IN COLUMNS 3 AND 4 ARE NOT A MEASURE OF EXPOSURE.
Please see instructions 11 and 12 to this Form for the meaning of these figures.

Analysis of derivative contractsName of insurer **Phoenix Life Limited**

Global business

Financial year ended **31 December 2015**Category of assets **Britannic With-Profits Fund**

		Company registration number	GL/ UK/ CM	day month year			Units	Category of assets
R17		1016269	GL	31	12	2015	£000	15
Derivative contracts		Value as at the end of this financial year			Notional amount as at the end of this financial year			
		Assets 1		Liabilities 2		Bought / Long 3		Sold / Short 4
Futures and contracts for differences	Fixed-interest securities	11	407				59843	
	Interest rates	12						
	Inflation	13						
	Credit index / basket	14						
	Credit single name	15						
	Equity index	16						
	Equity stock	17						
	Land	18						
	Currencies	19	78	6432	2696	204487		
	Mortality	20						
	Other	21						
In the money options	Swaptions	31						
	Equity index calls	32						
	Equity stock calls	33						
	Equity index puts	34						
	Equity stock puts	35						
	Other	36						
Out of the money options	Swaptions	41						
	Equity index calls	42						
	Equity stock calls	43						
	Equity index puts	44						
	Equity stock puts	45						
	Other	46						
Total (11 to 46)		51	485	6432	2696	264330		
Adjustment for variation margin		52						
Total (51 + 52)		53	485	6432				

THE NOTIONAL AMOUNTS IN COLUMNS 3 AND 4 ARE NOT A MEASURE OF EXPOSURE.
Please see instructions 11 and 12 to this Form for the meaning of these figures.

Analysis of derivative contractsName of insurer **Phoenix Life Limited**

Global business

Financial year ended **31 December 2015**Category of assets **Phoenix With-Profits Fund**

		Company registration number	GL/ UK/ CM	day month year			Units	Category of assets	
		R17	1016269	GL	31	12	2015	£000	16
Derivative contracts		Value as at the end of this financial year			Notional amount as at the end of this financial year				
		Assets 1		Liabilities 2		Bought / Long 3		Sold / Short 4	
Futures and contracts for differences	Fixed-interest securities	11	47	65	4488	18029			
	Interest rates	12	160186	49186	723782	530773			
	Inflation	13							
	Credit index / basket	14							
	Credit single name	15							
	Equity index	16							
	Equity stock	17							
	Land	18							
	Currencies	19	20	3386	964	107362			
	Mortality	20							
	Other	21							
In the money options	Swaptions	31	53762		139632				
	Equity index calls	32							
	Equity stock calls	33							
	Equity index puts	34							
	Equity stock puts	35							
	Other	36							
Out of the money options	Swaptions	41	291		102664				
	Equity index calls	42							
	Equity stock calls	43							
	Equity index puts	44							
	Equity stock puts	45							
	Other	46							
Total (11 to 46)		51	214305	52637	971530	656164			
Adjustment for variation margin		52							
Total (51 + 52)		53	214305	52637					

THE NOTIONAL AMOUNTS IN COLUMNS 3 AND 4 ARE NOT A MEASURE OF EXPOSURE.
Please see instructions 11 and 12 to this Form for the meaning of these figures.

Analysis of derivative contractsName of insurer **Phoenix Life Limited**

Global business

Financial year ended **31 December 2015**Category of assets **Alba With-Profits Fund**

		Company registration number	GL/ UK/ CM	day	month	year	Units	Category of assets	
		R17	GL	31	12	2015	£000	17	
Derivative contracts		Value as at the end of this financial year				Notional amount as at the end of this financial year			
		Assets 1		Liabilities 2		Bought / Long 3		Sold / Short 4	
Futures and contracts for differences	Fixed-interest securities	11	63					10922	
	Interest rates	12	343			3889	238647		
	Inflation	13							
	Credit index / basket	14							
	Credit single name	15							
	Equity index	16							
	Equity stock	17							
	Land	18							
	Currencies	19							
	Mortality	20							
	Other	21							
In the money options	Swaptions	31	43283				102693		
	Equity index calls	32							
	Equity stock calls	33							
	Equity index puts	34							
	Equity stock puts	35							
	Other	36							
Out of the money options	Swaptions	41							
	Equity index calls	42							
	Equity stock calls	43							
	Equity index puts	44							
	Equity stock puts	45							
	Other	46							
Total (11 to 46)		51	43689			3889	341340	10922	
Adjustment for variation margin		52							
Total (51 + 52)		53	43689			3889			

THE NOTIONAL AMOUNTS IN COLUMNS 3 AND 4 ARE NOT A MEASURE OF EXPOSURE.
Please see instructions 11 and 12 to this Form for the meaning of these figures.

Analysis of derivative contractsName of insurer **Phoenix Life Limited**

Global business

Financial year ended **31 December 2015**Category of assets **Scottish Mutual With-Profits Fund**

		Company registration number	GL/ UK/ CM	day	month	year	Units	Category of assets	
		R17	1016269	GL	31	12	2015	£000	18
Derivative contracts		Value as at the end of this financial year				Notional amount as at the end of this financial year			
		Assets 1	Liabilities 2	Bought / Long 3	Sold / Short 4				
Futures and contracts for differences	Fixed-interest securities	11	94	196	28571	14457			
	Interest rates	12	239863	64137	1540223	164848			
	Inflation	13							
	Credit index / basket	14							
	Credit single name	15							
	Equity index	16	318		6957				
	Equity stock	17							
	Land	18							
	Currencies	19	30	1644	1302	52302			
	Mortality	20							
	Other	21							
In the money options	Swaptions	31							
	Equity index calls	32							
	Equity stock calls	33							
	Equity index puts	34	67125			216824			
	Equity stock puts	35							
	Other	36							
Out of the money options	Swaptions	41	16967		761305				
	Equity index calls	42							
	Equity stock calls	43							
	Equity index puts	44							
	Equity stock puts	45							
	Other	46							
Total (11 to 46)		51	324398	65977	2338358	448430			
Adjustment for variation margin		52							
Total (51 + 52)		53	324398	65977					

THE NOTIONAL AMOUNTS IN COLUMNS 3 AND 4 ARE NOT A MEASURE OF EXPOSURE.
Please see instructions 11 and 12 to this Form for the meaning of these figures.

Analysis of derivative contractsName of insurer **Phoenix Life Limited**

Global business

Financial year ended **31 December 2015**Category of assets **SPI With-Profits Fund**

		Company registration number	GL/ UK/ CM	day month year			Units	Category of assets
R17		1016269	GL	31	12	2015	£000	19
Derivative contracts		Value as at the end of this financial year			Notional amount as at the end of this financial year			
		Assets 1	Liabilities 2	Bought / Long 3	Sold / Short 4			
Futures and contracts for differences	Fixed-interest securities	11	84	173	24578	15031		
	Interest rates	12	58156	15029	440137	49898		
	Inflation	13						
	Credit index / basket	14						
	Credit single name	15						
	Equity index	16	1568	2	35880			
	Equity stock	17						
	Land	18						
	Currencies	19	1401	1712	32993	68679		
	Mortality	20						
	Other	21						
In the money options	Swaptions	31						
	Equity index calls	32						
	Equity stock calls	33						
	Equity index puts	34	47462			159697		
	Equity stock puts	35						
	Other	36						
Out of the money options	Swaptions	41	3329		186496			
	Equity index calls	42						
	Equity stock calls	43						
	Equity index puts	44						
	Equity stock puts	45						
	Other	46						
Total (11 to 46)		51	112000	16916	720084	293305		
Adjustment for variation margin		52						
Total (51 + 52)		53	112000	16916				

THE NOTIONAL AMOUNTS IN COLUMNS 3 AND 4 ARE NOT A MEASURE OF EXPOSURE.
Please see instructions 11 and 12 to this Form for the meaning of these figures.

Analysis of derivative contractsName of insurer **Phoenix Life Limited**

Global business

Financial year ended **31 December 2015**Category of assets **SAL With-Profits Fund**

		Company registration number	GL/ UK/ CM	day month year			Units	Category of assets	
		R17	1016269	GL	31	12	2015	£000	20
Derivative contracts		Value as at the end of this financial year			Notional amount as at the end of this financial year				
		Assets 1		Liabilities 2		Bought / Long 3		Sold / Short 4	
Futures and contracts for differences	Fixed-interest securities	11	72					11983	
	Interest rates	12	196350	487825	2797247	1797087			
	Inflation	13							
	Credit index / basket	14							
	Credit single name	15							
	Equity index	16							
	Equity stock	17							
	Land	18							
	Currencies	19	8	746	396	24758			
	Mortality	20							
	Other	21							
In the money options	Swaptions	31	2550		6710				
	Equity index calls	32							
	Equity stock calls	33							
	Equity index puts	34							
	Equity stock puts	35							
	Other	36							
Out of the money options	Swaptions	41	552		542267				
	Equity index calls	42							
	Equity stock calls	43							
	Equity index puts	44							
	Equity stock puts	45							
	Other	46							
Total (11 to 46)		51	199532	488571	3346620	1833828			
Adjustment for variation margin		52							
Total (51 + 52)		53	199532	488571					

THE NOTIONAL AMOUNTS IN COLUMNS 3 AND 4 ARE NOT A MEASURE OF EXPOSURE.
Please see instructions 11 and 12 to this Form for the meaning of these figures.

With-profits insurance capital component for the fund

Name of insurer **Phoenix Life Limited**
 With-profits fund **Britannic Industrial Branch Fund**
 Financial year ended **31 December 2015**
 Units **£000**

As at end of this financial year 1	As at end of the previous year 2
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Regulatory excess capital

Regulatory value of assets	Long-term admissible assets of the fund	11	234049	281557
	Implicit items allocated to the fund	12		
	Mathematical reserves in respect of the fund's non-profit insurance contracts	13	19094	39567
	Long-term admissible assets of the fund covering the LTICR of the fund's non-profit insurance contracts	14	780	2035
	Long-term admissible assets of the fund covering the RCR of the fund's non-profit insurance contracts	15		
	Total (11+12-(13+14+15))	19	214175	239956
Regulatory value of liabilities	Mathematical reserves (after distribution of surplus) in respect of the fund's with-profits insurance contracts	21	104725	147678
	Regulatory current liabilities of the fund	22	11776	5644
	Total (21+22)	29	116501	153322
Long-term insurance capital requirement in respect of the fund's with-profits insurance contracts		31	4260	5543
Resilience capital requirement in respect of the fund's with-profits insurance contracts		32		
Sum of regulatory value of liabilities, LTICR and RCR (29+31+32)		39	120761	158865
Regulatory excess capital (19-39)		49	93413	81091

Realistic excess capital

Realistic excess capital	51		
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Excess assets allocated to with-profits insurance business

Excess (deficiency) of assets allocated to with-profits insurance business in fund (49-51)	61	93413	81091
Face amount of capital instruments attributed to the fund and included in capital resources (unstressed)	62		
Realistic amount of capital instruments attributed to the fund and included in capital resources (stressed)	63		
Present value of future shareholder transfers arising from distribution of surplus	64	13834	14243
Present value of other future internal transfers not already taken into account	65		
With-profits insurance capital component for fund (if 62 exceeds 63, greater of 61+62-63-64-65 and zero, else greater of 61-64-65 and zero)	66	79579	66848

With-profits insurance capital component for the fund

Name of insurer **Phoenix Life Limited**
 With-profits fund **Britannic With-Profits Fund**
 Financial year ended **31 December 2015**
 Units **£000**

As at end of this financial year 1	As at end of the previous year 2
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Regulatory excess capital

Regulatory value of assets	Long-term admissible assets of the fund	11	4135959	4392550
	Implicit items allocated to the fund	12		
	Mathematical reserves in respect of the fund's non-profit insurance contracts	13	151563	157046
	Long-term admissible assets of the fund covering the LTICR of the fund's non-profit insurance contracts	14	6377	6601
	Long-term admissible assets of the fund covering the RCR of the fund's non-profit insurance contracts	15		
	Total (11+12-(13+14+15))	19	3978019	4228903
Regulatory value of liabilities	Mathematical reserves (after distribution of surplus) in respect of the fund's with-profits insurance contracts	21	2669820	2751317
	Regulatory current liabilities of the fund	22	46179	32071
	Total (21+22)	29	2715999	2783388
Long-term insurance capital requirement in respect of the fund's with-profits insurance contracts		31	109414	112853
Resilience capital requirement in respect of the fund's with-profits insurance contracts		32		
Sum of regulatory value of liabilities, LTICR and RCR (29+31+32)		39	2825413	2896240
Regulatory excess capital (19-39)		49	1152606	1332662

Realistic excess capital

Realistic excess capital	51		
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Excess assets allocated to with-profits insurance business

Excess (deficiency) of assets allocated to with-profits insurance business in fund (49-51)	61	1152606	1332662
Face amount of capital instruments attributed to the fund and included in capital resources (unstressed)	62		
Realistic amount of capital instruments attributed to the fund and included in capital resources (stressed)	63		
Present value of future shareholder transfers arising from distribution of surplus	64	159332	162670
Present value of other future internal transfers not already taken into account	65		
With-profits insurance capital component for fund (if 62 exceeds 63, greater of 61+62-63-64-65 and zero, else greater of 61-64-65 and zero)	66	993275	1169992

With-profits insurance capital component for the fund

Name of insurer **Phoenix Life Limited**
 With-profits fund **90% With-Profits Fund**
 Financial year ended **31 December 2015**
 Units **£000**

As at end of this financial year 1	As at end of the previous year 2
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Regulatory excess capital

Regulatory value of assets	Long-term admissible assets of the fund	11	98535	112272
	Implicit items allocated to the fund	12		
	Mathematical reserves in respect of the fund's non-profit insurance contracts	13	11739	7083
	Long-term admissible assets of the fund covering the LTICR of the fund's non-profit insurance contracts	14	478	288
	Long-term admissible assets of the fund covering the RCR of the fund's non-profit insurance contracts	15		
	Total (11+12-(13+14+15))	19	86318	104902
Regulatory value of liabilities	Mathematical reserves (after distribution of surplus) in respect of the fund's with-profits insurance contracts	21	43029	52672
	Regulatory current liabilities of the fund	22	586	927
	Total (21+22)	29	43615	53600
Long-term insurance capital requirement in respect of the fund's with-profits insurance contracts		31	1731	2121
Resilience capital requirement in respect of the fund's with-profits insurance contracts		32		
Sum of regulatory value of liabilities, LTICR and RCR (29+31+32)		39	45346	55721
Regulatory excess capital (19-39)		49	40973	49181

Realistic excess capital

Realistic excess capital	51		
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Excess assets allocated to with-profits insurance business

Excess (deficiency) of assets allocated to with-profits insurance business in fund (49-51)	61	40973	49181
Face amount of capital instruments attributed to the fund and included in capital resources (unstressed)	62		
Realistic amount of capital instruments attributed to the fund and included in capital resources (stressed)	63		
Present value of future shareholder transfers arising from distribution of surplus	64	4352	5060
Present value of other future internal transfers not already taken into account	65		
With-profits insurance capital component for fund (if 62 exceeds 63, greater of 61+62-63-64-65 and zero, else greater of 61-64-65 and zero)	66	36621	44121

With-profits insurance capital component for the fundName of insurer **Phoenix Life Limited**With-profits fund **100% Fund**Financial year ended **31 December 2015**Units **£000**

As at end of this financial year 1	As at end of the previous year 2
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Regulatory excess capital

Regulatory value of assets	Long-term admissible assets of the fund	11	75509	85285
	Implicit items allocated to the fund	12		
	Mathematical reserves in respect of the fund's non-profit insurance contracts	13		
	Long-term admissible assets of the fund covering the LTICR of the fund's non-profit insurance contracts	14		
	Long-term admissible assets of the fund covering the RCR of the fund's non-profit insurance contracts	15		
	Total (11+12-(13+14+15))	19	75509	85285
Regulatory value of liabilities	Mathematical reserves (after distribution of surplus) in respect of the fund's with-profits insurance contracts	21	16858	18318
	Regulatory current liabilities of the fund	22	2370	2692
	Total (21+22)	29	19228	21010
Long-term insurance capital requirement in respect of the fund's with-profits insurance contracts		31	683	742
Resilience capital requirement in respect of the fund's with-profits insurance contracts		32		
Sum of regulatory value of liabilities, LTICR and RCR (29+31+32)		39	19910	21752
Regulatory excess capital (19-39)		49	55598	63533

Realistic excess capital

Realistic excess capital	51		
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Excess assets allocated to with-profits insurance business

Excess (deficiency) of assets allocated to with-profits insurance business in fund (49-51)	61	55598	63533
Face amount of capital instruments attributed to the fund and included in capital resources (unstressed)	62		
Realistic amount of capital instruments attributed to the fund and included in capital resources (stressed)	63		
Present value of future shareholder transfers arising from distribution of surplus	64		
Present value of other future internal transfers not already taken into account	65		
With-profits insurance capital component for fund (if 62 exceeds 63, greater of 61+62-63-64-65 and zero, else greater of 61-64-65 and zero)	66	55598	63533

With-profits insurance capital component for the fund

Name of insurer **Phoenix Life Limited**
 With-profits fund **Alba With-Profits Fund**
 Financial year ended **31 December 2015**
 Units **£000**

As at end of this financial year 1	As at end of the previous year 2
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Regulatory excess capital

Regulatory value of assets	Long-term admissible assets of the fund	11	1055231	1138208
	Implicit items allocated to the fund	12		
	Mathematical reserves in respect of the fund's non-profit insurance contracts	13	301674	341424
	Long-term admissible assets of the fund covering the LTICR of the fund's non-profit insurance contracts	14	18662	5000
	Long-term admissible assets of the fund covering the RCR of the fund's non-profit insurance contracts	15		
	Total (11+12-(13+14+15))	19	734895	791784
Regulatory value of liabilities	Mathematical reserves (after distribution of surplus) in respect of the fund's with-profits insurance contracts	21	686332	758567
	Regulatory current liabilities of the fund	22	48043	33217
	Total (21+22)	29	734375	791784
Long-term insurance capital requirement in respect of the fund's with-profits insurance contracts		31	42457	46784
Resilience capital requirement in respect of the fund's with-profits insurance contracts		32		
Sum of regulatory value of liabilities, LTICR and RCR (29+31+32)		39	776832	838568
Regulatory excess capital (19-39)		49	(41937)	(46784)

Realistic excess capital

Realistic excess capital	51		
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Excess assets allocated to with-profits insurance business

Excess (deficiency) of assets allocated to with-profits insurance business in fund (49-51)	61	(41937)	(46784)
Face amount of capital instruments attributed to the fund and included in capital resources (unstressed)	62		
Realistic amount of capital instruments attributed to the fund and included in capital resources (stressed)	63		
Present value of future shareholder transfers arising from distribution of surplus	64	8005	12932
Present value of other future internal transfers not already taken into account	65		
With-profits insurance capital component for fund (if 62 exceeds 63, greater of 61+62-63-64-65 and zero, else greater of 61-64-65 and zero)	66		

With-profits insurance capital component for the fund

Name of insurer **Phoenix Life Limited**
 With-profits fund **Phoenix With-Profits Fund**
 Financial year ended **31 December 2015**
 Units **£000**

As at end of this financial year 1	As at end of the previous year 2
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Regulatory excess capital

Regulatory value of assets	Long-term admissible assets of the fund	11	3505812	4027410
	Implicit items allocated to the fund	12		
	Mathematical reserves in respect of the fund's non-profit insurance contracts	13	1091274	1138206
	Long-term admissible assets of the fund covering the LTICR of the fund's non-profit insurance contracts	14	50203	52545
	Long-term admissible assets of the fund covering the RCR of the fund's non-profit insurance contracts	15		
	Total (11+12-(13+14+15))	19	2364335	2836659
Regulatory value of liabilities	Mathematical reserves (after distribution of surplus) in respect of the fund's with-profits insurance contracts	21	1878153	1925054
	Regulatory current liabilities of the fund	22	192435	430926
	Total (21+22)	29	2070588	2355980
Long-term insurance capital requirement in respect of the fund's with-profits insurance contracts		31	84093	87068
Resilience capital requirement in respect of the fund's with-profits insurance contracts		32		
Sum of regulatory value of liabilities, LTICR and RCR (29+31+32)		39	2154681	2443048
Regulatory excess capital (19-39)		49	209653	393611

Realistic excess capital

Realistic excess capital	51		
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Excess assets allocated to with-profits insurance business

Excess (deficiency) of assets allocated to with-profits insurance business in fund (49-51)	61	209653	393611
Face amount of capital instruments attributed to the fund and included in capital resources (unstressed)	62		
Realistic amount of capital instruments attributed to the fund and included in capital resources (stressed)	63		
Present value of future shareholder transfers arising from distribution of surplus	64	68882	74971
Present value of other future internal transfers not already taken into account	65		
With-profits insurance capital component for fund (if 62 exceeds 63, greater of 61+62-63-64-65 and zero, else greater of 61-64-65 and zero)	66	140771	318640

With-profits insurance capital component for the fund

Name of insurer **Phoenix Life Limited**
 With-profits fund **Scottish Mutual With-Profits Fund**
 Financial year ended **31 December 2015**
 Units **£000**

As at end of this financial year 1	As at end of the previous year 2
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Regulatory excess capital

Regulatory value of assets	Long-term admissible assets of the fund	11	2614404	2843144
	Implicit items allocated to the fund	12		
	Mathematical reserves in respect of the fund's non-profit insurance contracts	13		3879
	Long-term admissible assets of the fund covering the LTICR of the fund's non-profit insurance contracts	14		155
	Long-term admissible assets of the fund covering the RCR of the fund's non-profit insurance contracts	15		
	Total (11+12-(13+14+15))	19	2614404	2839110
Regulatory value of liabilities	Mathematical reserves (after distribution of surplus) in respect of the fund's with-profits insurance contracts	21	2008476	2184367
	Regulatory current liabilities of the fund	22	342475	386931
	Total (21+22)	29	2350951	2571299
Long-term insurance capital requirement in respect of the fund's with-profits insurance contracts		31	80489	87543
Resilience capital requirement in respect of the fund's with-profits insurance contracts		32		
Sum of regulatory value of liabilities, LTICR and RCR (29+31+32)		39	2431441	2658842
Regulatory excess capital (19-39)		49	182964	180269

Realistic excess capital

Realistic excess capital	51		
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Excess assets allocated to with-profits insurance business

Excess (deficiency) of assets allocated to with-profits insurance business in fund (49-51)	61	182964	180269
Face amount of capital instruments attributed to the fund and included in capital resources (unstressed)	62		
Realistic amount of capital instruments attributed to the fund and included in capital resources (stressed)	63		
Present value of future shareholder transfers arising from distribution of surplus	64	9327	4427
Present value of other future internal transfers not already taken into account	65		
With-profits insurance capital component for fund (if 62 exceeds 63, greater of 61+62-63-64-65 and zero, else greater of 61-64-65 and zero)	66	173637	175842

With-profits insurance capital component for the fund

Name of insurer **Phoenix Life Limited**
 With-profits fund **SPI With-Profits Fund**
 Financial year ended **31 December 2015**
 Units **£000**

As at end of this financial year 1	As at end of the previous year 2
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Regulatory excess capital

Regulatory value of assets	Long-term admissible assets of the fund	11	2073646	2384536
	Implicit items allocated to the fund	12		
	Mathematical reserves in respect of the fund's non-profit insurance contracts	13	13114	15110
	Long-term admissible assets of the fund covering the LTICR of the fund's non-profit insurance contracts	14	525	604
	Long-term admissible assets of the fund covering the RCR of the fund's non-profit insurance contracts	15		
	Total (11+12-(13+14+15))	19	2060007	2368822
Regulatory value of liabilities	Mathematical reserves (after distribution of surplus) in respect of the fund's with-profits insurance contracts	21	1480096	1641623
	Regulatory current liabilities of the fund	22	142276	182432
	Total (21+22)	29	1622372	1824055
Long-term insurance capital requirement in respect of the fund's with-profits insurance contracts		31	60562	67320
Resilience capital requirement in respect of the fund's with-profits insurance contracts		32		
Sum of regulatory value of liabilities, LTICR and RCR (29+31+32)		39	1682934	1891374
Regulatory excess capital (19-39)		49	377073	477448

Realistic excess capital

Realistic excess capital	51		
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Excess assets allocated to with-profits insurance business

Excess (deficiency) of assets allocated to with-profits insurance business in fund (49-51)	61	377073	477448
Face amount of capital instruments attributed to the fund and included in capital resources (unstressed)	62		
Realistic amount of capital instruments attributed to the fund and included in capital resources (stressed)	63		
Present value of future shareholder transfers arising from distribution of surplus	64	39275	45801
Present value of other future internal transfers not already taken into account	65		
With-profits insurance capital component for fund (if 62 exceeds 63, greater of 61+62-63-64-65 and zero, else greater of 61-64-65 and zero)	66	337799	431647

With-profits insurance capital component for the fund

Name of insurer **Phoenix Life Limited**
 With-profits fund **SAL With-Profits Fund**
 Financial year ended **31 December 2015**
 Units **£000**

As at end of this financial year 1	As at end of the previous year 2
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Regulatory excess capital

Regulatory value of assets	Long-term admissible assets of the fund	11	4312843	4689044
	Implicit items allocated to the fund	12		
	Mathematical reserves in respect of the fund's non-profit insurance contracts	13	795568	810222
	Long-term admissible assets of the fund covering the LTICR of the fund's non-profit insurance contracts	14	35337	35846
	Long-term admissible assets of the fund covering the RCR of the fund's non-profit insurance contracts	15		
	Total (11+12-(13+14+15))	19	3481937	3842976
Regulatory value of liabilities	Mathematical reserves (after distribution of surplus) in respect of the fund's with-profits insurance contracts	21	2437197	2839799
	Regulatory current liabilities of the fund	22	603970	562038
	Total (21+22)	29	3041167	3401838
Long-term insurance capital requirement in respect of the fund's with-profits insurance contracts		31	108193	125575
Resilience capital requirement in respect of the fund's with-profits insurance contracts		32		
Sum of regulatory value of liabilities, LTICR and RCR (29+31+32)		39	3149359	3527412
Regulatory excess capital (19-39)		49	332578	315563

Realistic excess capital

Realistic excess capital	51		
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Excess assets allocated to with-profits insurance business

Excess (deficiency) of assets allocated to with-profits insurance business in fund (49-51)	61	332578	315563
Face amount of capital instruments attributed to the fund and included in capital resources (unstressed)	62		
Realistic amount of capital instruments attributed to the fund and included in capital resources (stressed)	63		
Present value of future shareholder transfers arising from distribution of surplus	64	50282	47145
Present value of other future internal transfers not already taken into account	65		
With-profits insurance capital component for fund (if 62 exceeds 63, greater of 61+62-63-64-65 and zero, else greater of 61-64-65 and zero)	66	282296	268419

With-profits insurance capital component for the fund

Name of insurer **Phoenix Life Limited**
 With-profits fund **NPI With-Profits Fund**
 Financial year ended **31 December 2015**
 Units **£000**

As at end of this financial year 1	As at end of the previous year 2
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Regulatory excess capital

Regulatory value of assets	Long-term admissible assets of the fund	11		
	Implicit items allocated to the fund	12		
	Mathematical reserves in respect of the fund's non-profit insurance contracts	13		
	Long-term admissible assets of the fund covering the LTICR of the fund's non-profit insurance contracts	14		
	Long-term admissible assets of the fund covering the RCR of the fund's non-profit insurance contracts	15		
	Total (11+12-(13+14+15))	19		
Regulatory value of liabilities	Mathematical reserves (after distribution of surplus) in respect of the fund's with-profits insurance contracts	21		
	Regulatory current liabilities of the fund	22		
	Total (21+22)	29		
Long-term insurance capital requirement in respect of the fund's with-profits insurance contracts		31	1371	1574
Resilience capital requirement in respect of the fund's with-profits insurance contracts		32		
Sum of regulatory value of liabilities, LTICR and RCR (29+31+32)		39	1371	1574
Regulatory excess capital (19-39)		49	(1371)	(1574)

Realistic excess capital

Realistic excess capital	51		
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Excess assets allocated to with-profits insurance business

Excess (deficiency) of assets allocated to with-profits insurance business in fund (49-51)	61	(1371)	(1574)
Face amount of capital instruments attributed to the fund and included in capital resources (unstressed)	62		
Realistic amount of capital instruments attributed to the fund and included in capital resources (stressed)	63		
Present value of future shareholder transfers arising from distribution of surplus	64		
Present value of other future internal transfers not already taken into account	65		
With-profits insurance capital component for fund (if 62 exceeds 63, greater of 61+62-63-64-65 and zero, else greater of 61-64-65 and zero)	66		

Realistic balance sheet

Name of insurer **Phoenix Life Limited**
 With-profits fund **Britannic Industrial Branch Fund**
 Financial year ended **31 December 2015**
 Units **£000**

As at end of this financial year 1	As at end of the previous year 2
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Realistic value of assets available to the fund

Regulatory value of assets	11	214175	239956
Implicit items allocated to the fund	12		
Value of shares in subsidiaries held in fund (regulatory)	13		
Excess admissible assets	21		
Present value of future profits (or losses) on non-profit insurance contracts written in the fund	22	6411	10612
Value of derivatives and quasi-derivatives not already reflected in lines 11 to 22	23		
Value of shares in subsidiaries held in fund (realistic)	24		
Prepayments made from the fund	25		
Realistic value of assets of fund (11+21+22+23+24+25-(12+13))	26	220586	250568
Support arrangement assets	27		
Assets available to the fund (26+27)	29	220586	250568

Realistic value of liabilities of fund

With-profits benefit reserve	31	124273	142919	
Future policy related liabilities	Past miscellaneous surplus attributed to with-profits benefits reserve	32		
	Past miscellaneous deficit attributed to with-profits benefits reserve	33		
	Planned enhancements to with-profits benefits reserve	34	70203	96807
	Planned deductions for the costs of guarantees, options and smoothing from with-profits benefits reserve	35		
	Planned deductions for other costs deemed chargeable to with-profits benefits reserve	36		
	Future costs of contractual guarantees (other than financial options)	41	7993	1978
	Future costs of non-contractual commitments	42		
	Future costs of financial options	43		
	Future costs of smoothing (possibly negative)	44		
	Financing costs	45		
	Any other liabilities related to regulatory duty to treat customers fairly	46		
	Other long-term insurance liabilities	47	6342	3220
Total (32+34+41+42+43+44+45+46+47-(33+35+36))	49	84537	102005	
Realistic current liabilities of the fund	51	11776	5644	
Realistic value of liabilities of fund (31+49+51)	59	220586	250568	

Realistic balance sheet

Name of insurer **Phoenix Life Limited**
 With-profits fund **Britannic Industrial Branch Fund**
 Financial year ended **31 December 2015**
 Units **£000**

As at end of this financial year 1	As at end of the previous year 2
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Realistic excess capital and additional capital available

Value of relevant assets before applying the most adverse scenario other than the present value of future profits arising from business outside with-profits funds	62	220586	250568
Amount of present value of future profits (or losses) on long-term insurance contracts written outside the fund included in the value of relevant assets before applying most adverse scenario	63		
Value of relevant assets before applying the most adverse scenario (62+63)	64	220586	250568
Risk capital margin for fund (62-59)	65		
Realistic excess capital for fund (26-(59+65))	66		
Realistic excess available capital for fund (29-(59+65))	67		
Working capital for fund (29-59)	68		
Working capital ratio for fund (68/29)	69		

Other assets potentially available if required to cover the fund's risk capital margin

Additional amount potentially available for inclusion in line 62	81	250000	300000
Additional amount potentially available for inclusion in line 63	82		

Realistic balance sheet

Name of insurer **Phoenix Life Limited**
 With-profits fund **Britannic With-Profits Fund**
 Financial year ended **31 December 2015**
 Units **£000**

As at end of this financial year 1	As at end of the previous year 2
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Realistic value of assets available to the fund

Regulatory value of assets	11	3978019	4228903
Implicit items allocated to the fund	12		
Value of shares in subsidiaries held in fund (regulatory)	13		
Excess admissible assets	21		
Present value of future profits (or losses) on non-profit insurance contracts written in the fund	22	7729	17293
Value of derivatives and quasi-derivatives not already reflected in lines 11 to 22	23		
Value of shares in subsidiaries held in fund (realistic)	24		
Prepayments made from the fund	25		
Realistic value of assets of fund (11+21+22+23+24+25-(12+13))	26	3985748	4246195
Support arrangement assets	27		
Assets available to the fund (26+27)	29	3985748	4246195

Realistic value of liabilities of fund

With-profits benefit reserve	31	3596719	3778796	
Future policy related liabilities	Past miscellaneous surplus attributed to with-profits benefits reserve	32		
	Past miscellaneous deficit attributed to with-profits benefits reserve	33		
	Planned enhancements to with-profits benefits reserve	34	170988	314481
	Planned deductions for the costs of guarantees, options and smoothing from with-profits benefits reserve	35		
	Planned deductions for other costs deemed chargeable to with-profits benefits reserve	36		
	Future costs of contractual guarantees (other than financial options)	41	104708	86228
	Future costs of non-contractual commitments	42		
	Future costs of financial options	43	8569	8494
	Future costs of smoothing (possibly negative)	44	(1086)	(295)
	Financing costs	45		
	Any other liabilities related to regulatory duty to treat customers fairly	46		
	Other long-term insurance liabilities	47	59670	26420
Total (32+34+41+42+43+44+45+46+47-(33+35+36))	49	342850	435328	
Realistic current liabilities of the fund	51	46179	32071	
Realistic value of liabilities of fund (31+49+51)	59	3985748	4246195	

Realistic balance sheet

Name of insurer **Phoenix Life Limited**
 With-profits fund **Britannic With-Profits Fund**
 Financial year ended **31 December 2015**
 Units **£000**

As at end of this financial year 1	As at end of the previous year 2
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Realistic excess capital and additional capital available

Value of relevant assets before applying the most adverse scenario other than the present value of future profits arising from business outside with-profits funds	62	3985748	4246195
Amount of present value of future profits (or losses) on long-term insurance contracts written outside the fund included in the value of relevant assets before applying most adverse scenario	63		
Value of relevant assets before applying the most adverse scenario (62+63)	64	3985748	4246195
Risk capital margin for fund (62-59)	65		
Realistic excess capital for fund (26-(59+65))	66		
Realistic excess available capital for fund (29-(59+65))	67		
Working capital for fund (29-59)	68		
Working capital ratio for fund (68/29)	69		

Other assets potentially available if required to cover the fund's risk capital margin

Additional amount potentially available for inclusion in line 62	81	250000	300000
Additional amount potentially available for inclusion in line 63	82		

Realistic balance sheet

Name of insurer **Phoenix Life Limited**
 With-profits fund **90% With-Profits Fund**
 Financial year ended **31 December 2015**
 Units **£000**

As at end of this financial year 1	As at end of the previous year 2
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Realistic value of assets available to the fund

Regulatory value of assets	11	86318	104902
Implicit items allocated to the fund	12		
Value of shares in subsidiaries held in fund (regulatory)	13		
Excess admissible assets	21		
Present value of future profits (or losses) on non-profit insurance contracts written in the fund	22	3310	2044
Value of derivatives and quasi-derivatives not already reflected in lines 11 to 22	23		
Value of shares in subsidiaries held in fund (realistic)	24		
Prepayments made from the fund	25		
Realistic value of assets of fund (11+21+22+23+24+25-(12+13))	26	89628	106946
Support arrangement assets	27		
Assets available to the fund (26+27)	29	89628	106946

Realistic value of liabilities of fund

With-profits benefit reserve	31	73417	77514	
Future policy related liabilities	Past miscellaneous surplus attributed to with-profits benefits reserve	32		
	Past miscellaneous deficit attributed to with-profits benefits reserve	33		
	Planned enhancements to with-profits benefits reserve	34	8854	13761
	Planned deductions for the costs of guarantees, options and smoothing from with-profits benefits reserve	35		
	Planned deductions for other costs deemed chargeable to with-profits benefits reserve	36		
	Future costs of contractual guarantees (other than financial options)	41	3284	10646
	Future costs of non-contractual commitments	42		
	Future costs of financial options	43		
	Future costs of smoothing (possibly negative)	44	50	(103)
	Financing costs	45		
	Any other liabilities related to regulatory duty to treat customers fairly	46		
	Other long-term insurance liabilities	47	3437	3700
Total (32+34+41+42+43+44+45+46+47-(33+35+36))	49	15625	28005	
Realistic current liabilities of the fund	51	586	1427	
Realistic value of liabilities of fund (31+49+51)	59	89628	106946	

Realistic balance sheet

Name of insurer **Phoenix Life Limited**
 With-profits fund **90% With-Profits Fund**
 Financial year ended **31 December 2015**
 Units **£000**

As at end of this financial year 1	As at end of the previous year 2
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Realistic excess capital and additional capital available

Value of relevant assets before applying the most adverse scenario other than the present value of future profits arising from business outside with-profits funds	62	89628	106946
Amount of present value of future profits (or losses) on long-term insurance contracts written outside the fund included in the value of relevant assets before applying most adverse scenario	63		
Value of relevant assets before applying the most adverse scenario (62+63)	64	89628	106946
Risk capital margin for fund (62-59)	65		
Realistic excess capital for fund (26-(59+65))	66		
Realistic excess available capital for fund (29-(59+65))	67		
Working capital for fund (29-59)	68		
Working capital ratio for fund (68/29)	69		

Other assets potentially available if required to cover the fund's risk capital margin

Additional amount potentially available for inclusion in line 62	81	250000	300000
Additional amount potentially available for inclusion in line 63	82		

Realistic balance sheet

Name of insurer **Phoenix Life Limited**

With-profits fund **100% Fund**

Financial year ended **31 December 2015**

Units **£000**

As at end of this financial year 1	As at end of the previous year 2
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Realistic value of assets available to the fund

Regulatory value of assets	11	75509	85285
Implicit items allocated to the fund	12		
Value of shares in subsidiaries held in fund (regulatory)	13		
Excess admissible assets	21		
Present value of future profits (or losses) on non-profit insurance contracts written in the fund	22		
Value of derivatives and quasi-derivatives not already reflected in lines 11 to 22	23		
Value of shares in subsidiaries held in fund (realistic)	24		
Prepayments made from the fund	25		
Realistic value of assets of fund (11+21+22+23+24+25-(12+13))	26	75509	85285
Support arrangement assets	27		
Assets available to the fund (26+27)	29	75509	85285

Realistic value of liabilities of fund

With-profits benefit reserve	31	55288	63657	
Future policy related liabilities	Past miscellaneous surplus attributed to with-profits benefits reserve	32		
	Past miscellaneous deficit attributed to with-profits benefits reserve	33		
	Planned enhancements to with-profits benefits reserve	34	16787	16926
	Planned deductions for the costs of guarantees, options and smoothing from with-profits benefits reserve	35		
	Planned deductions for other costs deemed chargeable to with-profits benefits reserve	36		
	Future costs of contractual guarantees (other than financial options)	41	461	405
	Future costs of non-contractual commitments	42		
	Future costs of financial options	43		
	Future costs of smoothing (possibly negative)	44	20	8
	Financing costs	45		
	Any other liabilities related to regulatory duty to treat customers fairly	46		
	Other long-term insurance liabilities	47	583	1596
Total (32+34+41+42+43+44+45+46+47-(33+35+36))	49	17850	18936	
Realistic current liabilities of the fund	51	2370	2692	
Realistic value of liabilities of fund (31+49+51)	59	75509	85285	

Realistic balance sheet

Name of insurer **Phoenix Life Limited**
 With-profits fund **100% Fund**
 Financial year ended **31 December 2015**
 Units **£000**

As at end of this financial year 1	As at end of the previous year 2
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Realistic excess capital and additional capital available

Value of relevant assets before applying the most adverse scenario other than the present value of future profits arising from business outside with-profits funds	62	75509	85285
Amount of present value of future profits (or losses) on long-term insurance contracts written outside the fund included in the value of relevant assets before applying most adverse scenario	63		
Value of relevant assets before applying the most adverse scenario (62+63)	64	75509	85285
Risk capital margin for fund (62-59)	65		
Realistic excess capital for fund (26-(59+65))	66		
Realistic excess available capital for fund (29-(59+65))	67		
Working capital for fund (29-59)	68		
Working capital ratio for fund (68/29)	69		

Other assets potentially available if required to cover the fund's risk capital margin

Additional amount potentially available for inclusion in line 62	81	250000	300000
Additional amount potentially available for inclusion in line 63	82		

Realistic balance sheet

Name of insurer **Phoenix Life Limited**
 With-profits fund **Alba With-Profits Fund**
 Financial year ended **31 December 2015**
 Units **£000**

As at end of this financial year 1	As at end of the previous year 2
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Realistic value of assets available to the fund

Regulatory value of assets	11	734895	791784
Implicit items allocated to the fund	12		
Value of shares in subsidiaries held in fund (regulatory)	13		
Excess admissible assets	21		
Present value of future profits (or losses) on non-profit insurance contracts written in the fund	22	38213	53010
Value of derivatives and quasi-derivatives not already reflected in lines 11 to 22	23		
Value of shares in subsidiaries held in fund (realistic)	24		
Prepayments made from the fund	25		
Realistic value of assets of fund (11+21+22+23+24+25-(12+13))	26	773108	844794
Support arrangement assets	27		
Assets available to the fund (26+27)	29	773108	844794

Realistic value of liabilities of fund

With-profits benefit reserve	31	481213	534084	
Future policy related liabilities	Past miscellaneous surplus attributed to with-profits benefits reserve	32		
	Past miscellaneous deficit attributed to with-profits benefits reserve	33		
	Planned enhancements to with-profits benefits reserve	34	38724	53187
	Planned deductions for the costs of guarantees, options and smoothing from with-profits benefits reserve	35	(85)	(72)
	Planned deductions for other costs deemed chargeable to with-profits benefits reserve	36		
	Future costs of contractual guarantees (other than financial options)	41	123206	121604
	Future costs of non-contractual commitments	42		
	Future costs of financial options	43	72165	79176
	Future costs of smoothing (possibly negative)	44	(277)	1412
	Financing costs	45		13418
	Any other liabilities related to regulatory duty to treat customers fairly	46		
	Other long-term insurance liabilities	47	9949	8623
Total (32+34+41+42+43+44+45+46+47-(33+35+36))	49	243852	277492	
Realistic current liabilities of the fund	51	48043	33217	
Realistic value of liabilities of fund (31+49+51)	59	773108	844794	

Realistic balance sheet

Name of insurer **Phoenix Life Limited**
 With-profits fund **Alba With-Profits Fund**
 Financial year ended **31 December 2015**
 Units **£000**

As at end of this financial year 1	As at end of the previous year 2
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Realistic excess capital and additional capital available

Value of relevant assets before applying the most adverse scenario other than the present value of future profits arising from business outside with-profits funds	62	773108	844794
Amount of present value of future profits (or losses) on long-term insurance contracts written outside the fund included in the value of relevant assets before applying most adverse scenario	63		
Value of relevant assets before applying the most adverse scenario (62+63)	64	773108	844794
Risk capital margin for fund (62-59)	65		
Realistic excess capital for fund (26-(59+65))	66		
Realistic excess available capital for fund (29-(59+65))	67		
Working capital for fund (29-59)	68		
Working capital ratio for fund (68/29)	69		

Other assets potentially available if required to cover the fund's risk capital margin

Additional amount potentially available for inclusion in line 62	81	250000	300000
Additional amount potentially available for inclusion in line 63	82		

Realistic balance sheet

Name of insurer **Phoenix Life Limited**
 With-profits fund **Phoenix With-Profits Fund**
 Financial year ended **31 December 2015**
 Units **£000**

As at end of this financial year 1	As at end of the previous year 2
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Realistic value of assets available to the fund

Regulatory value of assets	11	2364335	2836659
Implicit items allocated to the fund	12		
Value of shares in subsidiaries held in fund (regulatory)	13		
Excess admissible assets	21		
Present value of future profits (or losses) on non-profit insurance contracts written in the fund	22	337351	336612
Value of derivatives and quasi-derivatives not already reflected in lines 11 to 22	23		
Value of shares in subsidiaries held in fund (realistic)	24		
Prepayments made from the fund	25		
Realistic value of assets of fund (11+21+22+23+24+25-(12+13))	26	2701685	3173272
Support arrangement assets	27		
Assets available to the fund (26+27)	29	2701685	3173272

Realistic value of liabilities of fund

With-profits benefit reserve	31	1972680	2101926	
Future policy related liabilities	Past miscellaneous surplus attributed to with-profits benefits reserve	32		
	Past miscellaneous deficit attributed to with-profits benefits reserve	33		
	Planned enhancements to with-profits benefits reserve	34	361245	428130
	Planned deductions for the costs of guarantees, options and smoothing from with-profits benefits reserve	35	9	13
	Planned deductions for other costs deemed chargeable to with-profits benefits reserve	36		
	Future costs of contractual guarantees (other than financial options)	41	19446	20162
	Future costs of non-contractual commitments	42		
	Future costs of financial options	43	128068	162902
	Future costs of smoothing (possibly negative)	44	(53)	(526)
	Financing costs	45		
	Any other liabilities related to regulatory duty to treat customers fairly	46		
	Other long-term insurance liabilities	47	27873	29765
Total (32+34+41+42+43+44+45+46+47-(33+35+36))	49	536570	640420	
Realistic current liabilities of the fund	51	192435	430926	
Realistic value of liabilities of fund (31+49+51)	59	2701685	3173272	

Realistic balance sheet

Name of insurer **Phoenix Life Limited**
 With-profits fund **Phoenix With-Profits Fund**
 Financial year ended **31 December 2015**
 Units **£000**

As at end of this financial year 1	As at end of the previous year 2
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Realistic excess capital and additional capital available

Value of relevant assets before applying the most adverse scenario other than the present value of future profits arising from business outside with-profits funds	62	2701685	3173272
Amount of present value of future profits (or losses) on long-term insurance contracts written outside the fund included in the value of relevant assets before applying most adverse scenario	63		
Value of relevant assets before applying the most adverse scenario (62+63)	64	2701685	3173272
Risk capital margin for fund (62-59)	65		
Realistic excess capital for fund (26-(59+65))	66		
Realistic excess available capital for fund (29-(59+65))	67		
Working capital for fund (29-59)	68		
Working capital ratio for fund (68/29)	69		

Other assets potentially available if required to cover the fund's risk capital margin

Additional amount potentially available for inclusion in line 62	81	250000	300000
Additional amount potentially available for inclusion in line 63	82		

Realistic balance sheet

Name of insurer **Phoenix Life Limited**
 With-profits fund **Scottish Mutual With-Profits Fund**
 Financial year ended **31 December 2015**
 Units **£000**

As at end of this financial year 1	As at end of the previous year 2
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Realistic value of assets available to the fund

Regulatory value of assets	11	2614404	2839110
Implicit items allocated to the fund	12		
Value of shares in subsidiaries held in fund (regulatory)	13		
Excess admissible assets	21		
Present value of future profits (or losses) on non-profit insurance contracts written in the fund	22		
Value of derivatives and quasi-derivatives not already reflected in lines 11 to 22	23		
Value of shares in subsidiaries held in fund (realistic)	24		
Prepayments made from the fund	25		
Realistic value of assets of fund (11+21+22+23+24+25-(12+13))	26	2614404	2839110
Support arrangement assets	27		
Assets available to the fund (26+27)	29	2614404	2839110

Realistic value of liabilities of fund

With-profits benefit reserve	31	1508795	1691893	
Future policy related liabilities	Past miscellaneous surplus attributed to with-profits benefits reserve	32		
	Past miscellaneous deficit attributed to with-profits benefits reserve	33		
	Planned enhancements to with-profits benefits reserve	34	404400	447709
	Planned deductions for the costs of guarantees, options and smoothing from with-profits benefits reserve	35		
	Planned deductions for other costs deemed chargeable to with-profits benefits reserve	36		
	Future costs of contractual guarantees (other than financial options)	41	195649	194224
	Future costs of non-contractual commitments	42		
	Future costs of financial options	43	142552	109076
	Future costs of smoothing (possibly negative)	44	(458)	255
	Financing costs	45		
	Any other liabilities related to regulatory duty to treat customers fairly	46		
	Other long-term insurance liabilities	47	20990	9021
Total (32+34+41+42+43+44+45+46+47-(33+35+36))	49	763134	760286	
Realistic current liabilities of the fund	51	342475	386931	
Realistic value of liabilities of fund (31+49+51)	59	2614404	2839110	

Realistic balance sheet

Name of insurer **Phoenix Life Limited**
 With-profits fund **Scottish Mutual With-Profits Fund**
 Financial year ended **31 December 2015**
 Units **£000**

As at end of this financial year 1	As at end of the previous year 2
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Realistic excess capital and additional capital available

Value of relevant assets before applying the most adverse scenario other than the present value of future profits arising from business outside with-profits funds	62	2614404	2839110
Amount of present value of future profits (or losses) on long-term insurance contracts written outside the fund included in the value of relevant assets before applying most adverse scenario	63		
Value of relevant assets before applying the most adverse scenario (62+63)	64	2614404	2839110
Risk capital margin for fund (62-59)	65		
Realistic excess capital for fund (26-(59+65))	66		
Realistic excess available capital for fund (29-(59+65))	67		
Working capital for fund (29-59)	68		
Working capital ratio for fund (68/29)	69		

Other assets potentially available if required to cover the fund's risk capital margin

Additional amount potentially available for inclusion in line 62	81	250000	300000
Additional amount potentially available for inclusion in line 63	82		

Realistic balance sheet

Name of insurer **Phoenix Life Limited**
 With-profits fund **SPI With-Profits Fund**
 Financial year ended **31 December 2015**
 Units **£000**

As at end of this financial year 1	As at end of the previous year 2
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Realistic value of assets available to the fund

Regulatory value of assets	11	2060007	2368822
Implicit items allocated to the fund	12		
Value of shares in subsidiaries held in fund (regulatory)	13		
Excess admissible assets	21		
Present value of future profits (or losses) on non-profit insurance contracts written in the fund	22	2862	(1900)
Value of derivatives and quasi-derivatives not already reflected in lines 11 to 22	23		
Value of shares in subsidiaries held in fund (realistic)	24		
Prepayments made from the fund	25		
Realistic value of assets of fund (11+21+22+23+24+25-(12+13))	26	2062869	2366922
Support arrangement assets	27		
Assets available to the fund (26+27)	29	2062869	2366922

Realistic value of liabilities of fund

With-profits benefit reserve	31	1501909	1589082	
Future policy related liabilities	Past miscellaneous surplus attributed to with-profits benefits reserve	32		
	Past miscellaneous deficit attributed to with-profits benefits reserve	33		
	Planned enhancements to with-profits benefits reserve	34	133500	314532
	Planned deductions for the costs of guarantees, options and smoothing from with-profits benefits reserve	35		
	Planned deductions for other costs deemed chargeable to with-profits benefits reserve	36		
	Future costs of contractual guarantees (other than financial options)	41	207675	201152
	Future costs of non-contractual commitments	42		
	Future costs of financial options	43	22291	20330
	Future costs of smoothing (possibly negative)	44	(1474)	(273)
	Financing costs	45		
	Any other liabilities related to regulatory duty to treat customers fairly	46		
	Other long-term insurance liabilities	47	56690	59667
Total (32+34+41+42+43+44+45+46+47-(33+35+36))	49	418684	595408	
Realistic current liabilities of the fund	51	142276	182432	
Realistic value of liabilities of fund (31+49+51)	59	2062869	2366922	

Realistic balance sheet

Name of insurer **Phoenix Life Limited**
 With-profits fund **SPI With-Profits Fund**
 Financial year ended **31 December 2015**
 Units **£000**

As at end of this financial year 1	As at end of the previous year 2
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Realistic excess capital and additional capital available

Value of relevant assets before applying the most adverse scenario other than the present value of future profits arising from business outside with-profits funds	62	2062869	2366922
Amount of present value of future profits (or losses) on long-term insurance contracts written outside the fund included in the value of relevant assets before applying most adverse scenario	63		
Value of relevant assets before applying the most adverse scenario (62+63)	64	2062869	2366922
Risk capital margin for fund (62-59)	65		
Realistic excess capital for fund (26-(59+65))	66		
Realistic excess available capital for fund (29-(59+65))	67		
Working capital for fund (29-59)	68		
Working capital ratio for fund (68/29)	69		

Other assets potentially available if required to cover the fund's risk capital margin

Additional amount potentially available for inclusion in line 62	81	250000	300000
Additional amount potentially available for inclusion in line 63	82		

Realistic balance sheet

Name of insurer **Phoenix Life Limited**
 With-profits fund **SAL With-Profits Fund**
 Financial year ended **31 December 2015**
 Units **£000**

As at end of this financial year 1	As at end of the previous year 2
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Realistic value of assets available to the fund

Regulatory value of assets	11	3481937	3842976
Implicit items allocated to the fund	12		
Value of shares in subsidiaries held in fund (regulatory)	13		
Excess admissible assets	21		
Present value of future profits (or losses) on non-profit insurance contracts written in the fund	22	120974	128671
Value of derivatives and quasi-derivatives not already reflected in lines 11 to 22	23		
Value of shares in subsidiaries held in fund (realistic)	24		
Prepayments made from the fund	25		
Realistic value of assets of fund (11+21+22+23+24+25-(12+13))	26	3602912	3971646
Support arrangement assets	27		
Assets available to the fund (26+27)	29	3602912	3971646

Realistic value of liabilities of fund

With-profits benefit reserve	31	2264177	2599947	
Future policy related liabilities	Past miscellaneous surplus attributed to with-profits benefits reserve	32	935	623
	Past miscellaneous deficit attributed to with-profits benefits reserve	33		
	Planned enhancements to with-profits benefits reserve	34	231251	229130
	Planned deductions for the costs of guarantees, options and smoothing from with-profits benefits reserve	35		
	Planned deductions for other costs deemed chargeable to with-profits benefits reserve	36		
	Future costs of contractual guarantees (other than financial options)	41	257046	279884
	Future costs of non-contractual commitments	42		
	Future costs of financial options	43	261898	310882
	Future costs of smoothing (possibly negative)	44	357	
	Financing costs	45		
	Any other liabilities related to regulatory duty to treat customers fairly	46		
	Other long-term insurance liabilities	47	18477	24882
Total (32+34+41+42+43+44+45+46+47-(33+35+36))	49	769964	845400	
Realistic current liabilities of the fund	51	568771	526299	
Realistic value of liabilities of fund (31+49+51)	59	3602912	3971646	

Realistic balance sheet

Name of insurer **Phoenix Life Limited**
 With-profits fund **SAL With-Profits Fund**
 Financial year ended **31 December 2015**
 Units **£000**

As at end of this financial year 1	As at end of the previous year 2
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Realistic excess capital and additional capital available

Value of relevant assets before applying the most adverse scenario other than the present value of future profits arising from business outside with-profits funds	62	3602912	3971646
Amount of present value of future profits (or losses) on long-term insurance contracts written outside the fund included in the value of relevant assets before applying most adverse scenario	63		
Value of relevant assets before applying the most adverse scenario (62+63)	64	3602912	3971646
Risk capital margin for fund (62-59)	65		
Realistic excess capital for fund (26-(59+65))	66		
Realistic excess available capital for fund (29-(59+65))	67		
Working capital for fund (29-59)	68		
Working capital ratio for fund (68/29)	69		

Other assets potentially available if required to cover the fund's risk capital margin

Additional amount potentially available for inclusion in line 62	81	250000	300000
Additional amount potentially available for inclusion in line 63	82		

Realistic balance sheet

Name of insurer **Phoenix Life Limited**
 With-profits fund **NPI With-Profits Fund**
 Financial year ended **31 December 2015**
 Units **£000**

As at end of this financial year 1	As at end of the previous year 2
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Realistic value of assets available to the fund

Regulatory value of assets	11		
Implicit items allocated to the fund	12		
Value of shares in subsidiaries held in fund (regulatory)	13		
Excess admissible assets	21		
Present value of future profits (or losses) on non-profit insurance contracts written in the fund	22		
Value of derivatives and quasi-derivatives not already reflected in lines 11 to 22	23		
Value of shares in subsidiaries held in fund (realistic)	24		
Prepayments made from the fund	25		
Realistic value of assets of fund (11+21+22+23+24+25-(12+13))	26		
Support arrangement assets	27		
Assets available to the fund (26+27)	29		

Realistic value of liabilities of fund

With-profits benefit reserve	31		
Future policy related liabilities	Past miscellaneous surplus attributed to with-profits benefits reserve	32	
	Past miscellaneous deficit attributed to with-profits benefits reserve	33	
	Planned enhancements to with-profits benefits reserve	34	
	Planned deductions for the costs of guarantees, options and smoothing from with-profits benefits reserve	35	
	Planned deductions for other costs deemed chargeable to with-profits benefits reserve	36	
	Future costs of contractual guarantees (other than financial options)	41	
	Future costs of non-contractual commitments	42	
	Future costs of financial options	43	
	Future costs of smoothing (possibly negative)	44	
	Financing costs	45	
	Any other liabilities related to regulatory duty to treat customers fairly	46	
	Other long-term insurance liabilities	47	
Total (32+34+41+42+43+44+45+46+47-(33+35+36))	49		
Realistic current liabilities of the fund	51		
Realistic value of liabilities of fund (31+49+51)	59		

Realistic balance sheet

Name of insurer **Phoenix Life Limited**
 With-profits fund **NPI With-Profits Fund**
 Financial year ended **31 December 2015**
 Units **£000**

As at end of this financial year 1	As at end of the previous year 2
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Realistic excess capital and additional capital available

Value of relevant assets before applying the most adverse scenario other than the present value of future profits arising from business outside with-profits funds	62		
Amount of present value of future profits (or losses) on long-term insurance contracts written outside the fund included in the value of relevant assets before applying most adverse scenario	63		
Value of relevant assets before applying the most adverse scenario (62+63)	64		
Risk capital margin for fund (62-59)	65		
Realistic excess capital for fund (26-(59+65))	66		
Realistic excess available capital for fund (29-(59+65))	67		
Working capital for fund (29-59)	68		
Working capital ratio for fund (68/29)	69		

Other assets potentially available if required to cover the fund's risk capital margin

Additional amount potentially available for inclusion in line 62	81	250000	300000
Additional amount potentially available for inclusion in line 63	82		

Long-term insurance business : Revenue account

Name of insurer **Phoenix Life Limited**
 Total business / subfund **Summary**
 Financial year ended **31 December 2015**
 Units **£000**

Financial year 1	Previous year 2
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Income

Earned premiums	11	346757	(1373985)
Investment income receivable before deduction of tax	12	960988	1094486
Increase (decrease) in the value of non-linked assets brought into account	13	91415	2374194
Increase (decrease) in the value of linked assets	14	121951	250378
Other income	15	1218	2380
Total income	19	1522329	2347453

Expenditure

Claims incurred	21	2825239	2554062
Expenses payable	22	238628	245552
Interest payable before the deduction of tax	23	19313	43425
Taxation	24	4816	87883
Other expenditure	25	18141	95450
Transfer to (from) non technical account	26	279526	231514
Total expenditure	29	3385663	3257887

Business transfers - in	31		
Business transfers - out	32		
Increase (decrease) in fund in financial year (19-29+31-32)	39	(1863334)	(910433)
Fund brought forward	49	31281947	32192380
Fund carried forward (39+49)	59	29418613	31281947

Long-term insurance business : Revenue account

Name of insurer **Phoenix Life Limited**
 Total business / subfund **Britannic Industrial Branch Fund**
 Financial year ended **31 December 2015**
 Units **£000**

Financial year 1	Previous year 2
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Income

Earned premiums	11	3736	5316
Investment income receivable before deduction of tax	12	6680	9706
Increase (decrease) in the value of non-linked assets brought into account	13	(4352)	12335
Increase (decrease) in the value of linked assets	14		
Other income	15		
Total income	19	6065	27358

Expenditure

Claims incurred	21	51547	56013
Expenses payable	22	4458	4854
Interest payable before the deduction of tax	23	144	503
Taxation	24	962	2766
Other expenditure	25		2865
Transfer to (from) non technical account	26	2595	3861
Total expenditure	29	59706	70863

Business transfers - in	31		
Business transfers - out	32		
Increase (decrease) in fund in financial year (19-29+31-32)	39	(53641)	(43505)
Fund brought forward	49	275914	319419
Fund carried forward (39+49)	59	222272	275914

Long-term insurance business : Revenue account

Name of insurer **Phoenix Life Limited**
 Total business / subfund **Britannic With-Profits Fund**
 Financial year ended **31 December 2015**
 Units **£000**

Financial year 1	Previous year 2
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Income

Earned premiums	11	19668	22004
Investment income receivable before deduction of tax	12	122593	134386
Increase (decrease) in the value of non-linked assets brought into account	13	128050	169233
Increase (decrease) in the value of linked assets	14		
Other income	15		
Total income	19	270310	325622

Expenditure

Claims incurred	21	292068	256728
Expenses payable	22	25521	23694
Interest payable before the deduction of tax	23	327	3802
Taxation	24	2868	13110
Other expenditure	25		54435
Transfer to (from) non technical account	26	16061	14668
Total expenditure	29	336844	366436

Business transfers - in	31	10564	5518
Business transfers - out	32	31010	8310
Increase (decrease) in fund in financial year (19-29+31-32)	39	(86980)	(43605)
Fund brought forward	49	2913363	2956968
Fund carried forward (39+49)	59	2826383	2913363

Long-term insurance business : Revenue account

Name of insurer **Phoenix Life Limited**
 Total business / subfund **90% With-Profits Fund**
 Financial year ended **31 December 2015**
 Units **£000**

Financial year 1	Previous year 2
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Income

Earned premiums	11	469	560
Investment income receivable before deduction of tax	12	2996	3572
Increase (decrease) in the value of non-linked assets brought into account	13	6543	10562
Increase (decrease) in the value of linked assets	14		
Other income	15		
Total income	19	10009	14694

Expenditure

Claims incurred	21	13877	18298
Expenses payable	22	469	528
Interest payable before the deduction of tax	23		25
Taxation	24	(65)	927
Other expenditure	25		
Transfer to (from) non technical account	26	715	936
Total expenditure	29	14996	20713

Business transfers - in	31		
Business transfers - out	32		
Increase (decrease) in fund in financial year (19-29+31-32)	39	(4987)	(6019)
Fund brought forward	49	60205	66224
Fund carried forward (39+49)	59	55218	60205

Long-term insurance business : Revenue account

Name of insurer **Phoenix Life Limited**
 Total business / subfund **100% Fund**
 Financial year ended **31 December 2015**
 Units **£000**

Financial year 1	Previous year 2
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Income

Earned premiums	11	424	94
Investment income receivable before deduction of tax	12	2479	2739
Increase (decrease) in the value of non-linked assets brought into account	13	6933	10532
Increase (decrease) in the value of linked assets	14		
Other income	15		
Total income	19	9836	13366

Expenditure

Claims incurred	21	10704	14410
Expenses payable	22	699	313
Interest payable before the deduction of tax	23		39
Taxation	24	(107)	1092
Other expenditure	25		
Transfer to (from) non technical account	26		
Total expenditure	29	11296	15855

Business transfers - in	31		
Business transfers - out	32		
Increase (decrease) in fund in financial year (19-29+31-32)	39	(1460)	(2490)
Fund brought forward	49	19168	21658
Fund carried forward (39+49)	59	17708	19168

Long-term insurance business : Revenue account

Name of insurer **Phoenix Life Limited**
 Total business / subfund **Alba With-Profits Fund**
 Financial year ended **31 December 2015**
 Units **£000**

Financial year 1	Previous year 2
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Income

Earned premiums	11	9889	(281545)
Investment income receivable before deduction of tax	12	26767	39644
Increase (decrease) in the value of non-linked assets brought into account	13	(51286)	144008
Increase (decrease) in the value of linked assets	14	60	212
Other income	15		
Total income	19	(14571)	(97681)

Expenditure

Claims incurred	21	59740	46766
Expenses payable	22	10789	12605
Interest payable before the deduction of tax	23	150	1770
Taxation	24	1456	1462
Other expenditure	25		13370
Transfer to (from) non technical account	26	617	603
Total expenditure	29	72752	76576

Business transfers - in	31	46549	14664
Business transfers - out	32	71211	48745
Increase (decrease) in fund in financial year (19-29+31-32)	39	(111985)	(208338)
Fund brought forward	49	1099991	1308329
Fund carried forward (39+49)	59	988006	1099991

Long-term insurance business : Revenue account

Name of insurer **Phoenix Life Limited**
 Total business / subfund **Phoenix With-Profits Fund**
 Financial year ended **31 December 2015**
 Units **£000**

Financial year 1	Previous year 2
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Income

Earned premiums	11	28783	(497998)
Investment income receivable before deduction of tax	12	95698	122052
Increase (decrease) in the value of non-linked assets brought into account	13	147254	520383
Increase (decrease) in the value of linked assets	14	(242)	701
Other income	15		
Total income	19	271494	145138

Expenditure

Claims incurred	21	265955	347592
Expenses payable	22	23288	24147
Interest payable before the deduction of tax	23	578	3962
Taxation	24	(1176)	14891
Other expenditure	25		
Transfer to (from) non technical account	26	13642	16268
Total expenditure	29	302288	406860

Business transfers - in	31	1	50
Business transfers - out	32	63040	69433
Increase (decrease) in fund in financial year (19-29+31-32)	39	(93833)	(331105)
Fund brought forward	49	3173760	3504865
Fund carried forward (39+49)	59	3079927	3173760

Long-term insurance business : Revenue account

Name of insurer **Phoenix Life Limited**
 Total business / subfund **Scottish Mutual With-Profits Fund**
 Financial year ended **31 December 2015**
 Units **£000**

Financial year 1	Previous year 2
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Income

Earned premiums	11	7203	16287
Investment income receivable before deduction of tax	12	52753	62174
Increase (decrease) in the value of non-linked assets brought into account	13	(19618)	203797
Increase (decrease) in the value of linked assets	14		
Other income	15		
Total income	19	40338	282259

Expenditure

Claims incurred	21	165939	163703
Expenses payable	22	14015	14616
Interest payable before the deduction of tax	23	832	2901
Taxation	24	(229)	4233
Other expenditure	25		
Transfer to (from) non technical account	26	968	1405
Total expenditure	29	181524	186859

Business transfers - in	31		
Business transfers - out	32	38584	18908
Increase (decrease) in fund in financial year (19-29+31-32)	39	(179770)	76491
Fund brought forward	49	2188246	2111755
Fund carried forward (39+49)	59	2008476	2188246

Long-term insurance business : Revenue account

Name of insurer **Phoenix Life Limited**
 Total business / subfund **SPI With-Profits Fund**
 Financial year ended **31 December 2015**
 Units **£000**

Financial year 1	Previous year 2
---------------------	--------------------

Income

Earned premiums	11	21737	23650
Investment income receivable before deduction of tax	12	47203	58073
Increase (decrease) in the value of non-linked assets brought into account	13	65185	226774
Increase (decrease) in the value of linked assets	14	(215)	3149
Other income	15		
Total income	19	133910	311646

Expenditure

Claims incurred	21	264079	339333
Expenses payable	22	11291	9180
Interest payable before the deduction of tax	23	482	4614
Taxation	24	(826)	7959
Other expenditure	25		
Transfer to (from) non technical account	26	8836	10574
Total expenditure	29	283863	371660

Business transfers - in	31		
Business transfers - out	32	13570	12399
Increase (decrease) in fund in financial year (19-29+31-32)	39	(163522)	(72414)
Fund brought forward	49	1764691	1837105
Fund carried forward (39+49)	59	1601169	1764691

Long-term insurance business : Revenue account

Name of insurer **Phoenix Life Limited**
 Total business / subfund **SAL With-Profits Fund**
 Financial year ended **31 December 2015**
 Units **£000**

Financial year 1	Previous year 2
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Income

Earned premiums	11	18020	(882327)
Investment income receivable before deduction of tax	12	121318	153596
Increase (decrease) in the value of non-linked assets brought into account	13	(86359)	533919
Increase (decrease) in the value of linked assets	14	339	614
Other income	15	420	
Total income	19	53738	(194199)

Expenditure

Claims incurred	21	332273	264673
Expenses payable	22	19042	23277
Interest payable before the deduction of tax	23	554	3942
Taxation	24	1091	6845
Other expenditure	25		
Transfer to (from) non technical account	26	4029	3462
Total expenditure	29	356988	302200

Business transfers - in	31		240
Business transfers - out	32	114006	118654
Increase (decrease) in fund in financial year (19-29+31-32)	39	(417257)	(614812)
Fund brought forward	49	3710561	4325373
Fund carried forward (39+49)	59	3293304	3710561

Long-term insurance business : Revenue account

Name of insurer **Phoenix Life Limited**
 Total business / subfund **Non - Profit Fund**
 Financial year ended **31 December 2015**
 Units **£000**

Financial year 1	Previous year 2
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Income

Earned premiums	11	236829	219974
Investment income receivable before deduction of tax	12	482500	508543
Increase (decrease) in the value of non-linked assets brought into account	13	(100936)	542651
Increase (decrease) in the value of linked assets	14	122009	245702
Other income	15	798	2380
Total income	19	741201	1519250

Expenditure

Claims incurred	21	1369058	1046545
Expenses payable	22	129056	132337
Interest payable before the deduction of tax	23	16247	21868
Taxation	24	842	34597
Other expenditure	25	18141	24780
Transfer to (from) non technical account	26	232063	179737
Total expenditure	29	1765407	1439864

Business transfers - in	31	354868	366400
Business transfers - out	32	80560	110423
Increase (decrease) in fund in financial year (19-29+31-32)	39	(749899)	335363
Fund brought forward	49	16076049	15740686
Fund carried forward (39+49)	59	15326150	16076049

Long-term insurance business : Analysis of premiums

Name of insurer **Phoenix Life Limited**
 Total business / subfund **Summary**
 Financial year ended **31 December 2015**
 Units **£000**

UK Life	UK Pension	Overseas	Total Financial year	Total Previous year
1	2	3	4	5

Gross

Regular premiums	11	230502	162065	6167	398734	427156
Single premiums	12	2153	6067	6	8226	10849

Reinsurance - external

Regular premiums	13	50684	25147	583	76414	76078
Single premiums	14	(9502)	(6969)		(16471)	1735716

Reinsurance - intra-group

Regular premiums	15	118	140		258	195
Single premiums	16		2		2	1

Net of reinsurance

Regular premiums	17	179700	136778	5584	322062	350884
Single premiums	18	11655	13034	6	24696	(1724868)

Total

Gross	19	232655	168132	6173	406960	438005
Reinsurance	20	41300	18320	583	60203	1811990
Net	21	191355	149812	5590	346757	(1373985)

Long-term insurance business : Analysis of premiums

Name of insurer **Phoenix Life Limited**
 Total business / subfund **Britannic Industrial Branch Fund**
 Financial year ended **31 December 2015**
 Units **£000**

UK Life	UK Pension	Overseas	Total Financial year	Total Previous year
1	2	3	4	5

Gross

Regular premiums	11	3736			3736	5316
Single premiums	12					

Reinsurance - external

Regular premiums	13					
Single premiums	14					

Reinsurance - intra-group

Regular premiums	15					
Single premiums	16					

Net of reinsurance

Regular premiums	17	3736			3736	5316
Single premiums	18					

Total

Gross	19	3736			3736	5316
Reinsurance	20					
Net	21	3736			3736	5316

Long-term insurance business : Analysis of premiums

Name of insurer **Phoenix Life Limited**
 Total business / subfund **Britannic With-Profits Fund**
 Financial year ended **31 December 2015**
 Units **£000**

UK Life	UK Pension	Overseas	Total Financial year	Total Previous year
1	2	3	4	5

Gross

Regular premiums	11	6327	12600	431	19358	21530
Single premiums	12		334		334	489

Reinsurance - external

Regular premiums	13	22			22	15
Single premiums	14	2			2	

Reinsurance - intra-group

Regular premiums	15					
Single premiums	16					

Net of reinsurance

Regular premiums	17	6305	12600	431	19336	21515
Single premiums	18	(2)	334		332	489

Total

Gross	19	6327	12934	431	19692	22019
Reinsurance	20	25			25	15
Net	21	6302	12934	431	19668	22004

Long-term insurance business : Analysis of premiums

Name of insurer **Phoenix Life Limited**
 Total business / subfund **90% With-Profits Fund**
 Financial year ended **31 December 2015**
 Units **£000**

UK Life	UK Pension	Overseas	Total Financial year	Total Previous year
1	2	3	4	5

Gross

Regular premiums	11	267	203		471	609
Single premiums	12					(46)

Reinsurance - external

Regular premiums	13	1			1	3
Single premiums	14					

Reinsurance - intra-group

Regular premiums	15					
Single premiums	16					

Net of reinsurance

Regular premiums	17	266	203		469	606
Single premiums	18					(46)

Total

Gross	19	267	203		471	563
Reinsurance	20	1			1	3
Net	21	266	203		469	560

Long-term insurance business : Analysis of premiums

Name of insurer **Phoenix Life Limited**
 Total business / subfund **100% Fund**
 Financial year ended **31 December 2015**
 Units **£000**

UK Life	UK Pension	Overseas	Total Financial year	Total Previous year
1	2	3	4	5

Gross

Regular premiums	11	424			424	94
Single premiums	12					

Reinsurance - external

Regular premiums	13	(1)			(1)	
Single premiums	14					

Reinsurance - intra-group

Regular premiums	15					
Single premiums	16					

Net of reinsurance

Regular premiums	17	424			424	94
Single premiums	18					

Total

Gross	19	424			424	94
Reinsurance	20	(1)			(1)	
Net	21	424			424	94

Long-term insurance business : Analysis of premiums

Name of insurer **Phoenix Life Limited**
 Total business / subfund **Alba With-Profits Fund**
 Financial year ended **31 December 2015**
 Units **£000**

UK Life	UK Pension	Overseas	Total Financial year	Total Previous year
1	2	3	4	5

Gross

Regular premiums	11	2510	2444	36	4990	5357
Single premiums	12	2	50		52	417

Reinsurance - external

Regular premiums	13	100			100	257
Single premiums	14	(5)	(4941)		(4946)	287062

Reinsurance - intra-group

Regular premiums	15					
Single premiums	16					

Net of reinsurance

Regular premiums	17	2410	2444	36	4890	5100
Single premiums	18	7	4991		4999	(286644)

Total

Gross	19	2512	2494	36	5042	5774
Reinsurance	20	95	(4941)		(4846)	287319
Net	21	2417	7435	36	9889	(281545)

Long-term insurance business : Analysis of premiums

Name of insurer **Phoenix Life Limited**
 Total business / subfund **Phoenix With-Profits Fund**
 Financial year ended **31 December 2015**
 Units **£000**

UK Life	UK Pension	Overseas	Total Financial year	Total Previous year
1	2	3	4	5

Gross

Regular premiums	11	30058	3588	237	33884	47356
Single premiums	12	12	63		76	20

Reinsurance - external

Regular premiums	13	6150			6150	3968
Single premiums	14	89	(1063)		(973)	541406

Reinsurance - intra-group

Regular premiums	15					
Single premiums	16					

Net of reinsurance

Regular premiums	17	23908	3588	237	27734	43388
Single premiums	18	(77)	1126		1049	(541386)

Total

Gross	19	30070	3651	237	33959	47376
Reinsurance	20	6239	(1063)		5177	545374
Net	21	23831	4714	237	28783	(497998)

Long-term insurance business : Analysis of premiums

Name of insurer **Phoenix Life Limited**
 Total business / subfund **Scottish Mutual With-Profits Fund**
 Financial year ended **31 December 2015**
 Units **£000**

UK Life	UK Pension	Overseas	Total Financial year	Total Previous year
1	2	3	4	5

Gross

Regular premiums	11	425	6213		6638	15791
Single premiums	12		248		248	502

Reinsurance - external

Regular premiums	13	7			7	5
Single premiums	14	(324)			(324)	

Reinsurance - intra-group

Regular premiums	15					
Single premiums	16					

Net of reinsurance

Regular premiums	17	418	6213		6631	15785
Single premiums	18	324	248		572	502

Total

Gross	19	425	6461		6886	16293
Reinsurance	20	(317)			(317)	5
Net	21	742	6461		7203	16287

Long-term insurance business : Analysis of premiums

Name of insurer **Phoenix Life Limited**
 Total business / subfund **SPI With-Profits Fund**
 Financial year ended **31 December 2015**
 Units **£000**

UK Life	UK Pension	Overseas	Total Financial year	Total Previous year
1	2	3	4	5

Gross

Regular premiums	11	15438	373	3595	19406	23914
Single premiums	12			6	6	14

Reinsurance - external

Regular premiums	13	265			265	278
Single premiums	14	(2589)			(2589)	

Reinsurance - intra-group

Regular premiums	15					
Single premiums	16					

Net of reinsurance

Regular premiums	17	15174	373	3595	19142	23637
Single premiums	18	2589		6	2595	14

Total

Gross	19	15438	373	3601	19412	23928
Reinsurance	20	(2325)			(2325)	278
Net	21	17763	373	3601	21737	23650

Long-term insurance business : Analysis of premiums

Name of insurer **Phoenix Life Limited**
 Total business / subfund **SAL With-Profits Fund**
 Financial year ended **31 December 2015**
 Units **£000**

UK Life	UK Pension	Overseas	Total Financial year	Total Previous year
1	2	3	4	5

Gross

Regular premiums	11	11007	5846	25	16878	25528
Single premiums	12		50		50	(26)

Reinsurance - external

Regular premiums	13	539			539	581
Single premiums	14	(666)	(965)		(1631)	907249

Reinsurance - intra-group

Regular premiums	15					
Single premiums	16					

Net of reinsurance

Regular premiums	17	10468	5846	25	16339	24947
Single premiums	18	666	1015		1681	(907274)

Total

Gross	19	11007	5896	25	16927	25502
Reinsurance	20	(127)	(965)		(1092)	907830
Net	21	11134	6860	25	18020	(882327)

Long-term insurance business : Analysis of premiums

Name of insurer **Phoenix Life Limited**
 Total business / subfund **Non - Profit Fund**
 Financial year ended **31 December 2015**
 Units **£000**

UK Life	UK Pension	Overseas	Total Financial year	Total Previous year
1	2	3	4	5

Gross

Regular premiums	11	160311	130658	1842	292811	281488
Single premiums	12	2139	5320		7459	9479

Reinsurance - external

Regular premiums	13	43601	25147	583	69331	70971
Single premiums	14	(6009)			(6009)	

Reinsurance - intra-group

Regular premiums	15	118	0		118	22
Single premiums	16		0		0	1

Net of reinsurance

Regular premiums	17	116592	105511	1258	223361	210496
Single premiums	18	8148	5320		13468	9478

Total

Gross	19	162449	135978	1842	300270	290968
Reinsurance	20	37710	25147	583	63440	70994
Net	21	124740	110831	1258	236829	219974

Long-term insurance business : Analysis of premiums

Name of insurer **Phoenix Life Limited**
 Total business / subfund **NPI With-Profits Fund**
 Financial year ended **31 December 2015**
 Units **£000**

UK Life	UK Pension	Overseas	Total Financial year	Total Previous year
1	2	3	4	5

Gross

Regular premiums	11		140		140	173
Single premiums	12		2		2	

Reinsurance - external

Regular premiums	13					
Single premiums	14					

Reinsurance - intra-group

Regular premiums	15		140		140	173
Single premiums	16		2		2	

Net of reinsurance

Regular premiums	17					
Single premiums	18					

Total

Gross	19		141		141	173
Reinsurance	20		141		141	173
Net	21					

Long-term insurance business : Analysis of claims

Name of insurer **Phoenix Life Limited**
 Total business / subfund **Summary**
 Financial year ended **31 December 2015**
 Units **£000**

UK Life	UK Pension	Overseas	Total Financial year	Total Previous year
1	2	3	4	5

Gross

Death or disability lump sums	11	246885	53909	4266	305060	291932
Disability periodic payments	12	28136	1	34	28171	33088
Surrender or partial surrender	13	208592	879849	38794	1127235	1093833
Annuity payments	14	10512	518433	25588	554534	557412
Lump sums on maturity	15	654219	485333	15791	1155344	956087
Total	16	1148346	1937525	84473	3170343	2932353

Reinsurance - external

Death or disability lump sums	21	46335	161		46496	50105
Disability periodic payments	22	21096	2	16	21114	27405
Surrender or partial surrender	23	403		571	974	484
Annuity payments	24	1044	255403		256447	280926
Lump sums on maturity	25	216			216	208
Total	26	69093	255566	587	325246	359127

Reinsurance - intra-group

Death or disability lump sums	31	2879	280		3159	3062
Disability periodic payments	32					
Surrender or partial surrender	33	6944	6706		13650	13724
Annuity payments	34					
Lump sums on maturity	35	31	3017		3048	2377
Total	36	9854	10003		19857	19164

Net of reinsurance

Death or disability lump sums	41	197672	53467	4266	255404	238765
Disability periodic payments	42	7040	(1)	18	7057	5683
Surrender or partial surrender	43	201246	873143	38223	1112611	1079625
Annuity payments	44	9468	263030	25588	298087	276486
Lump sums on maturity	45	653973	482316	15791	1152080	953503
Total	46	1069399	1671955	83886	2825239	2554062

Long-term insurance business : Analysis of claims

Name of insurer **Phoenix Life Limited**
 Total business / subfund **Britannic Industrial Branch Fund**
 Financial year ended **31 December 2015**
 Units **£000**

UK Life	UK Pension	Overseas	Total Financial year	Total Previous year
1	2	3	4	5

Gross

Death or disability lump sums	11	13458			13458	11875
Disability periodic payments	12					
Surrender or partial surrender	13	2296			2296	2962
Annuity payments	14					
Lump sums on maturity	15	35794			35794	41176
Total	16	51547			51547	56013

Reinsurance - external

Death or disability lump sums	21					
Disability periodic payments	22					
Surrender or partial surrender	23					
Annuity payments	24					
Lump sums on maturity	25					
Total	26					

Reinsurance - intra-group

Death or disability lump sums	31					
Disability periodic payments	32					
Surrender or partial surrender	33					
Annuity payments	34					
Lump sums on maturity	35					
Total	36					

Net of reinsurance

Death or disability lump sums	41	13458			13458	11875
Disability periodic payments	42					
Surrender or partial surrender	43	2296			2296	2962
Annuity payments	44					
Lump sums on maturity	45	35794			35794	41176
Total	46	51547			51547	56013

Long-term insurance business : Analysis of claims

Name of insurer **Phoenix Life Limited**
 Total business / subfund **Britannic With-Profits Fund**
 Financial year ended **31 December 2015**
 Units **£000**

UK Life	UK Pension	Overseas	Total Financial year	Total Previous year
1	2	3	4	5

Gross

Death or disability lump sums	11	5224	7471	195	12890	13398
Disability periodic payments	12					
Surrender or partial surrender	13	10659	112164	2125	124948	149681
Annuity payments	14		970		970	980
Lump sums on maturity	15	52694	98030	2532	153256	92733
Total	16	68578	218635	4852	292064	256792

Reinsurance - external

Death or disability lump sums	21	13			13	27
Disability periodic payments	22					
Surrender or partial surrender	23					
Annuity payments	24					
Lump sums on maturity	25	(16)			(16)	37
Total	26	(4)			(4)	64

Reinsurance - intra-group

Death or disability lump sums	31					
Disability periodic payments	32					
Surrender or partial surrender	33					
Annuity payments	34					
Lump sums on maturity	35					
Total	36					

Net of reinsurance

Death or disability lump sums	41	5211	7471	195	12878	13371
Disability periodic payments	42					
Surrender or partial surrender	43	10659	112164	2125	124948	149681
Annuity payments	44		970		970	980
Lump sums on maturity	45	52710	98030	2532	153272	92696
Total	46	68581	218635	4852	292068	256728

Long-term insurance business : Analysis of claims

Name of insurer **Phoenix Life Limited**
 Total business / subfund **90% With-Profits Fund**
 Financial year ended **31 December 2015**
 Units **£000**

UK Life	UK Pension	Overseas	Total Financial year	Total Previous year
1	2	3	4	5

Gross

Death or disability lump sums	11	1757	154		1911	1513
Disability periodic payments	12					
Surrender or partial surrender	13	1095	574		1669	1786
Annuity payments	14					
Lump sums on maturity	15	7406	2891		10296	14999
Total	16	10258	3619		13877	18298

Reinsurance - external

Death or disability lump sums	21					
Disability periodic payments	22					
Surrender or partial surrender	23					
Annuity payments	24					
Lump sums on maturity	25					
Total	26					

Reinsurance - intra-group

Death or disability lump sums	31					
Disability periodic payments	32					
Surrender or partial surrender	33					
Annuity payments	34					
Lump sums on maturity	35					
Total	36					

Net of reinsurance

Death or disability lump sums	41	1757	154		1911	1513
Disability periodic payments	42					
Surrender or partial surrender	43	1095	574		1669	1786
Annuity payments	44					
Lump sums on maturity	45	7406	2891		10296	14999
Total	46	10258	3619		13877	18298

Long-term insurance business : Analysis of claims

Name of insurer **Phoenix Life Limited**
 Total business / subfund **100% Fund**
 Financial year ended **31 December 2015**
 Units **£000**

UK Life	UK Pension	Overseas	Total Financial year	Total Previous year
1	2	3	4	5

Gross

Death or disability lump sums	11	5681			5681	2311
Disability periodic payments	12					
Surrender or partial surrender	13	1908			1908	1772
Annuity payments	14					
Lump sums on maturity	15	3115			3115	10327
Total	16	10704			10704	14410

Reinsurance - external

Death or disability lump sums	21					
Disability periodic payments	22					
Surrender or partial surrender	23					
Annuity payments	24					
Lump sums on maturity	25					
Total	26					

Reinsurance - intra-group

Death or disability lump sums	31					
Disability periodic payments	32					
Surrender or partial surrender	33					
Annuity payments	34					
Lump sums on maturity	35					
Total	36					

Net of reinsurance

Death or disability lump sums	41	5681			5681	2311
Disability periodic payments	42					
Surrender or partial surrender	43	1908			1908	1772
Annuity payments	44					
Lump sums on maturity	45	3115			3115	10327
Total	46	10704			10704	14410

Long-term insurance business : Analysis of claims

Name of insurer **Phoenix Life Limited**
 Total business / subfund **Alba With-Profits Fund**
 Financial year ended **31 December 2015**
 Units **£000**

UK Life	UK Pension	Overseas	Total Financial year	Total Previous year
1	2	3	4	5

Gross

Death or disability lump sums	11	1715	2238	293	4246	4385
Disability periodic payments	12	89		34	123	4
Surrender or partial surrender	13	1710	849	542	3102	9551
Annuity payments	14	3663	70531	1394	75587	75710
Lump sums on maturity	15	19884	27011	332	47227	31842
Total	16	27061	100629	2596	130285	121491

Reinsurance - external

Death or disability lump sums	21	121			121	104
Disability periodic payments	22	19		16	35	76
Surrender or partial surrender	23	21			21	47
Annuity payments	24		70368		70368	74460
Lump sums on maturity	25					37
Total	26	162	70368	16	70545	74725

Reinsurance - intra-group

Death or disability lump sums	31					
Disability periodic payments	32					
Surrender or partial surrender	33					
Annuity payments	34					
Lump sums on maturity	35					
Total	36					

Net of reinsurance

Death or disability lump sums	41	1594	2238	293	4125	4280
Disability periodic payments	42	69		18	88	(72)
Surrender or partial surrender	43	1689	849	542	3081	9504
Annuity payments	44	3663	163	1394	5219	1250
Lump sums on maturity	45	19884	27011	332	47227	31804
Total	46	26899	30261	2580	59740	46766

Long-term insurance business : Analysis of claims

Name of insurer **Phoenix Life Limited**
 Total business / subfund **Phoenix With-Profits Fund**
 Financial year ended **31 December 2015**
 Units **£000**

UK Life	UK Pension	Overseas	Total Financial year	Total Previous year
1	2	3	4	5

Gross

Death or disability lump sums	11	41594	4875	323	46792	48283
Disability periodic payments	12					
Surrender or partial surrender	13	33902	57046	1354	92302	100835
Annuity payments	14	920	47804	3463	52186	55329
Lump sums on maturity	15	81004	30200	2630	113834	194652
Total	16	157420	139924	7770	305114	399098

Reinsurance - external

Death or disability lump sums	21	10642			10642	17012
Disability periodic payments	22					
Surrender or partial surrender	23	89			89	(47)
Annuity payments	24		28428		28428	34541
Lump sums on maturity	25					
Total	26	10731	28428		39159	51506

Reinsurance - intra-group

Death or disability lump sums	31					
Disability periodic payments	32					
Surrender or partial surrender	33					
Annuity payments	34					
Lump sums on maturity	35					
Total	36					

Net of reinsurance

Death or disability lump sums	41	30952	4875	323	36150	31271
Disability periodic payments	42					
Surrender or partial surrender	43	33812	57046	1354	92213	100881
Annuity payments	44	920	19376	3463	23758	20788
Lump sums on maturity	45	81004	30200	2630	113834	194652
Total	46	146689	111496	7770	265955	347592

Long-term insurance business : Analysis of claims

Name of insurer **Phoenix Life Limited**
 Total business / subfund **Scottish Mutual With-Profits Fund**
 Financial year ended **31 December 2015**
 Units **£000**

UK Life	UK Pension	Overseas	Total Financial year	Total Previous year
1	2	3	4	5

Gross

Death or disability lump sums	11	4844	1387		6231	5687
Disability periodic payments	12					
Surrender or partial surrender	13	24458	69804		94262	85815
Annuity payments	14		9904		9904	7972
Lump sums on maturity	15	15242	40528		55769	64780
Total	16	44543	121623		166167	164254

Reinsurance - external

Death or disability lump sums	21	101			101	187
Disability periodic payments	22					
Surrender or partial surrender	23					347
Annuity payments	24					
Lump sums on maturity	25	127			127	17
Total	26	228			228	551

Reinsurance - intra-group

Death or disability lump sums	31					
Disability periodic payments	32					
Surrender or partial surrender	33					
Annuity payments	34					
Lump sums on maturity	35					
Total	36					

Net of reinsurance

Death or disability lump sums	41	4743	1387		6130	5500
Disability periodic payments	42					
Surrender or partial surrender	43	24458	69804		94262	85468
Annuity payments	44		9904		9904	7972
Lump sums on maturity	45	15114	40528		55642	64763
Total	46	44315	121623		165939	163703

Long-term insurance business : Analysis of claims

Name of insurer **Phoenix Life Limited**
 Total business / subfund **SPI With-Profits Fund**
 Financial year ended **31 December 2015**
 Units **£000**

UK Life	UK Pension	Overseas	Total Financial year	Total Previous year
1	2	3	4	5

Gross

Death or disability lump sums	11	6251	559	1916	8726	12149
Disability periodic payments	12					
Surrender or partial surrender	13	32198	54999	28952	116149	168784
Annuity payments	14					
Lump sums on maturity	15	118339	12488	9939	140767	159739
Total	16	156788	68046	40808	265642	340672

Reinsurance - external

Death or disability lump sums	21	1278			1278	1138
Disability periodic payments	22					
Surrender or partial surrender	23	245			245	115
Annuity payments	24					
Lump sums on maturity	25	40			40	86
Total	26	1563			1563	1339

Reinsurance - intra-group

Death or disability lump sums	31					
Disability periodic payments	32					
Surrender or partial surrender	33					
Annuity payments	34					
Lump sums on maturity	35					
Total	36					

Net of reinsurance

Death or disability lump sums	41	4973	559	1916	7448	11012
Disability periodic payments	42					
Surrender or partial surrender	43	31953	54999	28952	115904	168668
Annuity payments	44					
Lump sums on maturity	45	118299	12488	9939	140727	159653
Total	46	155225	68046	40808	264079	339333

Long-term insurance business : Analysis of claims

Name of insurer **Phoenix Life Limited**
 Total business / subfund **SAL With-Profits Fund**
 Financial year ended **31 December 2015**
 Units **£000**

UK Life	UK Pension	Overseas	Total Financial year	Total Previous year
1	2	3	4	5

Gross

Death or disability lump sums	11	17478	6740		24218	9620
Disability periodic payments	12	561			561	473
Surrender or partial surrender	13	8878	84691	180	93750	93653
Annuity payments	14	1701	53442	837	55981	58568
Lump sums on maturity	15	149134	56226	196	205556	159424
Total	16	177752	201100	1213	380065	321737

Reinsurance - external

Death or disability lump sums	21	386			386	246
Disability periodic payments	22	326			326	370
Surrender or partial surrender	23					
Annuity payments	24	371	46709		47081	56448
Lump sums on maturity	25					
Total	26	1083	46709		47792	57064

Reinsurance - intra-group

Death or disability lump sums	31					
Disability periodic payments	32					
Surrender or partial surrender	33					
Annuity payments	34					
Lump sums on maturity	35					
Total	36					

Net of reinsurance

Death or disability lump sums	41	17093	6740		23832	9374
Disability periodic payments	42	235			235	102
Surrender or partial surrender	43	8878	84691	180	93750	93653
Annuity payments	44	1329	6733	837	8900	2120
Lump sums on maturity	45	149134	56226	196	205556	159424
Total	46	176669	154390	1213	332273	264673

Long-term insurance business : Analysis of claims

Name of insurer **Phoenix Life Limited**
 Total business / subfund **Non - Profit Fund**
 Financial year ended **31 December 2015**
 Units **£000**

UK Life	UK Pension	Overseas	Total Financial year	Total Previous year
1	2	3	4	5

Gross

Death or disability lump sums	11	146013	30205	1539	177756	179671
Disability periodic payments	12	27487	1		27488	32612
Surrender or partial surrender	13	84625	493853	5640	584119	466901
Annuity payments	14	4229	335782	19894	359905	358853
Lump sums on maturity	15	171608	216055	161	387824	185618
Total	16	433961	1075896	27234	1537091	1223655

Reinsurance - external

Death or disability lump sums	21	33795	161		33956	31391
Disability periodic payments	22	20751	2		20753	26959
Surrender or partial surrender	23	47		571	618	22
Annuity payments	24	673	109897		110570	115476
Lump sums on maturity	25	65			65	30
Total	26	55330	110061	571	165962	173879

Reinsurance - intra-group

Death or disability lump sums	31	8			8	22
Disability periodic payments	32					
Surrender or partial surrender	33	81	838		920	1630
Annuity payments	34					
Lump sums on maturity	35	31	1112		1143	1579
Total	36	120	1951		2071	3232

Net of reinsurance

Death or disability lump sums	41	112210	30044	1539	143792	148258
Disability periodic payments	42	6736	(1)		6734	5653
Surrender or partial surrender	43	84497	493015	5069	582580	465249
Annuity payments	44	3556	225884	19894	249335	243376
Lump sums on maturity	45	171513	214943	161	386617	184009
Total	46	378511	963884	26663	1369058	1046545

Long-term insurance business : Analysis of claims

Name of insurer **Phoenix Life Limited**
 Total business / subfund **NPI With-Profits Fund**
 Financial year ended **31 December 2015**
 Units **£000**

UK Life	UK Pension	Overseas	Total Financial year	Total Previous year
1	2	3	4	5

Gross

Death or disability lump sums	11	2871	280		3151	3040
Disability periodic payments	12					
Surrender or partial surrender	13	6863	5868		12730	12094
Annuity payments	14					
Lump sums on maturity	15		1905		1905	798
Total	16	9734	8053		17786	15932

Reinsurance - external

Death or disability lump sums	21					
Disability periodic payments	22					
Surrender or partial surrender	23					
Annuity payments	24					
Lump sums on maturity	25					
Total	26					

Reinsurance - intra-group

Death or disability lump sums	31	2871	280		3151	3040
Disability periodic payments	32					
Surrender or partial surrender	33	6863	5868		12730	12094
Annuity payments	34					
Lump sums on maturity	35		1905		1905	798
Total	36	9734	8053		17786	15932

Net of reinsurance

Death or disability lump sums	41					
Disability periodic payments	42					
Surrender or partial surrender	43					
Annuity payments	44					
Lump sums on maturity	45					
Total	46					

Long-term insurance business : Analysis of expenses

Name of insurer **Phoenix Life Limited**
 Total business / subfund **Summary**
 Financial year ended **31 December 2015**
 Units **£000**

UK Life	UK Pension	Overseas	Total Financial year	Total Previous year
1	2	3	4	5

Gross

Commission - acquisition	11					
Commission - other	12	2371	3479	257	6107	7274
Management - acquisition	13					
Management - maintenance	14	71197	118935	4553	194685	210741
Management - other	15	11518	25827	848	38193	28010
Total	16	85085	148241	5659	238985	246025

Reinsurance - external

Commission - acquisition	21					
Commission - other	22					
Management - acquisition	23					
Management - maintenance	24					
Management - other	25					
Total	26					

Reinsurance - intra-group

Commission - acquisition	31					
Commission - other	32					
Management - acquisition	33					
Management - maintenance	34	111	245		357	473
Management - other	35					
Total	36	111	245		357	473

Net of reinsurance

Commission - acquisition	41					
Commission - other	42	2371	3479	257	6107	7274
Management - acquisition	43					
Management - maintenance	44	71085	118690	4553	194328	210268
Management - other	45	11518	25827	848	38193	28010
Total	46	84974	147996	5659	238628	245552

Long-term insurance business : Analysis of expenses

Name of insurer **Phoenix Life Limited**
 Total business / subfund **Britannic Industrial Branch Fund**
 Financial year ended **31 December 2015**
 Units **£000**

UK Life	UK Pension	Overseas	Total Financial year	Total Previous year
1	2	3	4	5

Gross

Commission - acquisition	11				
Commission - other	12				
Management - acquisition	13				
Management - maintenance	14	4152		4152	4680
Management - other	15	306		306	175
Total	16	4458		4458	4854

Reinsurance - external

Commission - acquisition	21				
Commission - other	22				
Management - acquisition	23				
Management - maintenance	24				
Management - other	25				
Total	26				

Reinsurance - intra-group

Commission - acquisition	31				
Commission - other	32				
Management - acquisition	33				
Management - maintenance	34				
Management - other	35				
Total	36				

Net of reinsurance

Commission - acquisition	41				
Commission - other	42				
Management - acquisition	43				
Management - maintenance	44	4152		4152	4680
Management - other	45	306		306	175
Total	46	4458		4458	4854

Long-term insurance business : Analysis of expenses

Name of insurer **Phoenix Life Limited**
 Total business / subfund **Britannic With-Profits Fund**
 Financial year ended **31 December 2015**
 Units **£000**

UK Life	UK Pension	Overseas	Total Financial year	Total Previous year
1	2	3	4	5

Gross

Commission - acquisition	11				
Commission - other	12	18	173	190	177
Management - acquisition	13				
Management - maintenance	14	2037	20081	22118	21717
Management - other	15	296	2917	3213	1800
Total	16	2350	23170	25521	23694

Reinsurance - external

Commission - acquisition	21				
Commission - other	22				
Management - acquisition	23				
Management - maintenance	24				
Management - other	25				
Total	26				

Reinsurance - intra-group

Commission - acquisition	31				
Commission - other	32				
Management - acquisition	33				
Management - maintenance	34				
Management - other	35				
Total	36				

Net of reinsurance

Commission - acquisition	41				
Commission - other	42	18	173	190	177
Management - acquisition	43				
Management - maintenance	44	2037	20081	22118	21717
Management - other	45	296	2917	3213	1800
Total	46	2350	23170	25521	23694

Long-term insurance business : Analysis of expenses

Name of insurer **Phoenix Life Limited**
 Total business / subfund **90% With-Profits Fund**
 Financial year ended **31 December 2015**
 Units **£000**

UK Life	UK Pension	Overseas	Total Financial year	Total Previous year
1	2	3	4	5

Gross

Commission - acquisition	11				
Commission - other	12				
Management - acquisition	13				
Management - maintenance	14	350	120	469	528
Management - other	15				
Total	16	350	120	469	528

Reinsurance - external

Commission - acquisition	21				
Commission - other	22				
Management - acquisition	23				
Management - maintenance	24				
Management - other	25				
Total	26				

Reinsurance - intra-group

Commission - acquisition	31				
Commission - other	32				
Management - acquisition	33				
Management - maintenance	34				
Management - other	35				
Total	36				

Net of reinsurance

Commission - acquisition	41				
Commission - other	42				
Management - acquisition	43				
Management - maintenance	44	350	120	469	528
Management - other	45				
Total	46	350	120	469	528

Long-term insurance business : Analysis of expenses

Name of insurer **Phoenix Life Limited**
 Total business / subfund **100% Fund**
 Financial year ended **31 December 2015**
 Units **£000**

UK Life	UK Pension	Overseas	Total Financial year	Total Previous year
1	2	3	4	5

Gross

Commission - acquisition	11				
Commission - other	12	(31)		(31)	10
Management - acquisition	13				
Management - maintenance	14	265		265	262
Management - other	15	465		465	41
Total	16	699		699	313

Reinsurance - external

Commission - acquisition	21				
Commission - other	22				
Management - acquisition	23				
Management - maintenance	24				
Management - other	25				
Total	26				

Reinsurance - intra-group

Commission - acquisition	31				
Commission - other	32				
Management - acquisition	33				
Management - maintenance	34				
Management - other	35				
Total	36				

Net of reinsurance

Commission - acquisition	41				
Commission - other	42	(31)		(31)	10
Management - acquisition	43				
Management - maintenance	44	265		265	262
Management - other	45	465		465	41
Total	46	699		699	313

Long-term insurance business : Analysis of expenses

Name of insurer **Phoenix Life Limited**
Total business / subfund **Alba With-Profits Fund**
Financial year ended **31 December 2015**
Units **£000**

UK Life	UK Pension	Overseas	Total Financial year	Total Previous year
1	2	3	4	5

Gross

Commission - acquisition	11					
Commission - other	12	(136)	(394)		(530)	35
Management - acquisition	13					
Management - maintenance	14	2428	7003	48	9479	11198
Management - other	15	471	1359	9	1839	1372
Total	16	2763	7968	58	10789	12605

Reinsurance - external

Commission - acquisition	21					
Commission - other	22					
Management - acquisition	23					
Management - maintenance	24					
Management - other	25					
Total	26					

Reinsurance - intra-group

Commission - acquisition	31					
Commission - other	32					
Management - acquisition	33					
Management - maintenance	34					
Management - other	35					
Total	36					

Net of reinsurance

Commission - acquisition	41					
Commission - other	42	(136)	(394)		(530)	35
Management - acquisition	43					
Management - maintenance	44	2428	7003	48	9479	11198
Management - other	45	471	1359	9	1839	1372
Total	46	2763	7968	58	10789	12605

Long-term insurance business : Analysis of expenses

Name of insurer **Phoenix Life Limited**
 Total business / subfund **Phoenix With-Profits Fund**
 Financial year ended **31 December 2015**
 Units **£000**

UK Life	UK Pension	Overseas	Total Financial year	Total Previous year
1	2	3	4	5

Gross

Commission - acquisition	11					
Commission - other	12	181	178	9	368	216
Management - acquisition	13					
Management - maintenance	14	8583	8455	426	17464	20670
Management - other	15	2681	2641	133	5455	3261
Total	16	11446	11274	569	23288	24147

Reinsurance - external

Commission - acquisition	21					
Commission - other	22					
Management - acquisition	23					
Management - maintenance	24					
Management - other	25					
Total	26					

Reinsurance - intra-group

Commission - acquisition	31					
Commission - other	32					
Management - acquisition	33					
Management - maintenance	34					
Management - other	35					
Total	36					

Net of reinsurance

Commission - acquisition	41					
Commission - other	42	181	178	9	368	216
Management - acquisition	43					
Management - maintenance	44	8583	8455	426	17464	20670
Management - other	45	2681	2641	133	5455	3261
Total	46	11446	11274	569	23288	24147

Long-term insurance business : Analysis of expenses

Name of insurer **Phoenix Life Limited**
 Total business / subfund **Scottish Mutual With-Profits Fund**
 Financial year ended **31 December 2015**
 Units **£000**

UK Life	UK Pension	Overseas	Total Financial year	Total Previous year
1	2	3	4	5

Gross

Commission - acquisition	11				
Commission - other	12	1	14	15	24
Management - acquisition	13				
Management - maintenance	14	2512	9710	12222	13679
Management - other	15	110	1668	1778	914
Total	16	2623	11392	14015	14616

Reinsurance - external

Commission - acquisition	21				
Commission - other	22				
Management - acquisition	23				
Management - maintenance	24				
Management - other	25				
Total	26				

Reinsurance - intra-group

Commission - acquisition	31				
Commission - other	32				
Management - acquisition	33				
Management - maintenance	34				
Management - other	35				
Total	36				

Net of reinsurance

Commission - acquisition	41				
Commission - other	42	1	14	15	24
Management - acquisition	43				
Management - maintenance	44	2512	9710	12222	13679
Management - other	45	110	1668	1778	914
Total	46	2623	11392	14015	14616

Long-term insurance business : Analysis of expenses

Name of insurer **Phoenix Life Limited**
 Total business / subfund **SPI With-Profits Fund**
 Financial year ended **31 December 2015**
 Units **£000**

UK Life	UK Pension	Overseas	Total Financial year	Total Previous year
1	2	3	4	5

Gross

Commission - acquisition	11					
Commission - other	12	335	59	117	511	638
Management - acquisition	13					
Management - maintenance	14	6454	1139	1183	8776	7670
Management - other	15	1572	277	155	2005	871
Total	16	8361	1475	1455	11291	9180

Reinsurance - external

Commission - acquisition	21					
Commission - other	22					
Management - acquisition	23					
Management - maintenance	24					
Management - other	25					
Total	26					

Reinsurance - intra-group

Commission - acquisition	31					
Commission - other	32					
Management - acquisition	33					
Management - maintenance	34					
Management - other	35					
Total	36					

Net of reinsurance

Commission - acquisition	41					
Commission - other	42	335	59	117	511	638
Management - acquisition	43					
Management - maintenance	44	6454	1139	1183	8776	7670
Management - other	45	1572	277	155	2005	871
Total	46	8361	1475	1455	11291	9180

Long-term insurance business : Analysis of expenses

Name of insurer **Phoenix Life Limited**
 Total business / subfund **SAL With-Profits Fund**
 Financial year ended **31 December 2015**
 Units **£000**

UK Life	UK Pension	Overseas	Total Financial year	Total Previous year
1	2	3	4	5

Gross

Commission - acquisition	11					
Commission - other	12	304	515	1	820	859
Management - acquisition	13					
Management - maintenance	14	4524	7670	16	12211	19171
Management - other	15	2227	3776	8	6011	3247
Total	16	7056	11961	25	19042	23277

Reinsurance - external

Commission - acquisition	21					
Commission - other	22					
Management - acquisition	23					
Management - maintenance	24					
Management - other	25					
Total	26					

Reinsurance - intra-group

Commission - acquisition	31					
Commission - other	32					
Management - acquisition	33					
Management - maintenance	34					
Management - other	35					
Total	36					

Net of reinsurance

Commission - acquisition	41					
Commission - other	42	304	515	1	820	859
Management - acquisition	43					
Management - maintenance	44	4524	7670	16	12211	19171
Management - other	45	2227	3776	8	6011	3247
Total	46	7056	11961	25	19042	23277

Long-term insurance business : Analysis of expenses

Name of insurer **Phoenix Life Limited**
 Total business / subfund **Non - Profit Fund**
 Financial year ended **31 December 2015**
 Units **£000**

UK Life	UK Pension	Overseas	Total Financial year	Total Previous year
1	2	3	4	5

Gross

Commission - acquisition	11					
Commission - other	12	1699	2935	130	4764	5314
Management - acquisition	13					
Management - maintenance	14	39780	64512	2879	107172	110694
Management - other	15	3389	13188	543	17120	16329
Total	16	44869	80635	3553	129056	132337

Reinsurance - external

Commission - acquisition	21					
Commission - other	22					
Management - acquisition	23					
Management - maintenance	24					
Management - other	25					
Total	26					

Reinsurance - intra-group

Commission - acquisition	31					
Commission - other	32					
Management - acquisition	33					
Management - maintenance	34					
Management - other	35					
Total	36					

Net of reinsurance

Commission - acquisition	41					
Commission - other	42	1699	2935	130	4764	5314
Management - acquisition	43					
Management - maintenance	44	39780	64512	2879	107172	110694
Management - other	45	3389	13188	543	17120	16329
Total	46	44869	80635	3553	129056	132337

Long-term insurance business : Analysis of expenses

Name of insurer **Phoenix Life Limited**
 Total business / subfund **NPI With-Profits Fund**
 Financial year ended **31 December 2015**
 Units **£000**

UK Life	UK Pension	Overseas	Total Financial year	Total Previous year
1	2	3	4	5

Gross

Commission - acquisition	11				
Commission - other	12				
Management - acquisition	13				
Management - maintenance	14	111	245	357	473
Management - other	15				
Total	16	111	245	357	473

Reinsurance - external

Commission - acquisition	21				
Commission - other	22				
Management - acquisition	23				
Management - maintenance	24				
Management - other	25				
Total	26				

Reinsurance - intra-group

Commission - acquisition	31				
Commission - other	32				
Management - acquisition	33				
Management - maintenance	34	111	245	357	473
Management - other	35				
Total	36	111	245	357	473

Net of reinsurance

Commission - acquisition	41				
Commission - other	42				
Management - acquisition	43				
Management - maintenance	44				
Management - other	45				
Total	46				

Long-term insurance business : Linked funds balance sheet

Name of insurer **Phoenix Life Limited**
 Total business
 Financial year ended **31 December 2015**
 Units **£000**

Financial year	Previous year
1	2

Internal linked funds (excluding cross investment)

Directly held assets (excluding collective investment schemes)	11	387417	548848
Directly held assets in collective investment schemes of connected companies	12		
Directly held assets in other collective investment schemes	13	9246004	9794883
Total assets (excluding cross investment) (11+12+13)	14	9633421	10343731
Provision for tax on unrealised capital gains	15		1808
Secured and unsecured loans	16		
Other liabilities	17	424	3193
Total net assets (14-15-16-17)	18	9632997	10338730

Directly held linked assets

Value of directly held linked assets	21	62595	50067
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Total

Value of directly held linked assets and units held (18+21)	31	9695592	10388797
Surplus units	32	36305	42915
Deficit units	33		
Net unit liability (31-32+33)	34	9659287	10345883

Long-term insurance business : Revenue account for internal linked funds

Name of insurer **Phoenix Life Limited**

Total business

Financial year ended **31 December 2015**Units **£000**

Financial year	Previous year
1	2

Income

Value of total creation of units	11	189465	270724
Investment income attributable to the funds before deduction of tax	12	269450	294968
Increase (decrease) in the value of investments in the financial year	13	121711	249686
Other income	14		
Total income	19	580627	815377

Expenditure

Value of total cancellation of units	21	1176141	1022764
Charges for management	22	100837	102909
Charges in respect of tax on investment income	23	4361	5712
Taxation on realised capital gains	24	1580	(916)
Increase (decrease) in amount set aside for tax on capital gains not yet realised	25	3230	2588
Other expenditure	26	210	3180
Total expenditure	29	1286359	1136237

Increase (decrease) in funds in financial year (19-29)	39	(705733)	(320859)
Internal linked fund brought forward	49	10338730	10659589
Internal linked funds carried forward (39+49)	59	9632997	10338730

Long-term insurance business : Summary of new business

Name of insurer **Phoenix Life Limited**
 Total business
 Financial year ended **31 December 2015**
 Units **£000**

UK Life	UK Pension	Overseas	Total Financial year	Total Previous year
1	2	3	4	5

**Number of new policyholders/
scheme members for direct
insurance business**

Regular premium business	11	697	81	1	779	6844
Single premium business	12		38		38	155
Total	13	697	119	1	817	6999

**Amount of new regular
premiums**

Direct insurance business	21	799	414		1213	50682
External reinsurance	22					
Intra-group reinsurance	23	137	172		310	687
Total	24	936	586		1522	51369

**Amount of new single
premiums**

Direct insurance business	25	2153	6066	6	8225	10849
External reinsurance	26					
Intra-group reinsurance	27		2		2	
Total	28	2153	6067	6	8226	10849

Long-term insurance business : Analysis of new business

Name of insurer

Phoenix Life Limited

Total business

Financial year ended

31 December 2015

Units

£000

UK Life / Direct Insurance Business

Product code number 1	Product description 2	Regular premium business		Single premium business	
		Number of policyholders / scheme members 3	Amount of premiums 4	Number of policyholders / scheme members 5	Amount of premiums 6
320	Group deposit administration non-profit	12	1		
325	Level term assurance	14	49		
330	Decreasing term assurance		8		
340	Accelerated critical illness (guaranteed premiums)		3		
350	Stand-alone critical illness (guaranteed premiums)	1	8		
385	Income protection claims in payment	3			
500	Life UWP single premium				14
700	Life property linked single premium				2139
710	Life property linked whole life regular premium	652	683		
785	Income protection rider		18		
795	Miscellaneous property linked	15	29		

Long-term insurance business : Analysis of new business

Name of insurer

Phoenix Life Limited

Total business

Financial year ended

31 December 2015

Units

£000

UK Life / Reinsurance accepted intra-group

Product code number	Product description	Regular premium business		Single premium business	
		Number of policyholders / scheme members	Amount of premiums	Number of policyholders / scheme members	Amount of premiums
1	2	3	4	5	6
325	Level term assurance		122		
355	Stand-alone critical illness (reviewable premiums)		2		
710	Life property linked whole life regular premium		13		

Long-term insurance business : Analysis of new business

Name of insurer

Phoenix Life Limited

Total business

Financial year ended

31 December 2015

Units

£000

UK Pension / Direct Insurance Business

Product code number 1	Product description 2	Regular premium business		Single premium business	
		Number of policyholders / scheme members 3	Amount of premiums 4	Number of policyholders / scheme members 5	Amount of premiums 6
165	Conventional deferred annuity with-profits		2		
175	Group conventional deferred annuity with-profits	2		1	
390	Deferred annuity non-profit	15		1	344
525	Individual pensions UWP	3	47		639
535	Group money purchase pensions UWP		19		
725	Individual pensions property linked	25	206	18	4128
735	Group money purchase pensions property linked	35	139	8	129
750	Income drawdown property linked			10	825

Long-term insurance business : Analysis of new business

Name of insurer

Phoenix Life Limited

Total business

Financial year ended

31 December 2015

Units

£000

UK Pension / Reinsurance accepted intra-group

Product code number 1	Product description 2	Regular premium business		Single premium business	
		Number of policyholders / scheme members 3	Amount of premiums 4	Number of policyholders / scheme members 5	Amount of premiums 6
525	Individual pensions UWP		11		1
725	Individual pensions property linked		121		1
735	Group money purchase pensions property linked		40		
795	Miscellaneous property linked		1		

155

Long-term insurance business : Analysis of new business

Name of insurer **Phoenix Life Limited**
 Total business
 Financial year ended **31 December 2015**
 Units **£000**
 Overseas / Direct Insurance Business

Product code number	Product description	Regular premium business		Single premium business	
		Number of policyholders / scheme members	Amount of premiums	Number of policyholders / scheme members	Amount of premiums
1	2	3	4	5	6
165	Conventional deferred annuity with-profits				6
390	Deferred annuity non-profit	1			

Long-term insurance business : Assets not held to match linked liabilities

Name of insurer **Phoenix Life Limited**
 Category of assets **10 Total long term insurance business assets**
 Financial year ended **31 December 2015**
 Units **£000**

Unadjusted assets	Economic exposure	Expected income from assets in column 2	Yield before adjustment	Return on assets in financial year
1	2	3	4	5

Assets backing non-profit liabilities and non-profit capital requirements

Land and buildings	11	137916	148914	461	0.31	
Approved fixed interest securities	12	2548223	2682076	91369	2.06	
Other fixed interest securities	13	3262865	3783891	277452	3.47	
Variable interest securities	14	410261	422005	4402	(0.89)	
UK listed equity shares	15	48606	4605	20	0.95	
Non-UK listed equity shares	16	96	17439	31	0.32	
Unlisted equity shares	17					
Other assets	18	1736416	1085452	6858	0.59	
Total	19	8144383	8144383	380593	2.33	

Assets backing with-profits liabilities and with-profits capital requirements

Land and buildings	21	189843	719812	22223	3.09	4.22
Approved fixed interest securities	22	4224397	4914668	131926	1.91	0.27
Other fixed interest securities	23	29288	1499445	71474	4.03	(0.19)
Variable interest securities	24	433958	961433	26466	0.95	(0.84)
UK listed equity shares	25	7162	1368466	45541	5.45	2.00
Non-UK listed equity shares	26	150016	2239813	45626	3.72	3.16
Unlisted equity shares	27					
Other assets	28	10574935	3905962	9481	0.27	2.49
Total	29	15609599	15609599	352737	2.27	1.46

Overall return on with-profits assets

Post investment costs but pre-tax	31					1.40
Return allocated to non taxable 'asset shares'	32					1.58
Return allocated to taxable 'asset shares'	33					1.42

Long-term insurance business : Assets not held to match linked liabilities

Name of insurer **Phoenix Life Limited**
 Category of assets **11 100% With-Profits Fund**
 Financial year ended **31 December 2015**
 Units **£000**

Unadjusted assets	Economic exposure	Expected income from assets in column 2	Yield before adjustment	Return on assets in financial year
1	2	3	4	5

Assets backing non-profit liabilities and non-profit capital requirements

Land and buildings	11					
Approved fixed interest securities	12					
Other fixed interest securities	13					
Variable interest securities	14					
UK listed equity shares	15					
Non-UK listed equity shares	16					
Unlisted equity shares	17					
Other assets	18					
Total	19					

Assets backing with-profits liabilities and with-profits capital requirements

Land and buildings	21		4511	188	4.16	1.06
Approved fixed interest securities	22	22249	23391	621	1.71	0.34
Other fixed interest securities	23	130	9951	533	4.21	0.34
Variable interest securities	24	573	3654	134	2.29	0.34
UK listed equity shares	25	1	10355	363	5.48	1.97
Non-UK listed equity shares	26	648	18419	405	3.93	3.25
Unlisted equity shares	27					
Other assets	28	51908	5227	67	1.28	
Total	29	75509	75509	2310	3.24	1.29

Overall return on with-profits assets

Post investment costs but pre-tax	31					1.15
Return allocated to non taxable 'asset shares'	32					1.29
Return allocated to taxable 'asset shares'	33					1.29

Long-term insurance business : Assets not held to match linked liabilities

Name of insurer **Phoenix Life Limited**
 Category of assets **12 Non-Profit Fund**
 Financial year ended **31 December 2015**
 Units **£000**

Unadjusted assets	Economic exposure	Expected income from assets in column 2	Yield before adjustment	Return on assets in financial year
1	2	3	4	5

Assets backing non-profit liabilities and non-profit capital requirements

Land and buildings	11	137916	137916			
Approved fixed interest securities	12	1059708	1095650	44787	2.26	
Other fixed interest securities	13	3246274	3277318	253739	3.40	
Variable interest securities	14	399314	403375	3424	(0.99)	
UK listed equity shares	15	48606	3809			
Non-UK listed equity shares	16		15928			
Unlisted equity shares	17					
Other assets	18	1100438	1058262	6706	0.59	
Total	19	5992257	5992257	308655	2.31	

Assets backing with-profits liabilities and with-profits capital requirements

Land and buildings	21					
Approved fixed interest securities	22					
Other fixed interest securities	23					
Variable interest securities	24					
UK listed equity shares	25					
Non-UK listed equity shares	26					
Unlisted equity shares	27					
Other assets	28					
Total	29					

Overall return on with-profits assets

Post investment costs but pre-tax	31					
Return allocated to non taxable 'asset shares'	32					
Return allocated to taxable 'asset shares'	33					

Long-term insurance business : Assets not held to match linked liabilities

Name of insurer **Phoenix Life Limited**
 Category of assets **13 90% With-Profits Fund**
 Financial year ended **31 December 2015**
 Units **£000**

Unadjusted assets	Economic exposure	Expected income from assets in column 2	Yield before adjustment	Return on assets in financial year
1	2	3	4	5

Assets backing non-profit liabilities and non-profit capital requirements

Land and buildings	11					
Approved fixed interest securities	12	4701	5336	149	1.88	
Other fixed interest securities	13	17	6880	348	3.95	
Variable interest securities	14					
UK listed equity shares	15					
Non-UK listed equity shares	16					
Unlisted equity shares	17					
Other assets	18	7498				
Total	19	12217	12217	497	3.05	

Assets backing with-profits liabilities and with-profits capital requirements

Land and buildings	21		3329	136	4.08	1.00
Approved fixed interest securities	22	30852	31594	884	1.88	0.25
Other fixed interest securities	23	112	8115	410	3.95	0.25
Variable interest securities	24	2612	7462	234	1.83	0.25
UK listed equity shares	25	2	8976	221	5.46	2.03
Non-UK listed equity shares	26	913	13589	280	3.71	3.48
Unlisted equity shares	27					
Other assets	28	51827	13255	66	0.50	
Total	29	86318	86318	2232	2.60	0.93

Overall return on with-profits assets

Post investment costs but pre-tax	31					1.44
Return allocated to non taxable 'asset shares'	32					1.58
Return allocated to taxable 'asset shares'	33					1.26

Long-term insurance business : Assets not held to match linked liabilities

Name of insurer **Phoenix Life Limited**
 Category of assets **14 Britannic Industrial Branch Fund**
 Financial year ended **31 December 2015**
 Units **£000**

Unadjusted assets	Economic exposure	Expected income from assets in column 2	Yield before adjustment	Return on assets in financial year
1	2	3	4	5

Assets backing non-profit liabilities and non-profit capital requirements

Land and buildings	11					
Approved fixed interest securities	12	13998	16318	324	1.38	
Other fixed interest securities	13	3	3556	164	3.71	
Variable interest securities	14					
UK listed equity shares	15					
Non-UK listed equity shares	16					
Unlisted equity shares	17					
Other assets	18	5872				
Total	19	19874	19874	488	1.80	

Assets backing with-profits liabilities and with-profits capital requirements

Land and buildings	21		7067	294	4.16	1.08
Approved fixed interest securities	22	92415	92198	2099	1.38	0.57
Other fixed interest securities	23	600	26277	1222	3.71	(0.04)
Variable interest securities	24	19642	29519	708	(0.03)	(1.64)
UK listed equity shares	25	493	8889	299	5.39	1.82
Non-UK listed equity shares	26	1011	17947	381	3.85	2.87
Unlisted equity shares	27					
Other assets	28	100014	32277	9	0.06	3.78
Total	29	214175	214175	5012	1.74	0.94

Overall return on with-profits assets

Post investment costs but pre-tax	31					1.31
Return allocated to non taxable 'asset shares'	32					1.40
Return allocated to taxable 'asset shares'	33					1.13

Long-term insurance business : Assets not held to match linked liabilities

Name of insurer **Phoenix Life Limited**
 Category of assets **15 Britannic With-Profits Fund**
 Financial year ended **31 December 2015**
 Units **£000**

Unadjusted assets	Economic exposure	Expected income from assets in column 2	Yield before adjustment	Return on assets in financial year
1	2	3	4	5

Assets backing non-profit liabilities and non-profit capital requirements

Land and buildings	11					
Approved fixed interest securities	12	89329	126473	3224	2.22	
Other fixed interest securities	13	53	31467	1447	4.17	
Variable interest securities	14					
UK listed equity shares	15					
Non-UK listed equity shares	16					
Unlisted equity shares	17					
Other assets	18	68558			0.19	
Total	19	157940	157940	4671	2.61	

Assets backing with-profits liabilities and with-profits capital requirements

Land and buildings	21	122765	280957	6664	2.37	6.40
Approved fixed interest securities	22	1179955	1199087	38113	2.22	0.13
Other fixed interest securities	23	6747	460048	22892	4.17	(0.56)
Variable interest securities	24	152410	305629	8348	0.50	(1.92)
UK listed equity shares	25	6253	470536	16340	5.43	2.01
Non-UK listed equity shares	26	65036	751972	15245	3.64	3.13
Unlisted equity shares	27					
Other assets	28	2444853	509789	296	0.19	2.81
Total	29	3978019	3978019	107898	2.71	1.47

Overall return on with-profits assets

Post investment costs but pre-tax	31					1.34
Return allocated to non taxable 'asset shares'	32					1.47
Return allocated to taxable 'asset shares'	33					1.20

Long-term insurance business : Assets not held to match linked liabilities

Name of insurer **Phoenix Life Limited**
 Category of assets **16 Phoenix With-Profits Fund**
 Financial year ended **31 December 2015**
 Units **£000**

Unadjusted assets	Economic exposure	Expected income from assets in column 2	Yield before adjustment	Return on assets in financial year
1	2	3	4	5

Assets backing non-profit liabilities and non-profit capital requirements

Land and buildings	11					
Approved fixed interest securities	12	616877	638792	18858	1.91	
Other fixed interest securities	13	4065	212538	10333	3.98	
Variable interest securities	14					
UK listed equity shares	15					
Non-UK listed equity shares	16					
Unlisted equity shares	17					
Other assets	18	230535	146	0	0.33	
Total	19	851477	851477	29191	2.43	

Assets backing with-profits liabilities and with-profits capital requirements

Land and buildings	21	67078	144050	3245	2.25	6.62
Approved fixed interest securities	22	570734	667095	19696	1.91	0.25
Other fixed interest securities	23	3707	278482	13540	3.98	0.25
Variable interest securities	24	11753	142829	3415	0.85	0.25
UK listed equity shares	25	99	268261	9377	5.47	1.99
Non-UK listed equity shares	26	24979	412613	8620	3.75	2.76
Unlisted equity shares	27					
Other assets	28	1685985	451005	1504	0.33	
Total	29	2364335	2364335	59397	2.53	1.23

Overall return on with-profits assets

Post investment costs but pre-tax	31					3.87
Return allocated to non taxable 'asset shares'	32					3.99
Return allocated to taxable 'asset shares'	33					3.20

Long-term insurance business : Assets not held to match linked liabilities

Name of insurer **Phoenix Life Limited**
 Category of assets **17 Alba With-Profits Fund**
 Financial year ended **31 December 2015**
 Units **£000**

Unadjusted assets	Economic exposure	Expected income from assets in column 2	Yield before adjustment	Return on assets in financial year
1	2	3	4	5

Assets backing non-profit liabilities and non-profit capital requirements

Land and buildings	11		10521	442	4.20	
Approved fixed interest securities	12	179902	198570	5249	1.15	
Other fixed interest securities	13	1323	59646	2229	3.81	
Variable interest securities	14	10843	18242	978	1.30	
UK listed equity shares	15					
Non-UK listed equity shares	16					
Unlisted equity shares	17					
Other assets	18	118923	24011	151	0.63	
Total	19	310990	310990	9048	1.73	

Assets backing with-profits liabilities and with-profits capital requirements

Land and buildings	21		19637	824	4.20	1.12
Approved fixed interest securities	22	257920	305261	7587	2.11	0.54
Other fixed interest securities	23	1253	60520	3221	3.47	0.77
Variable interest securities	24	34825	58587	1413	1.30	(1.70)
UK listed equity shares	25		1960	17	0.86	
Non-UK listed equity shares	26					
Unlisted equity shares	27					
Other assets	28	440897	288930	4382	1.38	1.93
Total	29	734895	734895	17445	1.93	0.94

Overall return on with-profits assets

Post investment costs but pre-tax	31					0.52
Return allocated to non taxable 'asset shares'	32					0.53
Return allocated to taxable 'asset shares'	33					0.86

Long-term insurance business : Assets not held to match linked liabilities

Name of insurer **Phoenix Life Limited**
 Category of assets **18 Scottish Mutual With-Profits Fund**
 Financial year ended **31 December 2015**
 Units **£000**

Unadjusted assets	Economic exposure	Expected income from assets in column 2	Yield before adjustment	Return on assets in financial year
1	2	3	4	5

Assets backing non-profit liabilities and non-profit capital requirements

Land and buildings	11					
Approved fixed interest securities	12					
Other fixed interest securities	13					
Variable interest securities	14					
UK listed equity shares	15					
Non-UK listed equity shares	16					
Unlisted equity shares	17					
Other assets	18					
Total	19					

Assets backing with-profits liabilities and with-profits capital requirements

Land and buildings	21		59401	2416	4.07	0.62
Approved fixed interest securities	22	805457	1099338	21206	1.66	0.59
Other fixed interest securities	23	3047	197078	7317	4.21	(0.45)
Variable interest securities	24	80109	124406	2819	0.39	(1.96)
UK listed equity shares	25	314	153668	5374	5.47	1.82
Non-UK listed equity shares	26	14993	259493	5534	3.82	2.95
Unlisted equity shares	27					
Other assets	28	1710484	721020	2731	0.31	4.76
Total	29	2614404	2614404	47398	1.92	1.85

Overall return on with-profits assets

Post investment costs but pre-tax	31					1.71
Return allocated to non taxable 'asset shares'	32					1.58
Return allocated to taxable 'asset shares'	33					1.76

Long-term insurance business : Assets not held to match linked liabilities

Name of insurer **Phoenix Life Limited**
 Category of assets **19 SPI With-Profits Fund**
 Financial year ended **31 December 2015**
 Units **£000**

Unadjusted assets	Economic exposure	Expected income from assets in column 2	Yield before adjustment	Return on assets in financial year
1	2	3	4	5

Assets backing non-profit liabilities and non-profit capital requirements

Land and buildings	11		477	19	4.07	
Approved fixed interest securities	12	3295	3770	98	1.57	
Other fixed interest securities	13	12	984	53	3.92	
Variable interest securities	14	104	388		2.22	
UK listed equity shares	15		797	20	5.48	
Non-UK listed equity shares	16	96	1511	31	3.74	
Unlisted equity shares	17					
Other assets	18	7199	2779	1	0.30	
Total	19	10705	10705	222	2.19	

Assets backing with-profits liabilities and with-profits capital requirements

Land and buildings	21		86812	3537	4.07	1.03
Approved fixed interest securities	22	599604	733449	17839	1.57	(0.46)
Other fixed interest securities	23	2144	191242	9556	3.92	(1.14)
Variable interest securities	24	18898	70634	2327	2.22	
UK listed equity shares	25		161936	3615	5.48	2.20
Non-UK listed equity shares	26	17390	306968	5713	3.74	3.43
Unlisted equity shares	27					
Other assets	28	1421971	508965	124	0.30	8.25
Total	29	2060007	2060007	42712	2.23	2.50

Overall return on with-profits assets

Post investment costs but pre-tax	31					1.03
Return allocated to non taxable 'asset shares'	32					2.09
Return allocated to taxable 'asset shares'	33					2.05

Long-term insurance business : Assets not held to match linked liabilities

Name of insurer **Phoenix Life Limited**
 Category of assets **20 SAL With-Profits Fund**
 Financial year ended **31 December 2015**
 Units **£000**

Unadjusted assets	Economic exposure	Expected income from assets in column 2	Yield before adjustment	Return on assets in financial year
1	2	3	4	5

Assets backing non-profit liabilities and non-profit capital requirements

Land and buildings	11					
Approved fixed interest securities	12	580414	597168	18680	2.12	
Other fixed interest securities	13	11117	191501	9141	3.92	
Variable interest securities	14					
UK listed equity shares	15					
Non-UK listed equity shares	16					
Unlisted equity shares	17					
Other assets	18	197393	255	0	0.02	
Total	19	788923	788923	27820	2.55	

Assets backing with-profits liabilities and with-profits capital requirements

Land and buildings	21		114047	4919	4.31	1.08
Approved fixed interest securities	22	665211	763254	23881	2.12	0.60
Other fixed interest securities	23	11548	267732	12782	3.92	0.60
Variable interest securities	24	113138	218712	7066	1.54	0.60
UK listed equity shares	25		283884	9935	5.47	2.00
Non-UK listed equity shares	26	25046	458813	9448	3.73	3.48
Unlisted equity shares	27					
Other assets	28	2666995	1375495	301	0.02	
Total	29	3481937	3481937	68333	1.95	0.87

Overall return on with-profits assets

Post investment costs but pre-tax	31					1.30
Return allocated to non taxable 'asset shares'	32					1.38
Return allocated to taxable 'asset shares'	33					1.11

Long-term insurance business : Fixed and variable interest assets

Name of insurer **Phoenix Life Limited**
 Category of assets **10 Total long term insurance business assets**
 Financial year ended **31 December 2015**
 Units **£000**

		Value of assets 1	Mean term 2	Yield before adjustment 3	Yield after adjustment 4
UK Government approved fixed interest securities	11	5468045	11.62	1.99	1.99
Other approved fixed interest securities	21	2128699	7.69	1.89	1.79
Other fixed interest securities					
AAA/Aaa	31	331982	8.26	2.65	2.52
AA/Aa	32	404758	10.29	2.90	2.70
A/A	33	1733612	10.12	3.21	2.76
BBB/Baa	34	2543592	8.44	3.88	3.09
BB/Ba	35	175811	8.09	5.52	3.18
B/B	36	60430	7.00	8.06	2.95
CCC/Caa	37	13290	8.54	10.49	
Other (including unrated)	38	19860	8.76	4.84	2.33
Total other fixed interest securities	39	5283336	9.09	3.63	2.91
Approved variable interest securities	41	885157	11.94	(1.08)	(1.08)
Other variable interest securities	51	498281	14.11	3.00	2.15
Total (11+21+39+41+51)	61	14263518	10.20	2.43	2.12

Long-term insurance business : Fixed and variable interest assets

Name of insurer **Phoenix Life Limited**
 Category of assets **11 100% With-Profits Fund**
 Financial year ended **31 December 2015**
 Units **£000**

		Value of assets 1	Mean term 2	Yield before adjustment 3	Yield after adjustment 4
UK Government approved fixed interest securities	11	18464	7.11	1.59	1.59
Other approved fixed interest securities	21	4927	6.28	2.15	1.92
Other fixed interest securities					
AAA/Aaa	31	390	7.71	2.34	2.24
AA/Aa	32	537	8.63	2.72	2.43
A/A	33	2641	9.13	3.23	2.78
BBB/Baa	34	5450	7.84	4.40	3.51
BB/Ba	35	438	7.96	6.14	3.74
B/B	36	405	6.98	8.18	3.02
CCC/Caa	37	92	8.54	10.49	
Other (including unrated)	38				
Total other fixed interest securities	39	9951	8.20	4.21	3.17
Approved variable interest securities	41	272	4.24	(1.93)	(1.94)
Other variable interest securities	51	3382	14.39	2.63	1.81
Total (11+21+39+41+51)	61	36996	7.94	2.44	2.05

Long-term insurance business : Fixed and variable interest assets

Name of insurer **Phoenix Life Limited**
 Category of assets **12 Non-Profit Fund**
 Financial year ended **31 December 2015**
 Units **£000**

		Value of assets 1	Mean term 2	Yield before adjustment 3	Yield after adjustment 4
UK Government approved fixed interest securities	11	647861	15.99	2.27	2.27
Other approved fixed interest securities	21	447789	11.35	2.25	2.20
Other fixed interest securities					
AAA/Aaa	31	246350	8.48	2.72	2.58
AA/Aa	32	293650	11.02	2.99	2.81
A/A	33	1179221	10.47	3.17	2.73
BBB/Baa	34	1444656	8.58	3.65	2.90
BB/Ba	35	95199	8.23	5.12	2.82
B/B	36	1322	8.40	3.74	0.63
CCC/Caa	37				
Other (including unrated)	38	16919	10.15	4.89	2.73
Total other fixed interest securities	39	3277318	9.47	3.40	2.80
Approved variable interest securities	41	382020	11.08	(0.89)	(0.89)
Other variable interest securities	51	21354	12.09	(2.83)	(3.50)
Total (11+21+39+41+51)	61	4776342	10.67	2.77	2.35

Long-term insurance business : Fixed and variable interest assets

Name of insurer **Phoenix Life Limited**
 Category of assets **13 90% With-Profits Fund**
 Financial year ended **31 December 2015**
 Units **£000**

		Value of assets 1	Mean term 2	Yield before adjustment 3	Yield after adjustment 4
UK Government approved fixed interest securities	11	29039	9.82	1.85	1.85
Other approved fixed interest securities	21	7891	6.73	2.01	1.86
Other fixed interest securities					
AAA/Aaa	31	657	7.74	2.37	2.27
AA/Aa	32	810	8.57	2.72	2.42
A/A	33	4258	9.22	3.25	2.79
BBB/Baa	34	8215	7.89	4.14	3.26
BB/Ba	35	575	7.89	5.98	3.60
B/B	36	392	6.98	8.15	2.99
CCC/Caa	37	88	8.54	10.49	
Other (including unrated)	38				
Total other fixed interest securities	39	14995	8.27	3.95	3.03
Approved variable interest securities	41	2211	14.46	(0.68)	(0.68)
Other variable interest securities	51	5251	14.64	2.88	2.08
Total (11+21+39+41+51)	61	59387	9.61	2.40	2.07

Long-term insurance business : Fixed and variable interest assets

Name of insurer **Phoenix Life Limited**
 Category of assets **14 Britannic Industrial Branch Fund**
 Financial year ended **31 December 2015**
 Units **£000**

		Value of assets 1	Mean term 2	Yield before adjustment 3	Yield after adjustment 4
UK Government approved fixed interest securities	11	91671	5.17	1.29	1.29
Other approved fixed interest securities	21	16845	6.47	1.88	1.78
Other fixed interest securities					
AAA/Aaa	31	1222	7.26	2.31	2.21
AA/Aa	32	1656	8.54	2.72	2.42
A/A	33	9019	9.28	3.27	2.81
BBB/Baa	34	16485	7.93	3.90	3.03
BB/Ba	35	993	7.75	5.78	3.42
B/B	36	377	6.99	8.06	2.91
CCC/Caa	37	82	8.54	10.49	
Other (including unrated)	38				
Total other fixed interest securities	39	29834	8.33	3.71	2.90
Approved variable interest securities	41	18738	6.20	(1.64)	(1.64)
Other variable interest securities	51	10781	14.61	2.77	1.98
Total (11+21+39+41+51)	61	167869	6.58	1.55	1.34

Long-term insurance business : Fixed and variable interest assets

Name of insurer **Phoenix Life Limited**
 Category of assets **15 Britannic With-Profits Fund**
 Financial year ended **31 December 2015**
 Units **£000**

		Value of assets 1	Mean term 2	Yield before adjustment 3	Yield after adjustment 4
UK Government approved fixed interest securities	11	874969	15.46	2.33	2.33
Other approved fixed interest securities	21	450591	6.74	2.00	1.87
Other fixed interest securities					
AAA/Aaa	31	18951	7.17	2.30	2.23
AA/Aa	32	24525	8.50	2.70	2.43
A/A	33	132600	9.22	3.26	2.84
BBB/Baa	34	270864	7.87	4.36	3.57
BB/Ba	35	21426	7.96	6.11	3.65
B/B	36	18883	6.98	8.17	3.01
CCC/Caa	37	4265	8.54	10.49	
Other (including unrated)	38	3	3.23		
Total other fixed interest securities	39	491516	8.21	4.17	3.22
Approved variable interest securities	41	130007	10.03	(1.45)	(1.45)
Other variable interest securities	51	175621	13.78	1.94	1.14
Total (11+21+39+41+51)	61	2122704	11.46	2.42	2.11

Long-term insurance business : Fixed and variable interest assets

Name of insurer **Phoenix Life Limited**
 Category of assets **16 Phoenix With-Profits Fund**
 Financial year ended **31 December 2015**
 Units **£000**

		Value of assets 1	Mean term 2	Yield before adjustment 3	Yield after adjustment 4
UK Government approved fixed interest securities	11	931662	11.89	2.05	2.05
Other approved fixed interest securities	21	374224	6.46	1.57	1.45
Other fixed interest securities					
AAA/Aaa	31	22112	7.75	2.38	2.29
AA/Aa	32	26251	8.58	2.73	2.43
A/A	33	136915	9.23	3.26	2.80
BBB/Baa	34	266793	7.89	4.18	3.30
BB/Ba	35	19142	7.91	6.01	3.62
B/B	36	13805	6.98	8.15	3.00
CCC/Caa	37	3100	8.54	10.49	
Other (including unrated)	38	2903	0.53	2.32	
Total other fixed interest securities	39	491021	8.23	3.98	3.03
Approved variable interest securities	41	92838	16.14	(0.93)	(0.93)
Other variable interest securities	51	49990	15.40	4.15	3.33
Total (11+21+39+41+51)	61	1939736	10.21	2.36	2.07

Long-term insurance business : Fixed and variable interest assets

Name of insurer **Phoenix Life Limited**
 Category of assets **17 Alba With-Profits Fund**
 Financial year ended **31 December 2015**
 Units **£000**

		Value of assets 1	Mean term 2	Yield before adjustment 3	Yield after adjustment 4
UK Government approved fixed interest securities	11	381520	9.31	1.84	1.84
Other approved fixed interest securities	21	122311	6.80	1.35	1.33
Other fixed interest securities					
AAA/Aaa	31	6502	8.23	2.76	2.66
AA/Aa	32	7766	8.59	2.85	2.58
A/A	33	37352	9.88	3.48	3.02
BBB/Baa	34	64820	8.27	3.81	2.96
BB/Ba	35	3726	7.78	5.58	3.25
B/B	36				
CCC/Caa	37				
Other (including unrated)	38				
Total other fixed interest securities	39	120166	8.78	3.64	2.95
Approved variable interest securities	41	45448	8.59	(1.59)	(1.59)
Other variable interest securities	51	31382	14.44	5.48	4.51
Total (11+21+39+41+51)	61	700827	8.96	2.00	1.84

Long-term insurance business : Fixed and variable interest assets

Name of insurer **Phoenix Life Limited**
 Category of assets **18 Scottish Mutual With-Profits Fund**
 Financial year ended **31 December 2015**
 Units **£000**

		Value of assets 1	Mean term 2	Yield before adjustment 3	Yield after adjustment 4
UK Government approved fixed interest securities	11	923030	7.75	1.59	1.59
Other approved fixed interest securities	21	176308	7.04	2.05	1.91
Other fixed interest securities					
AAA/Aaa	31	7366	7.13	2.27	2.18
AA/Aa	32	9698	8.45	2.68	2.38
A/A	33	52707	9.17	3.24	2.79
BBB/Baa	34	108691	7.85	4.40	3.51
BB/Ba	35	8770	7.96	6.13	3.73
B/B	36	8031	6.98	8.17	3.01
CCC/Caa	37	1814	8.54	10.49	
Other (including unrated)	38				
Total other fixed interest securities	39	197078	8.18	4.21	3.17
Approved variable interest securities	41	74913	11.91	(0.95)	(0.95)
Other variable interest securities	51	49493	14.05	2.43	1.59
Total (11+21+39+41+51)	61	1420822	8.16	1.91	1.71

Long-term insurance business : Fixed and variable interest assets

Name of insurer **Phoenix Life Limited**
 Category of assets **19 SPI With-Profits Fund**
 Financial year ended **31 December 2015**
 Units **£000**

		Value of assets 1	Mean term 2	Yield before adjustment 3	Yield after adjustment 4
UK Government approved fixed interest securities	11	575631	7.48	1.61	1.61
Other approved fixed interest securities	21	161588	6.61	1.43	1.29
Other fixed interest securities					
AAA/Aaa	31	7475	6.65	1.97	1.87
AA/Aa	32	12406	8.13	2.21	1.91
A/A	33	52226	8.72	2.97	2.51
BBB/Baa	34	102822	7.63	4.18	3.30
BB/Ba	35	8060	7.80	5.94	3.59
B/B	36	7595	6.87	8.00	2.88
CCC/Caa	37	1641	8.54	10.49	
Other (including unrated)	38				
Total other fixed interest securities	39	192226	7.90	3.92	2.91
Approved variable interest securities	41	15286	16.38	(0.61)	(0.61)
Other variable interest securities	51	55736	14.47	3.00	2.17
Total (11+21+39+41+51)	61	1000468	7.95	2.07	1.81

Long-term insurance business : Fixed and variable interest assets

Name of insurer **Phoenix Life Limited**
 Category of assets **20 SAL With-Profits Fund**
 Financial year ended **31 December 2015**
 Units **£000**

		Value of assets 1	Mean term 2	Yield before adjustment 3	Yield after adjustment 4
UK Government approved fixed interest securities	11	994199	12.78	2.18	2.18
Other approved fixed interest securities	21	366224	6.82	1.94	1.85
Other fixed interest securities					
AAA/Aaa	31	20958	8.28	2.78	2.68
AA/Aa	32	27459	8.00	2.75	2.48
A/A	33	126672	9.82	3.48	3.01
BBB/Baa	34	254797	9.56	3.99	3.17
BB/Ba	35	17483	7.95	5.93	3.56
B/B	36	9621	6.98	8.23	3.06
CCC/Caa	37	2208	8.54	10.49	
Other (including unrated)	38	35	17.79	189.08	
Total other fixed interest securities	39	459232	9.36	3.92	3.06
Approved variable interest securities	41	123422	14.97	(1.29)	(1.29)
Other variable interest securities	51	95290	14.12	5.19	4.21
Total (11+21+39+41+51)	61	2038367	11.13	2.46	2.20

Long-term insurance business : Summary of mathematical reserves

Name of insurer **Phoenix Life Limited**
 Total business / subfund **Summary**
 Financial year ended **31 December 2015**
 Units **£000**

UK Life	UK Pension	Overseas	Total Financial year	Total Previous year
1	2	3	4	5

Gross

Form 51 - with-profits	11	1239594	4819923	411962	6471479	7256401
Form 51 - non-profit	12	792391	10106824	461578	11360794	11781243
Form 52	13	581372	4189744	71578	4842695	5080056
Form 53 - linked	14	1954953	7677029	38526	9670508	10357347
Form 53 - non-linked	15	87251	160810	3347	251408	276031
Form 54 - linked	16	156239	824173	2201	982613	1015988
Form 54 - non-linked	17	25323	10077	15	35416	38221
Total	18	4837125	27788580	989207	33614912	35805287

Reinsurance - external

Form 51 - with-profits	21	5497			5497	5497
Form 51 - non-profit	22	252164	4187016	12111	4451291	4778826
Form 52	23					
Form 53 - linked	24	11221			11221	11465
Form 53 - non-linked	25	14			14	14
Form 54 - linked	26	19682	83281	560	103522	106859
Form 54 - non-linked	27	44	1756	6	1806	1884
Total	28	288621	4272053	12676	4573351	4904545

Reinsurance - intra-group

Form 51 - with-profits	31					
Form 51 - non-profit	32					
Form 52	33	65199	49233		114432	128320
Form 53 - linked	34					
Form 53 - non-linked	35		33873		33873	41567
Form 54 - linked	36					
Form 54 - non-linked	37					
Total	38	65199	83106		148305	169887

Net of reinsurance

Form 51 - with-profits	41	1234097	4819923	411962	6465982	7250904
Form 51 - non-profit	42	540227	5919808	449467	6909503	7002417
Form 52	43	516174	4140511	71578	4728263	4951737
Form 53 - linked	44	1943732	7677029	38526	9659287	10345883
Form 53 - non-linked	45	87237	126937	3347	217521	234450
Form 54 - linked	46	136557	740892	1641	879091	909129
Form 54 - non-linked	47	25280	8321	9	33610	36337
Total	48	4483305	23433421	976531	28893257	30730856

Long-term insurance business : Summary of mathematical reserves

Name of insurer **Phoenix Life Limited**
 Total business / subfund **Britannic Industrial Branch Fund**
 Financial year ended **31 December 2015**
 Units **£000**

UK Life	UK Pension	Overseas	Total Financial year	Total Previous year
1	2	3	4	5

Gross

Form 51 - with-profits	11	104293			104293	147185
Form 51 - non-profit	12	19094			19094	39567
Form 52	13					
Form 53 - linked	14					
Form 53 - non-linked	15					
Form 54 - linked	16					
Form 54 - non-linked	17					
Total	18	123387			123387	186751

Reinsurance - external

Form 51 - with-profits	21					
Form 51 - non-profit	22					
Form 52	23					
Form 53 - linked	24					
Form 53 - non-linked	25					
Form 54 - linked	26					
Form 54 - non-linked	27					
Total	28					

Reinsurance - intra-group

Form 51 - with-profits	31					
Form 51 - non-profit	32					
Form 52	33					
Form 53 - linked	34					
Form 53 - non-linked	35					
Form 54 - linked	36					
Form 54 - non-linked	37					
Total	38					

Net of reinsurance

Form 51 - with-profits	41	104293			104293	147185
Form 51 - non-profit	42	19094			19094	39567
Form 52	43					
Form 53 - linked	44					
Form 53 - non-linked	45					
Form 54 - linked	46					
Form 54 - non-linked	47					
Total	48	123387			123387	186751

Long-term insurance business : Summary of mathematical reserves

Name of insurer **Phoenix Life Limited**
 Total business / subfund **Britannic With-Profits Fund**
 Financial year ended **31 December 2015**
 Units **£000**

UK Life	UK Pension	Overseas	Total Financial year	Total Previous year
1	2	3	4	5

Gross

Form 51 - with-profits	11	111887	103070		214956	254132
Form 51 - non-profit	12	8769	139494	208	148471	153611
Form 52	13	94893	2273657	16769	2385320	2430594
Form 53 - linked	14					
Form 53 - non-linked	15		3092		3092	3435
Form 54 - linked	16					
Form 54 - non-linked	17					
Total	18	215549	2519313	16977	2751839	2841772

Reinsurance - external

Form 51 - with-profits	21					
Form 51 - non-profit	22					
Form 52	23					
Form 53 - linked	24					
Form 53 - non-linked	25					
Form 54 - linked	26					
Form 54 - non-linked	27					
Total	28					

Reinsurance - intra-group

Form 51 - with-profits	31					
Form 51 - non-profit	32					
Form 52	33					
Form 53 - linked	34					
Form 53 - non-linked	35					
Form 54 - linked	36					
Form 54 - non-linked	37					
Total	38					

Net of reinsurance

Form 51 - with-profits	41	111887	103070		214956	254132
Form 51 - non-profit	42	8769	139494	208	148471	153611
Form 52	43	94893	2273657	16769	2385320	2430594
Form 53 - linked	44					
Form 53 - non-linked	45		3092		3092	3435
Form 54 - linked	46					
Form 54 - non-linked	47					
Total	48	215549	2519313	16977	2751839	2841772

Long-term insurance business : Summary of mathematical reserves

Name of insurer **Phoenix Life Limited**
 Total business / subfund **90% With-Profits Fund**
 Financial year ended **31 December 2015**
 Units **£000**

UK Life	UK Pension	Overseas	Total Financial year	Total Previous year
1	2	3	4	5

Gross

Form 51 - with-profits	11	10478	1518	487	12482	15230
Form 51 - non-profit	12	6217		186	6404	7083
Form 52	13		35365		35365	36948
Form 53 - linked	14					
Form 53 - non-linked	15					
Form 54 - linked	16					
Form 54 - non-linked	17					
Total	18	16695	36883	673	54251	59260

Reinsurance - external

Form 51 - with-profits	21					
Form 51 - non-profit	22					
Form 52	23					
Form 53 - linked	24					
Form 53 - non-linked	25					
Form 54 - linked	26					
Form 54 - non-linked	27					
Total	28					

Reinsurance - intra-group

Form 51 - with-profits	31					
Form 51 - non-profit	32					
Form 52	33					
Form 53 - linked	34					
Form 53 - non-linked	35					
Form 54 - linked	36					
Form 54 - non-linked	37					
Total	38					

Net of reinsurance

Form 51 - with-profits	41	10478	1518	487	12482	15230
Form 51 - non-profit	42	6217		186	6404	7083
Form 52	43		35365		35365	36948
Form 53 - linked	44					
Form 53 - non-linked	45					
Form 54 - linked	46					
Form 54 - non-linked	47					
Total	48	16695	36883	673	54251	59260

Long-term insurance business : Summary of mathematical reserves

Name of insurer **Phoenix Life Limited**
 Total business / subfund **100% Fund**
 Financial year ended **31 December 2015**
 Units **£000**

UK Life	UK Pension	Overseas	Total Financial year	Total Previous year
1	2	3	4	5

Gross

Form 51 - with-profits	11	15858			15858	17218
Form 51 - non-profit	12					
Form 52	13					
Form 53 - linked	14					
Form 53 - non-linked	15					
Form 54 - linked	16					
Form 54 - non-linked	17					
Total	18	15858			15858	17218

Reinsurance - external

Form 51 - with-profits	21					
Form 51 - non-profit	22					
Form 52	23					
Form 53 - linked	24					
Form 53 - non-linked	25					
Form 54 - linked	26					
Form 54 - non-linked	27					
Total	28					

Reinsurance - intra-group

Form 51 - with-profits	31					
Form 51 - non-profit	32					
Form 52	33					
Form 53 - linked	34					
Form 53 - non-linked	35					
Form 54 - linked	36					
Form 54 - non-linked	37					
Total	38					

Net of reinsurance

Form 51 - with-profits	41	15858			15858	17218
Form 51 - non-profit	42					
Form 52	43					
Form 53 - linked	44					
Form 53 - non-linked	45					
Form 54 - linked	46					
Form 54 - non-linked	47					
Total	48	15858			15858	17218

Long-term insurance business : Summary of mathematical reserves

Name of insurer **Phoenix Life Limited**
 Total business / subfund **Alba With-Profits Fund**
 Financial year ended **31 December 2015**
 Units **£000**

UK Life	UK Pension	Overseas	Total Financial year	Total Previous year
1	2	3	4	5

Gross

Form 51 - with-profits	11	79824	413582	16002	509409	567243
Form 51 - non-profit	12	24073	1962952	22915	2009941	2178941
Form 52	13	3525	168722	3610	175856	190570
Form 53 - linked	14	2785	1904		4689	4696
Form 53 - non-linked	15					
Form 54 - linked	16		28392		28392	29534
Form 54 - non-linked	17		1172		1172	1195
Total	18	110207	2576725	42528	2729459	2972180

Reinsurance - external

Form 51 - with-profits	21					
Form 51 - non-profit	22	5136	1712621		1717757	1847034
Form 52	23					
Form 53 - linked	24					
Form 53 - non-linked	25					
Form 54 - linked	26		23735		23735	24855
Form 54 - non-linked	27		1027		1027	1053
Total	28	5136	1737383		1742520	1872942

Reinsurance - intra-group

Form 51 - with-profits	31					
Form 51 - non-profit	32					
Form 52	33					
Form 53 - linked	34					
Form 53 - non-linked	35					
Form 54 - linked	36					
Form 54 - non-linked	37					
Total	38					

Net of reinsurance

Form 51 - with-profits	41	79824	413582	16002	509409	567243
Form 51 - non-profit	42	18937	250331	22915	292183	331907
Form 52	43	3525	168722	3610	175856	190570
Form 53 - linked	44	2785	1904		4689	4696
Form 53 - non-linked	45					
Form 54 - linked	46		4657		4657	4679
Form 54 - non-linked	47		145		145	142
Total	48	105071	839341	42528	986940	1099237

Long-term insurance business : Summary of mathematical reserves

Name of insurer **Phoenix Life Limited**
 Total business / subfund **Phoenix With-Profits Fund**
 Financial year ended **31 December 2015**
 Units **£000**

UK Life	UK Pension	Overseas	Total Financial year	Total Previous year
1	2	3	4	5

Gross

Form 51 - with-profits	11	376506	502997	70914	950417	959585
Form 51 - non-profit	12	176414	1268532	48378	1493323	1571959
Form 52	13	182576	691199	3780	877554	926453
Form 53 - linked	14	4681			4681	4923
Form 53 - non-linked	15					
Form 54 - linked	16		293791	136	293927	299086
Form 54 - non-linked	17		1123	2	1125	138
Total	18	740178	2757641	123209	3621028	3762145

Reinsurance - external

Form 51 - with-profits	21					
Form 51 - non-profit	22	129178	559825	4044	693047	728771
Form 52	23					
Form 53 - linked	24					
Form 53 - non-linked	25					
Form 54 - linked	26		8472	136	8608	8994
Form 54 - non-linked	27		125	2	127	137
Total	28	129178	568422	4182	701782	737901

Reinsurance - intra-group

Form 51 - with-profits	31					
Form 51 - non-profit	32					
Form 52	33					
Form 53 - linked	34					
Form 53 - non-linked	35					
Form 54 - linked	36					
Form 54 - non-linked	37					
Total	38					

Net of reinsurance

Form 51 - with-profits	41	376506	502997	70914	950417	959585
Form 51 - non-profit	42	47236	708707	44334	800276	843189
Form 52	43	182576	691199	3780	877554	926453
Form 53 - linked	44	4681			4681	4923
Form 53 - non-linked	45					
Form 54 - linked	46		285319		285319	290092
Form 54 - non-linked	47		998		998	2
Total	48	611000	2189219	119028	2919246	3024244

Long-term insurance business : Summary of mathematical reserves

Name of insurer **Phoenix Life Limited**
 Total business / subfund **Scottish Mutual With-Profits Fund**
 Financial year ended **31 December 2015**
 Units **£000**

UK Life	UK Pension	Overseas	Total Financial year	Total Previous year
1	2	3	4	5

Gross

Form 51 - with-profits	11	38601	1330550		1369151	1470549
Form 51 - non-profit	12					
Form 52	13	151694	480633	5240	637567	715835
Form 53 - linked	14					
Form 53 - non-linked	15					
Form 54 - linked	16					
Form 54 - non-linked	17					
Total	18	190295	1811184	5240	2006719	2186384

Reinsurance - external

Form 51 - with-profits	21					
Form 51 - non-profit	22					
Form 52	23					
Form 53 - linked	24					
Form 53 - non-linked	25					
Form 54 - linked	26					
Form 54 - non-linked	27					
Total	28					

Reinsurance - intra-group

Form 51 - with-profits	31					
Form 51 - non-profit	32					
Form 52	33					
Form 53 - linked	34					
Form 53 - non-linked	35					
Form 54 - linked	36					
Form 54 - non-linked	37					
Total	38					

Net of reinsurance

Form 51 - with-profits	41	38601	1330550		1369151	1470549
Form 51 - non-profit	42					
Form 52	43	151694	480633	5240	637567	715835
Form 53 - linked	44					
Form 53 - non-linked	45					
Form 54 - linked	46					
Form 54 - non-linked	47					
Total	48	190295	1811184	5240	2006719	2186384

Long-term insurance business : Summary of mathematical reserves

Name of insurer **Phoenix Life Limited**
 Total business / subfund **SPI With-Profits Fund**
 Financial year ended **31 December 2015**
 Units **£000**

UK Life	UK Pension	Overseas	Total Financial year	Total Previous year
1	2	3	4	5

Gross

Form 51 - with-profits	11	365726	196140	318972	880838	1013070
Form 51 - non-profit	12	3488	6582	1	10071	11831
Form 52	13	64238	477121	42180	583538	613191
Form 53 - linked	14					
Form 53 - non-linked	15					
Form 54 - linked	16		2934		2934	3149
Form 54 - non-linked	17		110		110	130
Total	18	433452	682886	361153	1477491	1641370

Reinsurance - external

Form 51 - with-profits	21					
Form 51 - non-profit	22					
Form 52	23					
Form 53 - linked	24					
Form 53 - non-linked	25					
Form 54 - linked	26					
Form 54 - non-linked	27					
Total	28					

Reinsurance - intra-group

Form 51 - with-profits	31					
Form 51 - non-profit	32					
Form 52	33					
Form 53 - linked	34					
Form 53 - non-linked	35					
Form 54 - linked	36					
Form 54 - non-linked	37					
Total	38					

Net of reinsurance

Form 51 - with-profits	41	365726	196140	318972	880838	1013070
Form 51 - non-profit	42	3488	6582	1	10071	11831
Form 52	43	64238	477121	42180	583538	613191
Form 53 - linked	44					
Form 53 - non-linked	45					
Form 54 - linked	46		2934		2934	3149
Form 54 - non-linked	47		110		110	130
Total	48	433452	682886	361153	1477491	1641370

Long-term insurance business : Summary of mathematical reserves

Name of insurer **Phoenix Life Limited**
 Total business / subfund **SAL With-Profits Fund**
 Financial year ended **31 December 2015**
 Units **£000**

UK Life	UK Pension	Overseas	Total Financial year	Total Previous year
1	2	3	4	5

Gross

Form 51 - with-profits	11	136420	2272066	5587	2414073	2812190
Form 51 - non-profit	12	67237	1562199	23013	1652449	1699494
Form 52	13	18297	8934		27232	31655
Form 53 - linked	14		1591		1591	1202
Form 53 - non-linked	15					
Form 54 - linked	16	36371	30179	1589	68139	71964
Form 54 - non-linked	17	70	755	5	831	924
Total	18	258396	3875725	30194	4164315	4617429

Reinsurance - external

Form 51 - with-profits	21	5497			5497	5497
Form 51 - non-profit	22	1014	897016	1387	899418	934163
Form 52	23					
Form 53 - linked	24					
Form 53 - non-linked	25					
Form 54 - linked	26		27324	424	27748	28911
Form 54 - non-linked	27		272	4	276	288
Total	28	6511	924612	1815	932939	968859

Reinsurance - intra-group

Form 51 - with-profits	31					
Form 51 - non-profit	32					
Form 52	33					
Form 53 - linked	34					
Form 53 - non-linked	35					
Form 54 - linked	36					
Form 54 - non-linked	37					
Total	38					

Net of reinsurance

Form 51 - with-profits	41	130923	2272066	5587	2408576	2806692
Form 51 - non-profit	42	66223	665183	21625	753031	765331
Form 52	43	18297	8934		27232	31655
Form 53 - linked	44		1591		1591	1202
Form 53 - non-linked	45					
Form 54 - linked	46	36371	2855	1165	40391	43053
Form 54 - non-linked	47	70	483	1	555	636
Total	48	251885	2951113	28379	3231376	3648570

Long-term insurance business : Summary of mathematical reserves

Name of insurer **Phoenix Life Limited**
 Total business / subfund **Non - Profit Fund**
 Financial year ended **31 December 2015**
 Units **£000**

UK Life	UK Pension	Overseas	Total Financial year	Total Previous year
1	2	3	4	5

Gross

Form 51 - with-profits	11					
Form 51 - non-profit	12	487100	5167065	366877	6021042	6118757
Form 52	13	950	4880		5830	6490
Form 53 - linked	14	1947487	7673534	38526	9659547	10346526
Form 53 - non-linked	15	87251	157719	3347	248316	272596
Form 54 - linked	16	119868	468877	476	589221	612256
Form 54 - non-linked	17	25253	6917	7	32178	35834
Total	18	2667909	13478992	409233	16556134	17392459

Reinsurance - external

Form 51 - with-profits	21					
Form 51 - non-profit	22	116836	1017554	6679	1141069	1268858
Form 52	23					
Form 53 - linked	24	11221			11221	11465
Form 53 - non-linked	25	14			14	14
Form 54 - linked	26	19682	23750		43431	44099
Form 54 - non-linked	27	44	331		375	407
Total	28	147796	1041635	6679	1196111	1324843

Reinsurance - intra-group

Form 51 - with-profits	31					
Form 51 - non-profit	32					
Form 52	33					
Form 53 - linked	34					
Form 53 - non-linked	35		33873		33873	41567
Form 54 - linked	36					
Form 54 - non-linked	37					
Total	38		33873		33873	41567

Net of reinsurance

Form 51 - with-profits	41					
Form 51 - non-profit	42	370264	4149511	360197	4879972	4849899
Form 52	43	950	4880		5830	6490
Form 53 - linked	44	1936266	7673534	38526	9648326	10335061
Form 53 - non-linked	45	87237	123845	3347	214429	231015
Form 54 - linked	46	100187	445127	476	545790	568157
Form 54 - non-linked	47	25210	6585	7	31803	35427
Total	48	2520113	12403483	402554	15326150	16026049

Long-term insurance business : Summary of mathematical reserves

Name of insurer **Phoenix Life Limited**
 Total business / subfund **NPI With-Profits Fund**
 Financial year ended **31 December 2015**
 Units **£000**

UK Life	UK Pension	Overseas	Total Financial year	Total Previous year
1	2	3	4	5

Gross

Form 51 - with-profits	11				
Form 51 - non-profit	12				
Form 52	13	65199	49233	114432	128320
Form 53 - linked	14				
Form 53 - non-linked	15				
Form 54 - linked	16				
Form 54 - non-linked	17				
Total	18	65199	49233	114432	128320

Reinsurance - external

Form 51 - with-profits	21				
Form 51 - non-profit	22				
Form 52	23				
Form 53 - linked	24				
Form 53 - non-linked	25				
Form 54 - linked	26				
Form 54 - non-linked	27				
Total	28				

Reinsurance - intra-group

Form 51 - with-profits	31				
Form 51 - non-profit	32				
Form 52	33	65199	49233	114432	128320
Form 53 - linked	34				
Form 53 - non-linked	35				
Form 54 - linked	36				
Form 54 - non-linked	37				
Total	38	65199	49233	114432	128320

Net of reinsurance

Form 51 - with-profits	41				
Form 51 - non-profit	42				
Form 52	43				
Form 53 - linked	44				
Form 53 - non-linked	45				
Form 54 - linked	46				
Form 54 - non-linked	47				
Total	48				

Long-term insurance business : Valuation summary of non-linked contracts (other than accumulating with-profits contracts)

Name of insurer **Phoenix Life Limited**
 Total business / subfund **Britannic Industrial Branch Fund**
 Financial year ended **31 December 2015**
 Units **£000**
 UK Life / Gross

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
105	Conventional whole life with-profits IB	104659	98410	1961				73186
130	Conventional endowment with-profits IB	5941	26494	1511				24470
215	Additional reserves with-profits IB							6638
310	Non-profit IB	257874	14622					19094

Long-term insurance business : Valuation summary of non-linked contracts (other than accumulating with-profits contracts)

Name of insurer **Phoenix Life Limited**
 Total business / subfund **Britannic With-Profits Fund**
 Financial year ended **31 December 2015**
 Units **£000**
 UK Life / Gross

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
100	Conventional whole life with-profits OB	5039	21991	665				11397
120	Conventional endowment with-profits OB savings	5320	41160	2080				33494
125	Conventional endowment with-profits OB target cash	3500	98229	2201				51306
165	Conventional deferred annuity with-profits	6	5					15625
175	Group conventional deferred annuity with-profits	46	65					65
300	Regular premium non-profit WL/EA OB	5866	9362	20				8673
305	Single premium non-profit WL/EA OB	289	44					41
390	Deferred annuity non-profit	5	3					55

Long-term insurance business : Valuation summary of non-linked contracts (other than accumulating with-profits contracts)

Name of insurer **Phoenix Life Limited**
 Total business / subfund **Britannic With-Profits Fund**
 Financial year ended **31 December 2015**
 Units **£000**
 UK Pension / Gross

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
165	Conventional deferred annuity with-profits	2857	9362	525				89264
175	Group conventional deferred annuity with-profits	18	89					162
200	Annuity with-profits (CPA)	581	1001					13643
390	Deferred annuity non-profit	13190	9147					114373
400	Annuity non-profit (CPA)	1						25121
435	Miscellaneous non-profit							

Long-term insurance business : Valuation summary of non-linked contracts (other than accumulating with-profits contracts)

Name of insurer **Phoenix Life Limited**
 Total business / subfund **Britannic With-Profits Fund**
 Financial year ended **31 December 2015**
 Units **£000**
 Overseas / Gross

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
390	Deferred annuity non-profit	11	13					208

Long-term insurance business : Valuation summary of non-linked contracts (other than accumulating with-profits contracts)

Name of insurer **Phoenix Life Limited**
 Total business / subfund **90% With-Profits Fund**
 Financial year ended **31 December 2015**
 Units **£000**
 UK Life / Gross

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
100	Conventional whole life with-profits OB	269	3700	33				1773
105	Conventional whole life with-profits IB	50238	12071	99				5403
120	Conventional endowment with-profits OB savings	201	3543	61				2061
125	Conventional endowment with-profits OB target cash	16	324	12				187
130	Conventional endowment with-profits IB	3965	1950	36				1282
145	Income protection with-profits							13
205	Miscellaneous conventional with-profits							(400)
210	Additional reserves with-profits OB							158
300	Regular premium non-profit WL/EA OB	818	263					1306
310	Non-profit IB	269889	7315					4882
440	Additional reserves non-profit OB							29

Long-term insurance business : Valuation summary of non-linked contracts (other than accumulating with-profits contracts)

Name of insurer **Phoenix Life Limited**
 Total business / subfund **90% With-Profits Fund**
 Financial year ended **31 December 2015**
 Units **£000**
 UK Pension / Gross

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
165	Conventional deferred annuity with-profits							1293
210	Additional reserves with-profits OB							225

Long-term insurance business : Valuation summary of non-linked contracts (other than accumulating with-profits contracts)

Name of insurer **Phoenix Life Limited**
 Total business / subfund **90% With-Profits Fund**
 Financial year ended **31 December 2015**
 Units **£000**
 Overseas / Gross

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
105	Conventional whole life with-profits IB	943	436	2				445
130	Conventional endowment with-profits IB	54	44	1				42
310	Non-profit IB	1845	263	1				186

Long-term insurance business : Valuation summary of non-linked contracts (other than accumulating with-profits contracts)

Name of insurer **Phoenix Life Limited**
 Total business / subfund **100% Fund**
 Financial year ended **31 December 2015**
 Units **£000**
 UK Life / Gross

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
100	Conventional whole life with-profits OB	290	9188	42				7622
125	Conventional endowment with-profits OB target cash	87	1966	9				7868
210	Additional reserves with-profits OB							368

Long-term insurance business : Valuation summary of non-linked contracts (other than accumulating with-profits contracts)

Name of insurer **Phoenix Life Limited**
 Total business / subfund **Alba With-Profits Fund**
 Financial year ended **31 December 2015**
 Units **£000**
 UK Life / Gross

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
100	Conventional whole life with-profits OB	851	6156	75				4109
120	Conventional endowment with-profits OB savings	2290	20848	288				18034
125	Conventional endowment with-profits OB target cash	2628	78447	1289				33062
175	Group conventional deferred annuity with-profits	12	108					2
205	Miscellaneous conventional with-profits	2	1	1				(8)
210	Additional reserves with-profits OB							24626
300	Regular premium non-profit WL/EA OB	7699	14355	127				8528
305	Single premium non-profit WL/EA OB	391						730
325	Level term assurance	813	32273	118				340
330	Decreasing term assurance	801	10516	132				(109)
385	Income protection claims in payment							2540
390	Deferred annuity non-profit	157	13					15
395	Annuity non-profit (PLA)	249	1378					8602
435	Miscellaneous non-profit	191	1044	11				3428

Long-term insurance business : Valuation summary of non-linked contracts (other than accumulating with-profits contracts)

Name of insurer **Phoenix Life Limited**
 Total business / subfund **Alba With-Profits Fund**
 Financial year ended **31 December 2015**
 Units **£000**
 UK Life / Reinsurance ceded external

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
395	Annuity non-profit (PLA)		577					5136

Long-term insurance business : Valuation summary of non-linked contracts (other than accumulating with-profits contracts)

Name of insurer **Phoenix Life Limited**
 Total business / subfund **Alba With-Profits Fund**
 Financial year ended **31 December 2015**
 Units **£000**
 UK Pension / Gross

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
165	Conventional deferred annuity with-profits	8659	110296	572				124010
175	Group conventional deferred annuity with-profits	4287	118964	73				251072
210	Additional reserves with-profits OB							38500
325	Level term assurance	482	19096	101				687
390	Deferred annuity non-profit	11197	55795	52				664730
400	Annuity non-profit (CPA)	27802	70656					1288952
435	Miscellaneous non-profit	181	87	0				8583

Long-term insurance business : Valuation summary of non-linked contracts (other than accumulating with-profits contracts)

Name of insurer **Phoenix Life Limited**
 Total business / subfund **Alba With-Profits Fund**
 Financial year ended **31 December 2015**
 Units **£000**
 UK Pension / Reinsurance ceded external

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
390	Deferred annuity non-profit		43196					562351
400	Annuity non-profit (CPA)		65804					1150270

Long-term insurance business : Valuation summary of non-linked contracts (other than accumulating with-profits contracts)

Name of insurer **Phoenix Life Limited**
 Total business / subfund **Alba With-Profits Fund**
 Financial year ended **31 December 2015**
 Units **£000**
 Overseas / Gross

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
100	Conventional whole life with-profits OB	145	1879	46				1168
120	Conventional endowment with-profits OB savings	486	9264	165				8023
165	Conventional deferred annuity with-profits	129	386	1				3576
175	Group conventional deferred annuity with-profits	353	279	0				3234
300	Regular premium non-profit WL/EA OB	752	1563	18				1241
305	Single premium non-profit WL/EA OB	9	0					1
325	Level term assurance	32	513	14				25
330	Decreasing term assurance	4	6	1				(0)
390	Deferred annuity non-profit	59	29					114
395	Annuity non-profit (PLA)	2	0					6
400	Annuity non-profit (CPA)	576	1677					21485
435	Miscellaneous non-profit	4	6					45

Long-term insurance business : Valuation summary of non-linked contracts (other than accumulating with-profits contracts)

Name of insurer **Phoenix Life Limited**
 Total business / subfund **Phoenix With-Profits Fund**
 Financial year ended **31 December 2015**
 Units **£000**
 UK Life / Gross

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
100	Conventional whole life with-profits OB	3955	65516	505				55586
120	Conventional endowment with-profits OB savings	1185	18308	744				15162
125	Conventional endowment with-profits OB target cash	22518	365537	14142				288074
175	Group conventional deferred annuity with-profits	54	234	63				2180
210	Additional reserves with-profits OB							15505
300	Regular premium non-profit WL/EA OB	5024	23143	32				24893
305	Single premium non-profit WL/EA OB	435	3781					3734
325	Level term assurance	28859	2544084	9996				133381
330	Decreasing term assurance	2	88921	811				(298)
350	Stand-alone critical illness (guaranteed premiums)	57	2348	33				(155)
385	Income protection claims in payment							777
390	Deferred annuity non-profit	141	4					24
395	Annuity non-profit (PLA)	1060	1062					14058

Long-term insurance business : Valuation summary of non-linked contracts (other than accumulating with-profits contracts)

Name of insurer **Phoenix Life Limited**
 Total business / subfund **Phoenix With-Profits Fund**
 Financial year ended **31 December 2015**
 Units **£000**
 UK Life / Reinsurance ceded external

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
325	Level term assurance		2490236	9805				129476
330	Decreasing term assurance		88889	811				(298)

Long-term insurance business : Valuation summary of non-linked contracts (other than accumulating with-profits contracts)

Name of insurer **Phoenix Life Limited**
 Total business / subfund **Phoenix With-Profits Fund**
 Financial year ended **31 December 2015**
 Units **£000**
 UK Pension / Gross

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
165	Conventional deferred annuity with-profits	17565	168649	1224				338758
175	Group conventional deferred annuity with-profits	1998	42992					114384
185	Group conventional pensions endowment with-profits	686	14762					17767
205	Miscellaneous conventional with-profits	618	8125	13				331
210	Additional reserves with-profits OB							31757
300	Regular premium non-profit WL/EA OB	19	0					6
305	Single premium non-profit WL/EA OB	1						0
325	Level term assurance	1267	28133	90				681
390	Deferred annuity non-profit	8367	18036	0				510402
395	Annuity non-profit (PLA)	75	256					3513
400	Annuity non-profit (CPA)	21924	40476					694417
435	Miscellaneous non-profit		41471					59513

Long-term insurance business : Valuation summary of non-linked contracts (other than accumulating with-profits contracts)

Name of insurer **Phoenix Life Limited**
 Total business / subfund **Phoenix With-Profits Fund**
 Financial year ended **31 December 2015**
 Units **£000**
 UK Pension / Reinsurance ceded external

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
390	Deferred annuity non-profit		54					1908
400	Annuity non-profit (CPA)		30886					557917

Long-term insurance business : Valuation summary of non-linked contracts (other than accumulating with-profits contracts)

Name of insurer **Phoenix Life Limited**
 Total business / subfund **Phoenix With-Profits Fund**
 Financial year ended **31 December 2015**
 Units **£000**
 Overseas / Gross

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
100	Conventional whole life with-profits OB	275	3010	30				2499
125	Conventional endowment with-profits OB target cash	420	8241	123				7649
165	Conventional deferred annuity with-profits	918	24534	94				52642
175	Group conventional deferred annuity with-profits	282	3929	13				7882
205	Miscellaneous conventional with-profits	50	488	2				241
300	Regular premium non-profit WL/EA OB	210	1140	2				1198
305	Single premium non-profit WL/EA OB	2	0					0
325	Level term assurance	134	3323	11				281
330	Decreasing term assurance	3	137	2				(2)
390	Deferred annuity non-profit	245	43					951
400	Annuity non-profit (CPA)	1157	3552					45946
435	Miscellaneous non-profit	2						4

Long-term insurance business : Valuation summary of non-linked contracts (other than accumulating with-profits contracts)

Name of insurer **Phoenix Life Limited**
 Total business / subfund **Phoenix With-Profits Fund**
 Financial year ended **31 December 2015**
 Units **£000**
 Overseas / Reinsurance ceded external

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
325	Level term assurance		367	1				1
330	Decreasing term assurance		97	2				(2)
390	Deferred annuity non-profit		5					153
400	Annuity non-profit (CPA)		222					3892

Long-term insurance business : Valuation summary of non-linked contracts (other than accumulating with-profits contracts)

Name of insurer **Phoenix Life Limited**
 Total business / subfund **Scottish Mutual With-Profits Fund**
 Financial year ended **31 December 2015**
 Units **£000**
 UK Life / Gross

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
100	Conventional whole life with-profits OB	785	13703	125				10948
120	Conventional endowment with-profits OB savings	1933	39267	725				22941
205	Miscellaneous conventional with-profits	15	57					2255
210	Additional reserves with-profits OB							2457

Long-term insurance business : Valuation summary of non-linked contracts (other than accumulating with-profits contracts)

Name of insurer **Phoenix Life Limited**
 Total business / subfund **Scottish Mutual With-Profits Fund**
 Financial year ended **31 December 2015**
 Units **£000**
 UK Pension / Gross

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
165	Conventional deferred annuity with-profits	14105	22667	1549				712779
175	Group conventional deferred annuity with-profits	21899	27790	2231				403837
200	Annuity with-profits (CPA)	2127	9302					150155
205	Miscellaneous conventional with-profits	144	1227					1134
210	Additional reserves with-profits OB							62645

Long-term insurance business : Valuation summary of non-linked contracts (other than accumulating with-profits contracts)

Name of insurer **Phoenix Life Limited**
 Total business / subfund **SPI With-Profits Fund**
 Financial year ended **31 December 2015**
 Units **£000**
 UK Life / Gross

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
100	Conventional whole life with-profits OB	1949	35007	270				27431
120	Conventional endowment with-profits OB savings	23745	738892	13674				325196
165	Conventional deferred annuity with-profits	31	121					964
210	Additional reserves with-profits OB							12135
300	Regular premium non-profit WL/EA OB	351	14063	86				3488

Long-term insurance business : Valuation summary of non-linked contracts (other than accumulating with-profits contracts)

Name of insurer **Phoenix Life Limited**
 Total business / subfund **SPI With-Profits Fund**
 Financial year ended **31 December 2015**
 Units **£000**
 UK Pension / Gross

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
165	Conventional deferred annuity with-profits	4967	47777	357				187467
210	Additional reserves with-profits OB							8673
305	Single premium non-profit WL/EA OB	15	79					77
390	Deferred annuity non-profit	71	141					6505

Long-term insurance business : Valuation summary of non-linked contracts (other than accumulating with-profits contracts)

Name of insurer **Phoenix Life Limited**
 Total business / subfund **SPI With-Profits Fund**
 Financial year ended **31 December 2015**
 Units **£000**
 Overseas / Gross

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
100	Conventional whole life with-profits OB	345	11829	247				5942
120	Conventional endowment with-profits OB savings	2542	42140	1183				43804
165	Conventional deferred annuity with-profits	9072	21570	1884				267750
210	Additional reserves with-profits OB			1				1476
300	Regular premium non-profit WL/EA OB	4	25	0				1

Long-term insurance business : Valuation summary of non-linked contracts (other than accumulating with-profits contracts)

Name of insurer **Phoenix Life Limited**
 Total business / subfund **SAL With-Profits Fund**
 Financial year ended **31 December 2015**
 Units **£000**
 UK Life / Gross

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
100	Conventional whole life with-profits OB	2788	35035	344				25882
120	Conventional endowment with-profits OB savings	460	7574					6019
125	Conventional endowment with-profits OB target cash	7648	234558	3911				104519
300	Regular premium non-profit WL/EA OB	19269	45473	1734				32542
305	Single premium non-profit WL/EA OB	17	62					57
325	Level term assurance	23841	236965	1096				1051
330	Decreasing term assurance	115	3041	15				(4)
355	Stand-alone critical illness (reviewable premiums)			89				(117)
390	Deferred annuity non-profit	132	7					84
395	Annuity non-profit (PLA)	615	1192					26182
410	Group Life	20	102002	4				2503
435	Miscellaneous non-profit	269	9385	58				4940

Long-term insurance business : Valuation summary of non-linked contracts (other than accumulating with-profits contracts)

Name of insurer **Phoenix Life Limited**
 Total business / subfund **SAL With-Profits Fund**
 Financial year ended **31 December 2015**
 Units **£000**
 UK Life / Reinsurance ceded external

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
100	Conventional whole life with-profits OB							967
120	Conventional endowment with-profits OB savings							185
125	Conventional endowment with-profits OB target cash							4346
330	Decreasing term assurance		1076	6				(12)
435	Miscellaneous non-profit							1027

Long-term insurance business : Valuation summary of non-linked contracts (other than accumulating with-profits contracts)

Name of insurer **Phoenix Life Limited**
 Total business / subfund **SAL With-Profits Fund**
 Financial year ended **31 December 2015**
 Units **£000**
 UK Pension / Gross

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
155	Conventional pensions endowment with-profits	61005	1901990	4180				1987600
165	Conventional deferred annuity with-profits	2856	24	126				119244
185	Group conventional pensions endowment with-profits	3711	135711	758				163874
205	Miscellaneous conventional with-profits	3	15					1
210	Additional reserves with-profits OB							1347
300	Regular premium non-profit WL/EA OB	3861	8623					34799
305	Single premium non-profit WL/EA OB	9559	146488					248358
325	Level term assurance	571	24524	238				170
390	Deferred annuity non-profit	4799	8283	0				319295
395	Annuity non-profit (PLA)							(578)
400	Annuity non-profit (CPA)	26904	52236					954874
435	Miscellaneous non-profit	449	121011	25				5281

Long-term insurance business : Valuation summary of non-linked contracts (other than accumulating with-profits contracts)

Name of insurer **Phoenix Life Limited**
 Total business / subfund **SAL With-Profits Fund**
 Financial year ended **31 December 2015**
 Units **£000**
 UK Pension / Reinsurance ceded external

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
325	Level term assurance		12294	29				(7)
390	Deferred annuity non-profit		325					8310
400	Annuity non-profit (CPA)		50091					888713

Long-term insurance business : Valuation summary of non-linked contracts (other than accumulating with-profits contracts)

Name of insurer **Phoenix Life Limited**
 Total business / subfund **SAL With-Profits Fund**
 Financial year ended **31 December 2015**
 Units **£000**
 Overseas / Gross

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
100	Conventional whole life with-profits OB	22	583	1				523
125	Conventional endowment with-profits OB target cash	105	3258	24				4847
155	Conventional pensions endowment with-profits	1	31	0				51
165	Conventional deferred annuity with-profits	4	13	0				165
300	Regular premium non-profit WL/EA OB	30	56	0				110
305	Single premium non-profit WL/EA OB	14	172					411
325	Level term assurance	40	5431	17				(3)
330	Decreasing term assurance	21	1516	7				(8)
390	Deferred annuity non-profit	49	118					2798
400	Annuity non-profit (CPA)	244	1333					19673
435	Miscellaneous non-profit	1						32

Long-term insurance business : Valuation summary of non-linked contracts (other than accumulating with-profits contracts)

Name of insurer **Phoenix Life Limited**
 Total business / subfund **SAL With-Profits Fund**
 Financial year ended **31 December 2015**
 Units **£000**
 Overseas / Reinsurance ceded external

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
325	Level term assurance		250	1				(0)
330	Decreasing term assurance		192	1				(2)
390	Deferred annuity non-profit		2					64
400	Annuity non-profit (CPA)		70					1325

Long-term insurance business : Valuation summary of non-linked contracts (other than accumulating with-profits contracts)

Name of insurer **Phoenix Life Limited**
 Total business / subfund **Non - Profit Fund**
 Financial year ended **31 December 2015**
 Units **£000**
 UK Life / Gross

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
300	Regular premium non-profit WL/EA OB	168175	424764	24098				200027
305	Single premium non-profit WL/EA OB	258	969					1706
325	Level term assurance	41511	6917435	22468				52517
330	Decreasing term assurance	19297	1125742	6741				(5878)
340	Accelerated critical illness (guaranteed premiums)	15703	1216447	8742				19139
345	Accelerated critical illness (reviewable premiums)	281	662018	4505				1496
350	Stand-alone critical illness (guaranteed premiums)	7598	809904	4013				35280
355	Stand-alone critical illness (reviewable premiums)	6461	745971	5306				(5053)
360	Income protection non-profit (guaranteed premiums)	16723	189192	6343				(54568)
365	Income protection non-profit (reviewable premiums)	848	17226	421				(1802)
370	Long-term care policy	85	239	4				9
385	Income protection claims in payment		9232					53707
390	Deferred annuity non-profit	244	28					393
395	Annuity non-profit (PLA)	5197	4543					45414
400	Annuity non-profit (CPA)	2	518					4076

Long-term insurance business : Valuation summary of non-linked contracts (other than accumulating with-profits contracts)

Name of insurer **Phoenix Life Limited**
 Total business / subfund **Non - Profit Fund**
 Financial year ended **31 December 2015**
 Units **£000**
 UK Life / Gross

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
410	Group Life	1	5	0				1863
425	Group income protection claims in payment		10151					86247
435	Miscellaneous non-profit	6105	63757	510				9658
440	Additional reserves non-profit OB							42868

Long-term insurance business : Valuation summary of non-linked contracts (other than accumulating with-profits contracts)

Name of insurer **Phoenix Life Limited**
 Total business / subfund **Non - Profit Fund**
 Financial year ended **31 December 2015**
 Units **£000**
 UK Life / Reinsurance ceded external

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
300	Regular premium non-profit WL/EA OB		35948	1817				17079
305	Single premium non-profit WL/EA OB		68					59
325	Level term assurance		1284454	3230				21585
330	Decreasing term assurance		795530	2793				(1242)
340	Accelerated critical illness (guaranteed premiums)		1112890	5629				10607
345	Accelerated critical illness (reviewable premiums)		63109	483				1255
350	Stand-alone critical illness (guaranteed premiums)		643992	2691				15504
355	Stand-alone critical illness (reviewable premiums)		179689	632				2012
360	Income protection non-profit (guaranteed premiums)		37646	2532				(68210)
365	Income protection non-profit (reviewable premiums)		14630	311				(1957)
385	Income protection claims in payment		3749					23036
400	Annuity non-profit (CPA)		517					4041
425	Group income protection claims in payment		10151					86247
435	Miscellaneous non-profit		15889	53				6820

Long-term insurance business : Valuation summary of non-linked contracts (other than accumulating with-profits contracts)

Name of insurer **Phoenix Life Limited**
 Total business / subfund **Non - Profit Fund**
 Financial year ended **31 December 2015**
 Units **£000**
 UK Pension / Gross

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
300	Regular premium non-profit WL/EA OB							0
315	Individual deposit administration non-profit	3898	727	(133)				41661
320	Group deposit administration non-profit	4486	5406					34955
325	Level term assurance	19725	1443296	4022				24397
330	Decreasing term assurance	6	3	0				0
390	Deferred annuity non-profit	24288	25291	14				453422
400	Annuity non-profit (CPA)	140771	242725					3959937
405	Annuity non-profit (CPA impaired life)	17387	42465					505253
435	Miscellaneous non-profit	705	26758	229				2515
440	Additional reserves non-profit OB	7	3					144926

Long-term insurance business : Valuation summary of non-linked contracts (other than accumulating with-profits contracts)

Name of insurer **Phoenix Life Limited**
 Total business / subfund **Non - Profit Fund**
 Financial year ended **31 December 2015**
 Units **£000**
 UK Pension / Reinsurance ceded external

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
325	Level term assurance		433544	641				3244
400	Annuity non-profit (CPA)		85244					964870
405	Annuity non-profit (CPA impaired life)							49440

Long-term insurance business : Valuation summary of non-linked contracts (other than accumulating with-profits contracts)

Name of insurer **Phoenix Life Limited**
 Total business / subfund **Non - Profit Fund**
 Financial year ended **31 December 2015**
 Units **£000**
 Overseas / Gross

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
300	Regular premium non-profit WL/EA OB	188	1107	55				578
305	Single premium non-profit WL/EA OB	6	7					142
325	Level term assurance	617	28026	301				3726
330	Decreasing term assurance	1211	89665	249				168
340	Accelerated critical illness (guaranteed premiums)	1466	37288	307				(366)
345	Accelerated critical illness (reviewable premiums)	504	37186	273				3038
350	Stand-alone critical illness (guaranteed premiums)	25	1005	9				45
360	Income protection non-profit (guaranteed premiums)	3	44	0				2
390	Deferred annuity non-profit	96	64	9				2089
395	Annuity non-profit (PLA)	840	870					15531
400	Annuity non-profit (CPA)	3775	20057					341067
425	Group income protection claims in payment		389					800
435	Miscellaneous non-profit	440	21218	63				56

Long-term insurance business : Valuation summary of non-linked contracts (other than accumulating with-profits contracts)

Name of insurer **Phoenix Life Limited**
 Total business / subfund **Non - Profit Fund**
 Financial year ended **31 December 2015**
 Units **£000**
 Overseas / Reinsurance ceded external

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
325	Level term assurance		10580	54				4049
330	Decreasing term assurance		78482	149				(398)
345	Accelerated critical illness (reviewable premiums)		24722	92				2240
425	Group income protection claims in payment		389					800
435	Miscellaneous non-profit		1058	5				(11)

Long-term insurance business : Valuation summary of accumulating with-profits contracts

Name of insurer **Phoenix Life Limited**
 Total business / subfund **Britannic With-Profits Fund**
 Financial year ended **31 December 2015**
 Units **£000**
 UK Life / Gross

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
500	Life UWP single premium	14894	64887		64887	64887		64887
506	Life UWP whole life regular premium (ISA)	4381	13825	3810	13825	13825		13825
510	Life UWP endowment regular premium - savings	53	510	38	373	373		373
515	Life UWP endowment regular premium – target cash	234	8171	132	1316	1316		1316
610	Additional reserves UWP						14492	14492

Long-term insurance business : Valuation summary of accumulating with-profits contracts

Name of insurer **Phoenix Life Limited**
 Total business / subfund **Britannic With-Profits Fund**
 Financial year ended **31 December 2015**
 Units **£000**
 UK Pension / Gross

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
525	Individual pensions UWP	196656	2195980	14065	2195980	2195980	23789	2219769
610	Additional reserves UWP						53888	53888

Long-term insurance business : Valuation summary of accumulating with-profits contracts

Name of insurer **Phoenix Life Limited**
 Total business / subfund **Britannic With-Profits Fund**
 Financial year ended **31 December 2015**
 Units **£000**
 Overseas / Gross

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
500	Life UWP single premium	555	16769		16769	16769		16769

Long-term insurance business : Valuation summary of accumulating with-profits contracts

Name of insurer **Phoenix Life Limited**
 Total business / subfund **90% With-Profits Fund**
 Financial year ended **31 December 2015**
 Units **£000**
 UK Pension / Gross

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
525	Individual pensions UWP	2552	14497	256	14497	14497		14497
565	DWP National Insurance rebates UWP	1851	17023		17023	17023		17023
610	Additional reserves UWP		3844		3844	3844		3844

Long-term insurance business : Valuation summary of accumulating with-profits contracts

Name of insurer **Phoenix Life Limited**
 Total business / subfund **Alba With-Profits Fund**
 Financial year ended **31 December 2015**
 Units **£000**
 UK Life / Gross

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
500	Life UWP single premium	16	466		466	466		466
515	Life UWP endowment regular premium – target cash		(7471)	6	2259	2259		2259
525	Individual pensions UWP	14	579	27	579	579		579
535	Group money purchase pensions UWP	2	27		27	27		27
575	Miscellaneous UWP		193		193	193		193

Long-term insurance business : Valuation summary of accumulating with-profits contracts

Name of insurer **Phoenix Life Limited**
 Total business / subfund **Alba With-Profits Fund**
 Financial year ended **31 December 2015**
 Units **£000**
 UK Pension / Gross

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
525	Individual pensions UWP	714	12097	234	11578	11578		11578
535	Group money purchase pensions UWP		20581		20581	20581		20581
555	Group deposit administration with-profits	5792	110875	11	110875	110875	1677	112552
565	DWP National Insurance rebates UWP	1596	24010		24010	24010		24010

Long-term insurance business : Valuation summary of accumulating with-profits contracts

Name of insurer **Phoenix Life Limited**
 Total business / subfund **Alba With-Profits Fund**
 Financial year ended **31 December 2015**
 Units **£000**
 Overseas / Gross

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
555	Group deposit administration with-profits	80	3610	1	3610	3610		3610

Long-term insurance business : Valuation summary of accumulating with-profits contracts

Name of insurer **Phoenix Life Limited**
 Total business / subfund **Phoenix With-Profits Fund**
 Financial year ended **31 December 2015**
 Units **£000**
 UK Life / Gross

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
500	Life UWP single premium	6877	182576		182576	182576		182576

Long-term insurance business : Valuation summary of accumulating with-profits contracts

Name of insurer **Phoenix Life Limited**
 Total business / subfund **Phoenix With-Profits Fund**
 Financial year ended **31 December 2015**
 Units **£000**
 UK Pension / Gross

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
525	Individual pensions UWP	28723	627141	872	627141	627141		627141
535	Group money purchase pensions UWP	6750	63449	939	63449	63449		63449
545	Individual deposit administration with-profits		609		609	609		609

Long-term insurance business : Valuation summary of accumulating with-profits contracts

Name of insurer **Phoenix Life Limited**
 Total business / subfund **Phoenix With-Profits Fund**
 Financial year ended **31 December 2015**
 Units **£000**
 Overseas / Gross

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
500	Life UWP single premium	6	3481		3481	3481		3481
535	Group money purchase pensions UWP	10	299		299	299		299

Long-term insurance business : Valuation summary of accumulating with-profits contracts

Name of insurer **Phoenix Life Limited**
 Total business / subfund **Scottish Mutual With-Profits Fund**
 Financial year ended **31 December 2015**
 Units **£000**
 UK Life / Gross

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
500	Life UWP single premium	6780	134005		134005	134005		134005
505	Life UWP whole life regular premium	988	2977	266	3009	3009		3009
510	Life UWP endowment regular premium - savings	717	14647	819	14680	14680		14680

Long-term insurance business : Valuation summary of accumulating with-profits contracts

Name of insurer **Phoenix Life Limited**
 Total business / subfund **Scottish Mutual With-Profits Fund**
 Financial year ended **31 December 2015**
 Units **£000**
 UK Pension / Gross

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
525	Individual pensions UWP	14767	173213	2645	173213	173213	4782	177995
535	Group money purchase pensions UWP	24887	91567	707	91567	91567		91567
565	DWP National Insurance rebates UWP	24117	206955	625	206955	206955		206955
570	Income drawdown UWP	110	2445		2445	2445		2445
571	Trustee investment plan UWP	26	1672		1672	1672		1672

Long-term insurance business : Valuation summary of accumulating with-profits contracts

Name of insurer **Phoenix Life Limited**
 Total business / subfund **Scottish Mutual With-Profits Fund**
 Financial year ended **31 December 2015**
 Units **£000**
 Overseas / Gross

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
500	Life UWP single premium		5240		5240	5240		5240

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Long-term insurance business : Valuation summary of accumulating with-profits contracts

Name of insurer **Phoenix Life Limited**
 Total business / subfund **SPI With-Profits Fund**
 Financial year ended **31 December 2015**
 Units **£000**
 UK Life / Gross

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
500	Life UWP single premium	2536	58776		58776	58776	3421	62197
510	Life UWP endowment regular premium - savings	88	1949	155	1949	1949	88	2038
575	Miscellaneous UWP	1	4		4	4	(1)	3

Long-term insurance business : Valuation summary of accumulating with-profits contracts

Name of insurer **Phoenix Life Limited**
 Total business / subfund **SPI With-Profits Fund**
 Financial year ended **31 December 2015**
 Units **£000**
 UK Pension / Gross

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
525	Individual pensions UWP	35934	302626	2976	415786	415786		415786
555	Group deposit administration with-profits	26	3288	1577	32876	32876	28459	61334

Long-term insurance business : Valuation summary of accumulating with-profits contracts

Name of insurer **Phoenix Life Limited**
 Total business / subfund **SPI With-Profits Fund**
 Financial year ended **31 December 2015**
 Units **£000**
 Overseas / Gross

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
500	Life UWP single premium	54	1316		1316	1316	(126)	1189
510	Life UWP endowment regular premium - savings	1	41	4	41	41	(5)	36
525	Individual pensions UWP	840	12661	502	12661	12661	18920	31581
555	Group deposit administration with-profits	3	937	60	9374	9374		9374

Long-term insurance business : Valuation summary of accumulating with-profits contracts

Name of insurer **Phoenix Life Limited**
 Total business / subfund **SAL With-Profits Fund**
 Financial year ended **31 December 2015**
 Units **£000**
 UK Life / Gross

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
500	Life UWP single premium	441	6253		6253	6253		6253
505	Life UWP whole life regular premium	675	3301	1100	5348	5348		5348
510	Life UWP endowment regular premium - savings	23	226	12	226	226		226
515	Life UWP endowment regular premium – target cash	535	6467	353	6470	6470		6470

Long-term insurance business : Valuation summary of accumulating with-profits contracts

Name of insurer **Phoenix Life Limited**
 Total business / subfund **SAL With-Profits Fund**
 Financial year ended **31 December 2015**
 Units **£000**
 UK Pension / Gross

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
535	Group money purchase pensions UWP	341			8934	8934		8934

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Long-term insurance business : Valuation summary of accumulating with-profits contracts

Name of insurer **Phoenix Life Limited**
 Total business / subfund **Non - Profit Fund**
 Financial year ended **31 December 2015**
 Units **£000**
 UK Life / Gross

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
500	Life UWP single premium						950	950

Long-term insurance business : Valuation summary of accumulating with-profits contracts

Name of insurer **Phoenix Life Limited**
 Total business / subfund **Non - Profit Fund**
 Financial year ended **31 December 2015**
 Units **£000**
 UK Pension / Gross

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
525	Individual pensions UWP						4880	4880

Long-term insurance business : Valuation summary of accumulating with-profits contracts

Name of insurer **Phoenix Life Limited**
 Total business / subfund **NPI With-Profits Fund**
 Financial year ended **31 December 2015**
 Units **£000**
 UK Life / Gross

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
500	Life UWP single premium	2936	65206		65206	56580	8619	65199

Long-term insurance business : Valuation summary of accumulating with-profits contracts

Name of insurer **Phoenix Life Limited**
 Total business / subfund **NPI With-Profits Fund**
 Financial year ended **31 December 2015**
 Units **£000**
 UK Life / Reinsurance ceded intra-group

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
500	Life UWP single premium		65206		65206	56580	8619	65199

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Long-term insurance business : Valuation summary of accumulating with-profits contracts

Name of insurer **Phoenix Life Limited**
 Total business / subfund **NPI With-Profits Fund**
 Financial year ended **31 December 2015**
 Units **£000**
 UK Pension / Gross

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
525	Individual pensions UWP	1532	13330	109	13330	13106		13106
535	Group money purchase pensions UWP	3581	31161	52	31161	30638		30638
570	Income drawdown UWP	641	5577		5577	5483		5483
575	Miscellaneous UWP	1	6		6	6		6

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Long-term insurance business : Valuation summary of accumulating with-profits contracts

Name of insurer **Phoenix Life Limited**
 Total business / subfund **NPI With-Profits Fund**
 Financial year ended **31 December 2015**
 Units **£000**
 UK Pension / Reinsurance ceded intra-group

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
525	Individual pensions UWP		13330	109	13330	13106		13106
535	Group money purchase pensions UWP		31161	52	31161	30638		30638
570	Income drawdown UWP		5577		5577	5483		5483
575	Miscellaneous UWP		6		6	6		6

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Long-term insurance business : Valuation summary of property linked contracts

Name of insurer	Phoenix Life Limited
Total business / subfund	Britannic With-Profits Fund
Financial year ended	31 December 2015
Units	£000
UK Pension / Gross	

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
725	Individual pensions property linked						3092	3092

Long-term insurance business : Valuation summary of property linked contracts

Name of insurer **Phoenix Life Limited**
 Total business / subfund **Alba With-Profits Fund**
 Financial year ended **31 December 2015**
 Units **£000**
 UK Life / Gross

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
700	Life property linked single premium	35	280		280	280		280
720	Life property linked endowment regular premium – target cash	212	9754	200	663	663		663
800	Additional reserves property linked					1842		1842

2015

Long-term insurance business : Valuation summary of property linked contracts

Name of insurer **Phoenix Life Limited**
 Total business / subfund **Alba With-Profits Fund**
 Financial year ended **31 December 2015**
 Units **£000**
 UK Pension / Gross

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
725	Individual pensions property linked	4375	1386	50	1904	1904		1904

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Long-term insurance business : Valuation summary of property linked contracts

Name of insurer **Phoenix Life Limited**
 Total business / subfund **Phoenix With-Profits Fund**
 Financial year ended **31 December 2015**
 Units **£000**
 UK Life / Gross

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
715	Life property linked endowment regular premium - savings					4681		4681

Long-term insurance business : Valuation summary of property linked contracts

Name of insurer **Phoenix Life Limited**
 Total business / subfund **SAL With-Profits Fund**
 Financial year ended **31 December 2015**
 Units **£000**
 UK Pension / Gross

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
700	Life property linked single premium	74470	25			1591		1591

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Long-term insurance business : Valuation summary of property linked contracts

Name of insurer **Phoenix Life Limited**
 Total business / subfund **Non - Profit Fund**
 Financial year ended **31 December 2015**
 Units **£000**
 UK Life / Gross

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
700	Life property linked single premium	67177	1000040		988939	988108	2211	990319
710	Life property linked whole life regular premium	84990	3738105	34188	432882	431196	45772	476968
715	Life property linked endowment regular premium - savings	20837	390862	5824	278924	278965	1480	280445
720	Life property linked endowment regular premium – target cash	9104	321037	6723	200560	200550	537	201087
780	Stand-alone critical illness rider	1246	34902		1552	1552	4239	5791
785	Income protection rider	2531	4933	1320	2628	2628	1682	4310
795	Miscellaneous property linked	2469	37481	2180	23365	23365	184	23549
800	Additional reserves property linked				21122	21122	31146	52268

Long-term insurance business : Valuation summary of property linked contracts

Name of insurer **Phoenix Life Limited**
 Total business / subfund **Non - Profit Fund**
 Financial year ended **31 December 2015**
 Units **£000**
 UK Life / Reinsurance ceded external

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
710	Life property linked whole life regular premium		124792	129	10998	10998	14	11012
795	Miscellaneous property linked			143	223	223		223

Long-term insurance business : Valuation summary of property linked contracts

Name of insurer **Phoenix Life Limited**
 Total business / subfund **Non - Profit Fund**
 Financial year ended **31 December 2015**
 Units **£000**
 UK Pension / Gross

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
725	Individual pensions property linked	381663	5750652	176490	5564813	5507632	63974	5571606
735	Group money purchase pensions property linked	92192	795190	6090	784482	779806	29337	809143
745	DWP National Insurance rebates property linked	40514	1031772		1031772	1031772	3112	1034884
750	Income drawdown property linked	1763	115857		115857	115857	191	116048
755	Trustee investment plan	198	15362		140130	139807	589	140396
765	Group managed fund	6874	48137		48137	48137	0	48137
790	Miscellaneous protection rider	2	192	2			1	1
795	Miscellaneous property linked	20	210	28	158	156	2	158
800	Additional reserves property linked				50367	50367	60513	110880

Long-term insurance business : Valuation summary of property linked contracts

Name of insurer **Phoenix Life Limited**
 Total business / subfund **Non - Profit Fund**
 Financial year ended **31 December 2015**
 Units **£000**
 UK Pension / Reinsurance ceded intra-group

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
725	Individual pensions property linked						33873	33873

Long-term insurance business : Valuation summary of property linked contracts

Name of insurer **Phoenix Life Limited**
 Total business / subfund **Non - Profit Fund**
 Financial year ended **31 December 2015**
 Units **£000**
 Overseas / Gross

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
700	Life property linked single premium	745	231359		15356	15360	1343	16703
710	Life property linked whole life regular premium	590	205531	388	1873	1873	224	2097
715	Life property linked endowment regular premium - savings	4	296	11	125	125	1	126
725	Individual pensions property linked	647	13401	289	18968	18967	335	19302
745	DWP National Insurance rebates property linked					483		483
795	Miscellaneous property linked	2982	28672	513	1718	1718	1444	3162

Long-term insurance business : Valuation summary of index linked contracts

Name of insurer **Phoenix Life Limited**
 Total business / subfund **Alba With-Profits Fund**
 Financial year ended **31 December 2015**
 Units **£000**
 UK Pension / Gross

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
905	Index linked annuity (CPA)	57	1113			28392	1172	29564

Long-term insurance business : Valuation summary of index linked contracts

Name of insurer **Phoenix Life Limited**
Total business / subfund **Alba With-Profits Fund**
Financial year ended **31 December 2015**
Units **£000**
UK Pension / Reinsurance ceded external

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
905	Index linked annuity (CPA)		979			23735	1027	24762

Long-term insurance business : Valuation summary of index linked contracts

Name of insurer **Phoenix Life Limited**
 Total business / subfund **Phoenix With-Profits Fund**
 Financial year ended **31 December 2015**
 Units **£000**
 UK Pension / Gross

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
905	Index linked annuity (CPA)	753	6055			293791	1123	294914
907	Index linked deferred annuity							

Long-term insurance business : Valuation summary of index linked contracts

Name of insurer **Phoenix Life Limited**
 Total business / subfund **Phoenix With-Profits Fund**
 Financial year ended **31 December 2015**
 Units **£000**
 UK Pension / Reinsurance ceded external

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
905	Index linked annuity (CPA)		253			8472	125	8597

Long-term insurance business : Valuation summary of index linked contracts

Name of insurer **Phoenix Life Limited**
Total business / subfund **Phoenix With-Profits Fund**
Financial year ended **31 December 2015**
Units **£000**
Overseas / Gross

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
905	Index linked annuity (CPA)		3			136	2	138

Long-term insurance business : Valuation summary of index linked contracts

Name of insurer **Phoenix Life Limited**
 Total business / subfund **Phoenix With-Profits Fund**
 Financial year ended **31 December 2015**
 Units **£000**
 Overseas / Reinsurance ceded external

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
905	Index linked annuity (CPA)		3			136	2	138

Long-term insurance business : Valuation summary of index linked contracts

Name of insurer **Phoenix Life Limited**
 Total business / subfund **SPI With-Profits Fund**
 Financial year ended **31 December 2015**
 Units **£000**
 UK Pension / Gross

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
907	Index linked deferred annuity	28	15			2934	110	3043

Long-term insurance business : Valuation summary of index linked contracts

Name of insurer **Phoenix Life Limited**
 Total business / subfund **SAL With-Profits Fund**
 Financial year ended **31 December 2015**
 Units **£000**
 UK Life / Gross

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
905	Index linked annuity (CPA)	30	688			36371	70	36441

Long-term insurance business : Valuation summary of index linked contracts

Name of insurer **Phoenix Life Limited**
 Total business / subfund **SAL With-Profits Fund**
 Financial year ended **31 December 2015**
 Units **£000**
 UK Pension / Gross

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
905	Index linked annuity (CPA)	830	1033			29134	290	29424
907	Index linked deferred annuity	42	4			1045	465	1510

Long-term insurance business : Valuation summary of index linked contracts

Name of insurer **Phoenix Life Limited**
 Total business / subfund **SAL With-Profits Fund**
 Financial year ended **31 December 2015**
 Units **£000**
 UK Pension / Reinsurance ceded external

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
905	Index linked annuity (CPA)		978			27324	272	27596
907	Index linked deferred annuity					(1)	1	

Long-term insurance business : Valuation summary of index linked contracts

Name of insurer **Phoenix Life Limited**
 Total business / subfund **SAL With-Profits Fund**
 Financial year ended **31 December 2015**
 Units **£000**
 Overseas / Gross

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
905	Index linked annuity (CPA)	2	95			1589	5	1594

Long-term insurance business : Valuation summary of index linked contracts

Name of insurer **Phoenix Life Limited**
Total business / subfund **SAL With-Profits Fund**
Financial year ended **31 December 2015**
Units **£000**
Overseas / Reinsurance ceded external

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
905	Index linked annuity (CPA)		14			424	4	428

Long-term insurance business : Valuation summary of index linked contracts

Name of insurer **Phoenix Life Limited**
 Total business / subfund **Non - Profit Fund**
 Financial year ended **31 December 2015**
 Units **£000**
 UK Life / Gross

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
901	Index linked income protection claims in payment				10935	10935		10935
902	Group index linked income protection claims in payment		2849		15287	15287	43	15330
905	Index linked annuity (CPA)	10	87		700	1312	6	1319
910	Miscellaneous index linked	31737	1767727	16503	92334	92334	9320	101654
915	Additional reserves index linked						15884	15884

Long-term insurance business : Valuation summary of index linked contracts

Name of insurer **Phoenix Life Limited**
 Total business / subfund **Non - Profit Fund**
 Financial year ended **31 December 2015**
 Units **£000**
 UK Life / Reinsurance ceded external

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
902	Group index linked income protection claims in payment		2849		15287	15287	43	15330
905	Index linked annuity (CPA)		34			612	1	613
910	Miscellaneous index linked		1476985	10127	3782	3782		3782

Long-term insurance business : Valuation summary of index linked contracts

Name of insurer **Phoenix Life Limited**
 Total business / subfund **Non - Profit Fund**
 Financial year ended **31 December 2015**
 Units **£000**
 UK Pension / Gross

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
905	Index linked annuity (CPA)	3916	14892		13682	400680	6558	407238
907	Index linked deferred annuity	177	138			23560	359	23919
910	Miscellaneous index linked		94190	127	44771	44637		44637

Long-term insurance business : Valuation summary of index linked contracts

Name of insurer **Phoenix Life Limited**
 Total business / subfund **Non - Profit Fund**
 Financial year ended **31 December 2015**
 Units **£000**
 UK Pension / Reinsurance ceded external

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
905	Index linked annuity (CPA)		1034		22728	22728	331	23060
910	Miscellaneous index linked		94190	127	1022	1022		1022

Long-term insurance business : Valuation summary of index linked contracts

Name of insurer **Phoenix Life Limited**
Total business / subfund **Non - Profit Fund**
Financial year ended **31 December 2015**
Units **£000**
Overseas / Gross

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
905	Index linked annuity (CPA)	7	16			476	7	483

Long-term insurance business : Unit prices for internal linked funds

Name of insurer **Phoenix Life Limited**
 Total business
 Financial year ended **31 December 2015**
 Units **£000**

Fund name 1	Type of fund 2	Net assets 3	Main series 4	Unit management charge 5	Price at previous valuation date 6	Price at current valuation date 7	Change in price during year 8
Managed	02 - life - balanced managed fund	317419	ULA Series	1.00	10.9749	11.3388	3.32
Multiple Growth fund	05 - life - UK equity	129523	Series O	1.00	21.3490	21.8360	2.28
Pension Equity	15 - individual pension - UK equity	127272	ULPF Accum	1.13	25.4905	25.9434	1.78
Pension Managed	12 - individual pension - balanced managed fund	1657951	SAPL Group	1.13	14.0723	14.5373	3.30
BULA Pension Managed	12 - individual pension - balanced managed fund	285620	Series 1	1.25	7.7971	8.0551	3.31
ACI Managed Life	02 - life - balanced managed fund	187108	Series B	1.00	26.6600	27.3220	2.48
ACI Pension Managed	12 - individual pension - balanced managed fund	182849	Series A	1.25	5.5650	5.4896	(1.35)
Alba Managed Pension	14 - individual pension - other managed fund	231813	Series 1 Accum	1.00	7.6910	7.8780	2.43
SM Growth Pension	12 - individual pension - balanced managed fund	320080	Accumulation	1.00	136.1579	128.7931	(5.41)
SM Cash Pension	14 - individual pension - other managed fund	115786	Accumulation	1.00	4.0361	3.9655	(1.75)
SP Balanced Growth Managed	12 - individual pension - balanced managed fund	95486	Accumulation	1.00	333.2329	314.9015	(5.50)
NEL Aberdeen Managed Pension	12 - individual pension - balanced managed fund	267684	Managed 7404 (P US)	1.24	18.8100	19.4780	3.55
UK Managed Internal Pension	12 - individual pension - balanced managed fund	162009	UK Managed Internal Pension	1.65	7.1460	7.2750	1.81
NPI Pension Managed	12 - individual pension - balanced managed fund	1265775	Ordinary Series 1 & 2	1.01	21.6330	22.0333	1.85
NPI Pension UK Equity	15 - individual pension - UK equity	173175	Ordinary Series 1 & 2	1.01	29.7440	29.7715	0.09
PAULP Retirement Managed	14 - individual pension - other managed fund	307086	Mixed Accumulation	1.00	5.6930	5.8874	3.41
NPI Pension Global Care Managed	12 - individual pension - balanced managed fund	98681	Ordinary Series 1 & 2	1.00	3.5000	3.6517	4.33

Long-term insurance business : Index linked business

Name of insurer **Phoenix Life Limited**
 Total business
 Financial year ended **31 December 2015**
 Units **£000**

Value of assets	Mean Term
1	2

Analysis of assets

Approved variable interest securities	11	299387	20.59
Other variable interest securities	12	117719	10.76
Approved fixed interest securities	13	207771	6.51
Other fixed interest securities	14		
Cash and deposits	15		
Equity index derivatives	16		
Inflation swaps	17		
Other assets	18	254214	
Variation margin	19		
Total (11 to 19)	20	879091	

Credit rating of other fixed interest and other variable interest securities

AAA/Aaa	31	5	22.46
AA/Aa	32	33	15.09
A/A	33	76576	10.60
BBB/Baa	34	11939	7.61
BB/Ba	35	29166	12.45
B/B	36		
CCC/Caa	37		
Other (including unrated)	38		
Total other fixed interest and other variable interest securities	39	117719	10.76

Long-term insurance business: Analysis of valuation interest rate

Name of insurer **Phoenix Life Limited**
Subfund **Britannic Industrial Branch Fund**
Financial year ended **31 December 2015**
Units **£000**

Product group 1	Net mathematical reserves 2	Net valuation interest rate 3	Gross valuation interest rate 4	Risk adjusted yield on matching assets 5
105 Conventional whole life withprofits IB Life	73489	0.72	0.90	0.98
130 Conventional endowment withprofits IB Life	24571	1.54	1.93	2.01
215 Additional reserves with-profits IB Life	6665	0.00	0.00	1.45
310 Nonprofit IB Life	19094	1.19	1.48	1.56
Total	123819			

Long-term insurance business: Analysis of valuation interest rate

Name of insurer **Phoenix Life Limited**
Subfund **Britannic With-Profits Fund**
Financial year ended **31 December 2015**
Units **£000**

Product group 1	Net mathematical reserves 2	Net valuation interest rate 3	Gross valuation interest rate 4	Risk adjusted yield on matching assets 5
100 Conventional whole life withprofits OB Life	11537	2.69	2.69	2.77
120 Conventional endowment withprofits OB savings Life	33907	2.69	2.69	2.77
125 Conventional endowment withprofits OB target cash Life	51938	2.72	2.72	2.80
165 Conventional deferred annuity withprofits Life	15818	1.29	1.61	1.69
300 Regular premium nonprofit WL/EA OB Life	8673	2.69	2.69	2.77
500 Life UWP single premium Life	66707	2.10	2.58	2.66
506 Life UWP whole life regular premium (ISA) Life	14213	2.10	2.58	2.66
165 Conventional deferred annuity withprofits Pensions	90364	1.26	1.26	1.75
200 Annuity withprofits (CPA) Pensions	13812	2.48	2.48	2.56
390 Deferred annuity nonprofit Pensions	114373	2.41	2.41	2.49
525 Individual pensions UWP Pensions	2282022	2.48	2.48	2.56
500 Life UWP single premium OVS	17239	2.10	2.58	2.66
Miscellaneous	100780	n/a	n/a	n/a
Total	2821383			

Long-term insurance business: Analysis of valuation interest rate

Name of insurer **Phoenix Life Limited**
Subfund **Alba With-Profits Fund**
Financial year ended **31 December 2015**
Units **£000**

Product group 1	Net mathematical reserves 2	Net valuation interest rate 3	Gross valuation interest rate 4	Risk adjusted yield on matching assets 5
100 Conventional whole life withprofits OB Life	4109	4.10	4.10	4.21
120 Conventional endowment withprofits OB savings Life	18034	1.45	1.81	1.92
125 Conventional endowment withprofits OB target cash Life	33062	1.39	1.73	1.85
175 Group conventional deferred annuity withprofits Life	2	2.21	2.21	2.32
210 Additional reserves with-profits OB Life	24626	0.96	1.19	1.30
300 Regular premium nonprofit WL/EA OB Life	8528	4.04	4.04	4.04
165 Conventional deferred annuity withprofits Pensions	124010	2.58	2.58	2.69
175 Group conventional deferred annuity withprofits Pensions	251072	2.35	2.35	2.46
390 Deferred annuity nonprofit Pensions	102379	3.24	3.24	3.54
400 Annuity nonprofit (CPA) Pensions	138682	2.33	2.33	2.43
435 Miscellaneous nonprofit Pensions	8583	1.81	1.81	1.92
525 Individual pensions UWP Pensions	11578	1.19	1.19	1.30
535 Group money purchase pensions UWP Pensions	20581	1.19	1.19	1.30
555 Group deposit administration withprofits Pensions	113586	2.37	2.37	2.47
565 DWP National Insurance rebates UWP Pensions	24010	1.19	1.19	1.30
400 Annuity nonprofit (CPA) OVS	21485	2.33	2.33	2.43
Miscellaneous	74334	n/a	n/a	n/a
Total	978660			

Long-term insurance business: Analysis of valuation interest rate

Name of insurer **Phoenix Life Limited**
Subfund **Phoenix With-Profits Fund**
Financial year ended **31 December 2015**
Units **£000**

Product group 1	Net mathematical reserves 2	Net valuation interest rate 3	Gross valuation interest rate 4	Risk adjusted yield on matching assets 5
100 Conventional whole life withprofits OB Life	60344	1.28	1.60	2.20
120 Conventional endowment withprofits OB savings Life	323081	0.99	1.23	1.74
300 Regular premium nonprofit WL/EA OB Life	26091	0.79	0.99	1.97
395 Annuity nonprofit (PLA) Life	14058	2.19	2.74	2.82
500 Life UWP single premium Life	193376	1.22	1.53	1.61
165 Conventional deferred annuity withprofits Pensions	400002	2.47	2.47	2.56
175 Group conventional deferred annuity withprofits Pensions	1603	2.52	2.52	2.79
390 Deferred annuity nonprofit Life	509315	1.17	1.17	1.26
400 Annuity nonprofit (CPA) Pensions	178554	2.05	2.05	2.14
435 Miscellaneous nonprofit Life	59517	1.47	1.47	2.79
525 Individual pensions UWP Pensions	675530	1.71	1.71	2.79
535 Group money purchase pensions UWP Pensions	30655	1.57	1.57	2.79
Miscellaneous	207300	n/a	n/a	n/a
Total	2679427			

Long-term insurance business: Analysis of valuation interest rate

Name of insurer **Phoenix Life Limited**
Subfund **Scottish Mutual With-Profits Fund**
Financial year ended **31 December 2015**
Units **£000**

Product group 1	Net mathematical reserves 2	Net valuation interest rate 3	Gross valuation interest rate 4	Risk adjusted yield on matching assets 5
120 Conventional endowment withprofits OB savings Life	22946	1.63	1.63	3.12
500 Life UWP single premium Life	134005	1.59	1.59	3.12
165 Conventional deferred annuity withprofits Pensions	712779	2.32	2.32	2.41
175 Group conventional deferred annuity withprofits Pensions	403837	1.95	1.95	2.05
200 Annuity withprofits (CPA) Pensions	151904	1.61	1.61	1.71
525 Individual pensions UWP Pensions	177995	1.86	1.86	2.89
535 Group money purchase pensions UWP Pensions	91567	0.89	0.89	0.98
565 DWP National Insurance rebates UWP Pensions	206955	0.88	0.88	2.11
Miscellaneous	106488	n/a	n/a	n/a
Total	2008476			

Long-term insurance business: Analysis of valuation interest rate

Name of insurer **Phoenix Life Limited**Subfund **SPI With-Profits Fund**Financial year ended **31 December 2015**Units **£000**

Product group 1	Net mathematical reserves 2	Net valuation interest rate 3	Gross valuation interest rate 4	Risk adjusted yield on matching assets 5
100 Conventional whole life withprofits OB Life	28453	1.81	2.22	2.30
120 Conventional endowment withprofits OB savings Life	337319	2.08	2.25	2.33
500 Life UWP single premium Life	62197	1.39	1.74	1.82
165 Conventional deferred annuity withprofits Pensions	187467	1.51	1.51	1.59
525 Individual pensions UWP Pensions	415786	1.35	1.35	1.90
120 Conventional endowment withprofits OB savings OVS	45021	1.17	1.17	1.25
165 Conventional deferred annuity withprofits OVS	268941	1.41	1.41	1.70
525 Individual pensions UWP OVS	31581	0.47	0.47	0.55
Miscellaneous	113509	n/a	n/a	n/a
Total	1490276			

Long-term insurance business: Analysis of valuation interest rateName of insurer **Phoenix Life Limited**Subfund **SAL With-Profits Fund**Financial year ended **31 December 2015**Units **£000**

Product group 1	Net mathematical reserves 2	Net valuation interest rate 3	Gross valuation interest rate 4	Risk adjusted yield on matching assets 5
100 Conventional whole life withprofits OB Life	24966	1.00	1.25	1.33
120 Conventional endowment withprofits OB savings Life	5846	0.92	1.15	1.23
125 Conventional endowment withprofits OB target cash Life	100377	0.92	1.15	1.23
300 Regular premium non-profit WL/EA OB Life	32542	2.85	3.06	3.14
395 Annuity non-profit (PLA) Life	26182	2.33	2.92	3.00
155 Conventional pensions endowment withprofits Pensions	1988361	2.10	2.10	2.18
165 Conventional deferred annuity withprofits Pensions	119290	2.57	2.57	2.65
185 Group conventional pensions endowment withprofits Pensions	163936	2.77	2.77	2.85
305 Single premium non-profit WL/EA OB Pensions	248358	2.90	2.90	2.98
390 Deferred annuity non-profit Pensions	310985	2.08	2.08	2.16
400 Annuity non-profit (CPA) Pensions	66161	1.95	1.95	2.03
535 Group money purchase pensions UWP Pensions	9017	2.32	2.32	2.40
400 Annuity non-profit (CPA) OVS	18348	1.95	1.95	2.03
Miscellaneous	76414	n/a	n/a	n/a
Total	3190783			

Long-term insurance business: Analysis of valuation interest rate

Name of insurer **Phoenix Life Limited**Subfund **Non - Profit Fund**Financial year ended **31 December 2015**Units **£000**

Product group 1	Net mathematical reserves 2	Net valuation interest rate 3	Gross valuation interest rate 4	Risk adjusted yield on matching assets 5
UK L&GA F51 codes 300-345,370,380,390,410	279109	1.85	2.31	2.41
UK L&GA F51 Annuities codes 395-400	23602	1.85	2.31	2.41
UK L&GA F53 Non unit reserves codes 700-785	56607	1.85	2.31	2.41
UK L&GA F51 Additional reserves code 440	42868			0.59
UK F51 Deferred annuity codes 315-390, Critical illness codes 350-365, UKP code 410, UKL code 420	501377	3.31	3.31	3.33
UK Pension F51 Annuity codes 400-405	36011	2.85	2.85	2.92
UK Pension F51 Additional reserves code 440	122125			0.59
UK Pension F53 Non unit reserves codes 725-770	120782	2.30	2.30	2.36
Overseas F51 codes 300-390, 410,435	3599	2.22	2.77	2.81
Overseas F53 Non unit reserves codes 700-725	1903	1.84	2.30	2.39
F52 Pension codes 525,571	4880			0.59
UK Pension F51 Annuity codes 400-405	3475696	2.85	2.85	2.92
UK Pension F54 Annuity Index Linked code 905	6226	2.70	2.70	2.77
Overseas F51 Annuities codes 395-400	348182	1.38	1.73	1.77
Miscellaneous	109066	n/a	n/a	n/a
Total	5132034			

Long-term insurance business : Distribution of surplus

Name of insurer **Phoenix Life Limited**
 Total business / subfund **Summary**
 Financial year ended **31 December 2015**
 Units **£000**

Financial year 1	Previous year 2
---------------------	--------------------

Valuation result

Fund carried forward	11	29418612	31281947
Bonus payments in anticipation of a surplus	12	371834	410990
Transfer to non-technical account	13	279526	231514
Transfer to other funds / parts of funds	14		
Subtotal (11 to 14)	15	30069973	31924451
Mathematical reserves	21	28893257	30730856
Surplus including contingency and other reserves held towards the capital requirements (deficiency) (15-21)	29	1176716	1193595

Composition of surplus

Balance brought forward	31	423967	468058
Transfer from non-technical account	32		
Transfer from other funds / parts of fund	33		
Surplus arising since the last valuation	34	752749	725538
Total	39	1176716	1193595

Distribution of surplus

Bonus paid in anticipation of a surplus	41	371834	410990
Cash bonuses	42		
Reversionary bonuses	43	141604	127125
Other bonuses	44		
Premium reductions	45		
Total allocated to policyholders (41 to 45)	46	513439	538115
Net transfer out of fund / part of fund	47	279526	231514
Total distributed surplus (46+47)	48	792964	769629
Surplus carried forward	49	383752	423967
Total (48+49)	59	1176716	1193595

Percentage of distributed surplus allocated to policyholders

Current year	61		
Current year - 1	62		
Current year - 2	63		
Current year - 3	64		

Long-term insurance business : Distribution of surplus

Name of insurer **Phoenix Life Limited**
 Total business / subfund **Britannic Industrial Branch Fund**
 Financial year ended **31 December 2015**
 Units **£000**

Financial year 1	Previous year 2
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Valuation result

Fund carried forward	11	222272	275914
Bonus payments in anticipation of a surplus	12	22924	34258
Transfer to non-technical account	13	2595	3861
Transfer to other funds / parts of funds	14		
Subtotal (11 to 14)	15	247792	314032
Mathematical reserves	21	123387	186751
Surplus including contingency and other reserves held towards the capital requirements (deficiency) (15-21)	29	124405	127281

Composition of surplus

Balance brought forward	31	88669	132760
Transfer from non-technical account	32		
Transfer from other funds / parts of fund	33		
Surplus arising since the last valuation	34	35736	(5479)
Total	39	124405	127281

Distribution of surplus

Bonus paid in anticipation of a surplus	41	22924	34258
Cash bonuses	42		
Reversionary bonuses	43	431	494
Other bonuses	44		
Premium reductions	45		
Total allocated to policyholders (41 to 45)	46	23356	34751
Net transfer out of fund / part of fund	47	2595	3861
Total distributed surplus (46+47)	48	25951	38612
Surplus carried forward	49	98454	88669
Total (48+49)	59	124405	127281

Percentage of distributed surplus allocated to policyholders

Current year	61	90.00	90.00
Current year - 1	62	90.00	90.00
Current year - 2	63	90.00	90.00
Current year - 3	64	90.00	90.00

Long-term insurance business : Distribution of surplus

Name of insurer **Phoenix Life Limited**
 Total business / subfund **Britannic With-Profits Fund**
 Financial year ended **31 December 2015**
 Units **£000**

Financial year 1	Previous year 2
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Valuation result

Fund carried forward	11	2826383	2913363
Bonus payments in anticipation of a surplus	12	75004	65417
Transfer to non-technical account	13	16061	14668
Transfer to other funds / parts of funds	14		
Subtotal (11 to 14)	15	2917448	2993448
Mathematical reserves	21	2751839	2841772
Surplus including contingency and other reserves held towards the capital requirements (deficiency) (15-21)	29	165609	151676

Composition of surplus

Balance brought forward	31	5000	5000
Transfer from non-technical account	32		
Transfer from other funds / parts of fund	33		
Surplus arising since the last valuation	34	160609	146676
Total	39	165609	151676

Distribution of surplus

Bonus paid in anticipation of a surplus	41	75004	65417
Cash bonuses	42		
Reversionary bonuses	43	69544	66591
Other bonuses	44		
Premium reductions	45		
Total allocated to policyholders (41 to 45)	46	144548	132008
Net transfer out of fund / part of fund	47	16061	14668
Total distributed surplus (46+47)	48	160609	146676
Surplus carried forward	49	5000	5000
Total (48+49)	59	165609	151676

Percentage of distributed surplus allocated to policyholders

Current year	61	90.00	90.00
Current year - 1	62	90.00	90.00
Current year - 2	63	90.00	90.00
Current year - 3	64	90.00	90.00

Long-term insurance business : Distribution of surplus

Name of insurer **Phoenix Life Limited**
 Total business / subfund **90% With-Profits Fund**
 Financial year ended **31 December 2015**
 Units **£000**

Financial year 1	Previous year 2
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Valuation result

Fund carried forward	11	55217	60205
Bonus payments in anticipation of a surplus	12	5917	7928
Transfer to non-technical account	13	715	936
Transfer to other funds / parts of funds	14		
Subtotal (11 to 14)	15	61849	69069
Mathematical reserves	21	54251	59260
Surplus including contingency and other reserves held towards the capital requirements (deficiency) (15-21)	29	7598	9809

Composition of surplus

Balance brought forward	31	450	450
Transfer from non-technical account	32		
Transfer from other funds / parts of fund	33		
Surplus arising since the last valuation	34	7148	9359
Total	39	7598	9809

Distribution of surplus

Bonus paid in anticipation of a surplus	41	5917	7928
Cash bonuses	42		
Reversionary bonuses	43	516	495
Other bonuses	44		
Premium reductions	45		
Total allocated to policyholders (41 to 45)	46	6433	8423
Net transfer out of fund / part of fund	47	715	936
Total distributed surplus (46+47)	48	7148	9359
Surplus carried forward	49	450	450
Total (48+49)	59	7598	9809

Percentage of distributed surplus allocated to policyholders

Current year	61	90.00	90.00
Current year - 1	62	90.00	90.00
Current year - 2	63	90.00	90.00
Current year - 3	64	90.00	90.00

Long-term insurance business : Distribution of surplus

Name of insurer **Phoenix Life Limited**
 Total business / subfund **100% Fund**
 Financial year ended **31 December 2015**
 Units **£000**

Financial year 1	Previous year 2
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Valuation result

Fund carried forward	11	17708	19168
Bonus payments in anticipation of a surplus	12	7909	11133
Transfer to non-technical account	13		
Transfer to other funds / parts of funds	14		
Subtotal (11 to 14)	15	25617	30301
Mathematical reserves	21	15858	17218
Surplus including contingency and other reserves held towards the capital requirements (deficiency) (15-21)	29	9758	13083

Composition of surplus

Balance brought forward	31	850	850
Transfer from non-technical account	32		
Transfer from other funds / parts of fund	33		
Surplus arising since the last valuation	34	8908	12233
Total	39	9758	13083

Distribution of surplus

Bonus paid in anticipation of a surplus	41	7909	11133
Cash bonuses	42		
Reversionary bonuses	43	1000	1100
Other bonuses	44		
Premium reductions	45		
Total allocated to policyholders (41 to 45)	46	8908	12233
Net transfer out of fund / part of fund	47		
Total distributed surplus (46+47)	48	8908	12233
Surplus carried forward	49	850	850
Total (48+49)	59	9758	13083

Percentage of distributed surplus allocated to policyholders

Current year	61	100.00	100.00
Current year - 1	62	100.00	100.00
Current year - 2	63	100.00	100.00
Current year - 3	64	100.00	100.00

Long-term insurance business : Distribution of surplus

Name of insurer **Phoenix Life Limited**
 Total business / subfund **Alba With-Profits Fund**
 Financial year ended **31 December 2015**
 Units **£000**

Financial year 1	Previous year 2
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Valuation result

Fund carried forward	11	988006	1099991
Bonus payments in anticipation of a surplus	12	4483	4675
Transfer to non-technical account	13	617	603
Transfer to other funds / parts of funds	14		
Subtotal (11 to 14)	15	993106	1105269
Mathematical reserves	21	986940	1099237
Surplus including contingency and other reserves held towards the capital requirements (deficiency) (15-21)	29	6166	6032

Composition of surplus

Balance brought forward	31		
Transfer from non-technical account	32		
Transfer from other funds / parts of fund	33		
Surplus arising since the last valuation	34	6166	6032
Total	39	6166	6032

Distribution of surplus

Bonus paid in anticipation of a surplus	41	4483	4675
Cash bonuses	42		
Reversionary bonuses	43	1066	753
Other bonuses	44		
Premium reductions	45		
Total allocated to policyholders (41 to 45)	46	5550	5428
Net transfer out of fund / part of fund	47	617	603
Total distributed surplus (46+47)	48	6166	6032
Surplus carried forward	49		
Total (48+49)	59	6166	6032

Percentage of distributed surplus allocated to policyholders

Current year	61	90.00	90.00
Current year - 1	62	90.00	90.01
Current year - 2	63	90.01	90.03
Current year - 3	64	90.03	90.02

Long-term insurance business : Distribution of surplus

Name of insurer **Phoenix Life Limited**
 Total business / subfund **Phoenix With-Profits Fund**
 Financial year ended **31 December 2015**
 Units **£000**

Financial year 1	Previous year 2
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Valuation result

Fund carried forward	11	3079927	3173760
Bonus payments in anticipation of a surplus	12	99723	123637
Transfer to non-technical account	13	13642	16268
Transfer to other funds / parts of funds	14		
Subtotal (11 to 14)	15	3193292	3313664
Mathematical reserves	21	2919246	3024244
Surplus including contingency and other reserves held towards the capital requirements (deficiency) (15-21)	29	274046	289421

Composition of surplus

Balance brought forward	31	110500	110500
Transfer from non-technical account	32		
Transfer from other funds / parts of fund	33		
Surplus arising since the last valuation	34	163546	178921
Total	39	274046	289421

Distribution of surplus

Bonus paid in anticipation of a surplus	41	99723	123637
Cash bonuses	42		
Reversionary bonuses	43	50181	39016
Other bonuses	44		
Premium reductions	45		
Total allocated to policyholders (41 to 45)	46	149904	162653
Net transfer out of fund / part of fund	47	13642	16268
Total distributed surplus (46+47)	48	163546	178921
Surplus carried forward	49	110500	110500
Total (48+49)	59	274046	289421

Percentage of distributed surplus allocated to policyholders

Current year	61	91.66	90.91
Current year - 1	62	90.91	90.68
Current year - 2	63	90.68	90.62
Current year - 3	64	90.62	90.57

Long-term insurance business : Distribution of surplus

Name of insurer **Phoenix Life Limited**
 Total business / subfund **Scottish Mutual With-Profits Fund**
 Financial year ended **31 December 2015**
 Units **£000**

Financial year 1	Previous year 2
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Valuation result

Fund carried forward	11	2008476	2188246
Bonus payments in anticipation of a surplus	12	31845	31245
Transfer to non-technical account	13	968	1405
Transfer to other funds / parts of funds	14		
Subtotal (11 to 14)	15	2041289	2220897
Mathematical reserves	21	2006719	2186384
Surplus including contingency and other reserves held towards the capital requirements (deficiency) (15-21)	29	34570	34513

Composition of surplus

Balance brought forward	31		
Transfer from non-technical account	32		
Transfer from other funds / parts of fund	33		
Surplus arising since the last valuation	34	34570	34513
Total	39	34570	34513

Distribution of surplus

Bonus paid in anticipation of a surplus	41	31845	31245
Cash bonuses	42		
Reversionary bonuses	43	1757	1862
Other bonuses	44		
Premium reductions	45		
Total allocated to policyholders (41 to 45)	46	33602	33107
Net transfer out of fund / part of fund	47	968	1405
Total distributed surplus (46+47)	48	34570	34513
Surplus carried forward	49		
Total (48+49)	59	34570	34513

Percentage of distributed surplus allocated to policyholders

Current year	61	97.20	95.93
Current year - 1	62	95.93	95.07
Current year - 2	63	95.07	96.25
Current year - 3	64	96.25	95.95

Long-term insurance business : Distribution of surplus

Name of insurer **Phoenix Life Limited**
 Total business / subfund **SPI With-Profits Fund**
 Financial year ended **31 December 2015**
 Units **£000**

Financial year 1	Previous year 2
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Valuation result

Fund carried forward	11	1601169	1764691
Bonus payments in anticipation of a surplus	12	89160	102990
Transfer to non-technical account	13	8836	10574
Transfer to other funds / parts of funds	14		
Subtotal (11 to 14)	15	1699165	1878254
Mathematical reserves	21	1477491	1641370
Surplus including contingency and other reserves held towards the capital requirements (deficiency) (15-21)	29	221675	236884

Composition of surplus

Balance brought forward	31	107959	107959
Transfer from non-technical account	32		
Transfer from other funds / parts of fund	33		
Surplus arising since the last valuation	34	113716	128925
Total	39	221675	236884

Distribution of surplus

Bonus paid in anticipation of a surplus	41	89160	102990
Cash bonuses	42		
Reversionary bonuses	43	15719	15362
Other bonuses	44		
Premium reductions	45		
Total allocated to policyholders (41 to 45)	46	104880	118352
Net transfer out of fund / part of fund	47	8836	10574
Total distributed surplus (46+47)	48	113716	128925
Surplus carried forward	49	107959	107959
Total (48+49)	59	221675	236884

Percentage of distributed surplus allocated to policyholders

Current year	61	92.23	91.80
Current year - 1	62	91.80	90.95
Current year - 2	63	90.95	92.24
Current year - 3	64	92.24	94.72

Long-term insurance business : Distribution of surplus

Name of insurer **Phoenix Life Limited**
 Total business / subfund **SAL With-Profits Fund**
 Financial year ended **31 December 2015**
 Units **£000**

Financial year 1	Previous year 2
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Valuation result

Fund carried forward	11	3293304	3710561
Bonus payments in anticipation of a surplus	12	34869	29708
Transfer to non-technical account	13	4029	3462
Transfer to other funds / parts of funds	14		
Subtotal (11 to 14)	15	3332202	3743731
Mathematical reserves	21	3231376	3648570
Surplus including contingency and other reserves held towards the capital requirements (deficiency) (15-21)	29	100826	95161

Composition of surplus

Balance brought forward	31	60539	60539
Transfer from non-technical account	32		
Transfer from other funds / parts of fund	33		
Surplus arising since the last valuation	34	40287	34622
Total	39	100826	95161

Distribution of surplus

Bonus paid in anticipation of a surplus	41	34869	29708
Cash bonuses	42		
Reversionary bonuses	43	1389	1452
Other bonuses	44		
Premium reductions	45		
Total allocated to policyholders (41 to 45)	46	36258	31160
Net transfer out of fund / part of fund	47	4029	3462
Total distributed surplus (46+47)	48	40287	34622
Surplus carried forward	49	60539	60539
Total (48+49)	59	100826	95161

Percentage of distributed surplus allocated to policyholders

Current year	61	90.00	90.00
Current year - 1	62	90.00	90.16
Current year - 2	63	90.16	90.45
Current year - 3	64	90.45	90.24

Long-term insurance business : Distribution of surplus

Name of insurer **Phoenix Life Limited**
 Total business / subfund **Non - Profit Fund**
 Financial year ended **31 December 2015**
 Units **£000**

Financial year 1	Previous year 2
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Valuation result

Fund carried forward	11	15326150	16076049
Bonus payments in anticipation of a surplus	12		
Transfer to non-technical account	13	232063	179737
Transfer to other funds / parts of funds	14		
Subtotal (11 to 14)	15	15558213	16255786
Mathematical reserves	21	15326150	16026049
Surplus including contingency and other reserves held towards the capital requirements (deficiency) (15-21)	29	232063	229737

Composition of surplus

Balance brought forward	31	50000	50000
Transfer from non-technical account	32		
Transfer from other funds / parts of fund	33		
Surplus arising since the last valuation	34	182063	179737
Total	39	232063	229737

Distribution of surplus

Bonus paid in anticipation of a surplus	41		
Cash bonuses	42		
Reversionary bonuses	43		
Other bonuses	44		
Premium reductions	45		
Total allocated to policyholders (41 to 45)	46		
Net transfer out of fund / part of fund	47	232063	179737
Total distributed surplus (46+47)	48	232063	179737
Surplus carried forward	49		50000
Total (48+49)	59	232063	229737

Percentage of distributed surplus allocated to policyholders

Current year	61		
Current year - 1	62		
Current year - 2	63		
Current year - 3	64		

Long-term insurance business : Distribution of surplus

Name of insurer **Phoenix Life Limited**
 Total business / subfund **NPI With-Profits Fund**
 Financial year ended **31 December 2015**
 Units **£000**

Financial year 1	Previous year 2
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Valuation result

Fund carried forward	11		
Bonus payments in anticipation of a surplus	12		
Transfer to non-technical account	13		
Transfer to other funds / parts of funds	14		
Subtotal (11 to 14)	15		
Mathematical reserves	21		
Surplus including contingency and other reserves held towards the capital requirements (deficiency) (15-21)	29		

Composition of surplus

Balance brought forward	31		
Transfer from non-technical account	32		
Transfer from other funds / parts of fund	33		
Surplus arising since the last valuation	34		
Total	39		

Distribution of surplus

Bonus paid in anticipation of a surplus	41		
Cash bonuses	42		
Reversionary bonuses	43		
Other bonuses	44		
Premium reductions	45		
Total allocated to policyholders (41 to 45)	46		
Net transfer out of fund / part of fund	47		
Total distributed surplus (46+47)	48		
Surplus carried forward	49		
Total (48+49)	59		

Percentage of distributed surplus allocated to policyholders

Current year	61		
Current year - 1	62		
Current year - 2	63		
Current year - 3	64		

Long-term insurance business : With-profits payouts on maturity (normal retirement)

Name of insurer **Phoenix Life Limited**
Original insurer **Life Association of Scotland**
Date of maturity value / open market option **01 March 2016**

Category of with-profits policy 1	Original term (years) 2	Maturity value / open market option 3	Terminal bonus 4	MVA 5	CWP / UWP 6	MVA permitted? 7	Death benefit 8
Endowment assurance	10	n/a	n/a	n/a	n/a	n/a	n/a
Endowment assurance	15	n/a	n/a	n/a	n/a	n/a	n/a
Endowment assurance	20	n/a	n/a	n/a	n/a	n/a	n/a
Endowment assurance	25	23431	4616	n/a	n/a	n/a	Sum assured plus bonuses
Regular premium pension	5	n/a	n/a	n/a	n/a	n/a	n/a
Regular premium pension	10	n/a	n/a	n/a	n/a	n/a	n/a
Regular premium pension	15	n/a	n/a	n/a	n/a	n/a	n/a
Regular premium pension	20	n/a	n/a	n/a	n/a	n/a	n/a
Single premium pension	5	n/a	n/a	n/a	n/a	n/a	n/a
Single premium pension	10	n/a	n/a	n/a	n/a	n/a	n/a
Single premium pension	15	n/a	n/a	n/a	n/a	n/a	n/a
Single premium pension	20	n/a	n/a	n/a	n/a	n/a	n/a

Long-term insurance business : With-profits payouts on surrender

Name of insurer **Phoenix Life Limited**
 Original insurer **Life Association of Scotland**
 Date of surrender value **01 March 2016**

Category of with-profits policy 1	Duration at surrender (years) 2	Surrender value 3	Terminal bonus 4	MVA 5	CWP / UWP 6	MVA permitted? 7	Death benefit 8
Endowment assurance	5	n/a	n/a	n/a	n/a	n/a	n/a
Endowment assurance	10	n/a	n/a	n/a	n/a	n/a	n/a
Endowment assurance	15	n/a	n/a	n/a	n/a	n/a	n/a
Endowment assurance	20	n/a	n/a	n/a	n/a	n/a	n/a
With-profits bond	2	n/a	n/a	n/a	n/a	n/a	n/a
With-profits bond	3	n/a	n/a	n/a	n/a	n/a	n/a
With-profits bond	5	n/a	n/a	n/a	n/a	n/a	n/a
With-profits bond	10	n/a	n/a	n/a	n/a	n/a	n/a
Single premium pension	2	n/a	n/a	n/a	n/a	n/a	n/a
Single premium pension	3	n/a	n/a	n/a	n/a	n/a	n/a
Single premium pension	5	n/a	n/a	n/a	n/a	n/a	n/a
Single premium pension	10	n/a	n/a	n/a	n/a	n/a	n/a

Long-term insurance business : With-profits payouts on maturity (normal retirement)

Name of insurer **Phoenix Life Limited**
Original insurer **Britannia Life**
Date of maturity value / open market option **01 March 2016**

Category of with-profits policy 1	Original term (years) 2	Maturity value / open market option 3	Terminal bonus 4	MVA 5	CWP / UWP 6	MVA permitted? 7	Death benefit 8
Endowment assurance	10	n/a	n/a	n/a	n/a	n/a	n/a
Endowment assurance	15	n/a	n/a	n/a	n/a	n/a	n/a
Endowment assurance	20	n/a	n/a	n/a	n/a	n/a	n/a
Endowment assurance	25	22186	4756	0	CWP	N	Sum assured plus bonuses
Regular premium pension	5	n/a	n/a	n/a	n/a	n/a	n/a
Regular premium pension	10	n/a	n/a	n/a	n/a	n/a	n/a
Regular premium pension	15	n/a	n/a	n/a	n/a	n/a	n/a
Regular premium pension	20	59573	12795	0	CWP	N	Return of fund
Single premium pension	5	n/a	n/a	n/a	n/a	n/a	n/a
Single premium pension	10	n/a	n/a	n/a	n/a	n/a	n/a
Single premium pension	15	n/a	n/a	n/a	n/a	n/a	n/a
Single premium pension	20	25906	8458	0	CWP	N	Return of fund

Long-term insurance business : With-profits payouts on surrender

Name of insurer **Phoenix Life Limited**
 Original insurer **Britannia Life**
 Date of surrender value **01 March 2016**

Category of with-profits policy 1	Duration at surrender (years) 2	Surrender value 3	Terminal bonus 4	MVA 5	CWP / UWP 6	MVA permitted? 7	Death benefit 8
Endowment assurance	5	n/a	n/a	n/a	n/a	n/a	n/a
Endowment assurance	10	n/a	n/a	n/a	n/a	n/a	n/a
Endowment assurance	15	n/a	n/a	n/a	n/a	n/a	n/a
Endowment assurance	20	n/a	n/a	n/a	n/a	n/a	n/a
With-profits bond	2	n/a	n/a	n/a	n/a	n/a	n/a
With-profits bond	3	n/a	n/a	n/a	n/a	n/a	n/a
With-profits bond	5	n/a	n/a	n/a	n/a	n/a	n/a
With-profits bond	10	n/a	n/a	n/a	n/a	n/a	n/a
Single premium pension	2	n/a	n/a	n/a	n/a	n/a	n/a
Single premium pension	3	n/a	n/a	n/a	n/a	n/a	n/a
Single premium pension	5	n/a	n/a	n/a	n/a	n/a	n/a
Single premium pension	10	n/a	n/a	n/a	n/a	n/a	n/a

Long-term insurance business : With-profits payouts on maturity (normal retirement)

Name of insurer **Phoenix Life Limited**
 Original insurer **Crusader**
 Date of maturity value / open market option **01 March 2016**

Category of with-profits policy	Original term (years)	Maturity value / open market option	Terminal bonus	MVA	CWP / UWP	MVA permitted?	Death benefit
1	2	3	4	5	6	7	8
Endowment assurance	10	n/a	n/a	n/a	n/a	n/a	n/a
Endowment assurance	15	n/a	n/a	n/a	n/a	n/a	n/a
Endowment assurance	20	n/a	n/a	n/a	n/a	n/a	n/a
Endowment assurance	25	23101	6410	0	CWP	n/a	Sum assured plus bonuses
Regular premium pension	5	n/a	n/a	n/a	n/a	n/a	n/a
Regular premium pension	10	n/a	n/a	n/a	n/a	n/a	n/a
Regular premium pension	15	n/a	n/a	n/a	n/a	n/a	n/a
Regular premium pension	20	n/a	n/a	n/a	n/a	n/a	n/a
Single premium pension	5	n/a	n/a	n/a	n/a	n/a	n/a
Single premium pension	10	n/a	n/a	n/a	n/a	n/a	n/a
Single premium pension	15	n/a	n/a	n/a	n/a	n/a	n/a
Single premium pension	20	n/a	n/a	n/a	n/a	n/a	n/a

Long-term insurance business : With-profits payouts on surrender

Name of insurer **Phoenix Life Limited**
 Original insurer **Crusader**
 Date of surrender value **01 March 2016**

Category of with-profits policy 1	Duration at surrender (years) 2	Surrender value 3	Terminal bonus 4	MVA 5	CWP / UWP 6	MVA permitted? 7	Death benefit 8
Endowment assurance	5	n/a	n/a	n/a	n/a	n/a	n/a
Endowment assurance	10	n/a	n/a	n/a	n/a	n/a	n/a
Endowment assurance	15	n/a	n/a	n/a	n/a	n/a	n/a
Endowment assurance	20	n/a	n/a	n/a	n/a	n/a	n/a
With-profits bond	2	n/a	n/a	n/a	n/a	n/a	n/a
With-profits bond	3	n/a	n/a	n/a	n/a	n/a	n/a
With-profits bond	5	n/a	n/a	n/a	n/a	n/a	n/a
With-profits bond	10	n/a	n/a	n/a	n/a	n/a	n/a
Single premium pension	2	n/a	n/a	n/a	n/a	n/a	n/a
Single premium pension	3	n/a	n/a	n/a	n/a	n/a	n/a
Single premium pension	5	n/a	n/a	n/a	n/a	n/a	n/a
Single premium pension	10	n/a	n/a	n/a	n/a	n/a	n/a

Long-term insurance business : With-profits payouts on maturity (normal retirement)

Name of insurer **Phoenix Life Limited**
Original insurer **Britannic Assurance**
Date of maturity value / open market option **01 March 2016**

Category of with-profits policy 1	Original term (years) 2	Maturity value / open market option 3	Terminal bonus 4	MVA 5	CWP / UWP 6	MVA permitted? 7	Death benefit 8
Endowment assurance	10	n/a	n/a	n/a	n/a	n/a	n/a
Endowment assurance	15	12701	4700	n/a	CWP	N	Sum assured plus bonuses
Endowment assurance	20	19253	5915	n/a	CWP	N	Sum assured plus bonuses
Endowment assurance	25	32405	10088	n/a	CWP	N	Sum assured plus bonuses
Regular premium pension	5	n/a	n/a	n/a	n/a	n/a	n/a
Regular premium pension	10	n/a	n/a	n/a	n/a	n/a	n/a
Regular premium pension	15	57229	15228	0	UWP	N	Return of Fund
Regular premium pension	20	76246	19593	0	UWP	N	Return of Fund
Single premium pension	5	n/a	n/a	n/a	n/a	n/a	n/a
Single premium pension	10	n/a	n/a	n/a	n/a	n/a	n/a
Single premium pension	15	18855	5085	0	UWP	N	Return of Fund
Single premium pension	20	27188	8930	0	UWP	N	Return of Fund

Long-term insurance business : With-profits payouts on surrender

Name of insurer **Phoenix Life Limited**
 Original insurer **Britannic Assurance**
 Date of surrender value **01 March 2016**

Category of with-profits policy 1	Duration at surrender (years) 2	Surrender value 3	Terminal bonus 4	MVA 5	CWP / UWP 6	MVA permitted? 7	Death benefit 8
Endowment assurance	5	n/a	n/a	n/a	n/a	n/a	n/a
Endowment assurance	10	n/a	n/a	n/a	n/a	n/a	n/a
Endowment assurance	15	14767	9613	n/a	CWP	N	Sum assured plus bonuses
Endowment assurance	20	19711	9903	n/a	CWP	N	Sum assured plus bonuses
With-profits bond	2	n/a	n/a	n/a	n/a	n/a	n/a
With-profits bond	3	n/a	n/a	n/a	n/a	n/a	n/a
With-profits bond	5	n/a	n/a	n/a	n/a	n/a	n/a
With-profits bond	10	n/a	n/a	n/a	n/a	n/a	n/a
Single premium pension	2	n/a	n/a	n/a	n/a	n/a	n/a
Single premium pension	3	n/a	n/a	n/a	n/a	n/a	n/a
Single premium pension	5	n/a	n/a	n/a	n/a	n/a	n/a
Single premium pension	10	n/a	n/a	n/a	n/a	n/a	n/a

Long-term insurance business : With-profits payouts on maturity (normal retirement)

Name of insurer **Phoenix Life Limited**
 Original insurer **Royal Life Insurance Limited**
 Date of maturity value / open market option **01 March 2016**

Category of with-profits policy 1	Original term (years) 2	Maturity value / open market option 3	Terminal bonus 4	MVA 5	CWP / UWP 6	MVA permitted? 7	Death benefit 8
Endowment assurance	10	n/a	n/a	n/a	n/a	n/a	n/a
Endowment assurance	15	13869	5308	0	CWP	N	sum assured plus bonuses
Endowment assurance	20	20209	7811	0	CWP	N	sum assured plus bonuses
Endowment assurance	25	31086	13117	0	CWP	N	sum assured plus bonuses
Regular premium pension	5	n/a	n/a	n/a	n/a	n/a	n/a
Regular premium pension	10	n/a	n/a	n/a	n/a	n/a	n/a
Regular premium pension	15	n/a	n/a	n/a	n/a	n/a	n/a
Regular premium pension	20	87350	28726	0	UWP	N	max(unit value, cost of unit purchase)
Single premium pension	5	n/a	n/a	n/a	n/a	n/a	n/a
Single premium pension	10	n/a	n/a	n/a	n/a	n/a	n/a
Single premium pension	15	n/a	n/a	n/a	n/a	n/a	n/a
Single premium pension	20	36780	12095	0	UWP	N	max(unit value, cost of unit purchase)

Long-term insurance business : With-profits payouts on surrender

Name of insurer **Phoenix Life Limited**
 Original insurer **Royal Life Insurance Limited**
 Date of surrender value **01 March 2016**

Category of with-profits policy 1	Duration at surrender (years) 2	Surrender value 3	Terminal bonus 4	MVA 5	CWP / UWP 6	MVA permitted? 7	Death benefit 8
Endowment assurance	5	n/a	n/a	n/a	n/a	n/a	n/a
Endowment assurance	10	n/a	n/a	n/a	n/a	n/a	n/a
Endowment assurance	15	11965	4579	0	CWP	N	sum assured plus bonuses
Endowment assurance	20	20660	7985	0	CWP	N	sum assured plus bonuses
With-profits bond	2	n/a	n/a	n/a	n/a	n/a	n/a
With-profits bond	3	n/a	n/a	n/a	n/a	n/a	n/a
With-profits bond	5	n/a	n/a	n/a	n/a	n/a	n/a
With-profits bond	10	n/a	n/a	n/a	n/a	n/a	n/a
Single premium pension	2	n/a	n/a	n/a	n/a	n/a	n/a
Single premium pension	3	n/a	n/a	n/a	n/a	n/a	n/a
Single premium pension	5	n/a	n/a	n/a	n/a	n/a	n/a
Single premium pension	10	n/a	n/a	n/a	n/a	n/a	n/a

Long-term insurance business : With-profits payouts on maturity (normal retirement)

Name of insurer **Phoenix Life Limited**
 Original insurer **Scottish Mutual Assurance Ltd**
 Date of maturity value / open market option **01 March 2016**

Category of with-profits policy 1	Original term (years) 2	Maturity value / open market option 3	Terminal bonus 4	MVA 5	CWP / UWP 6	MVA permitted? 7	Death benefit 8
Endowment assurance	10	n/a	n/a	n/a	n/a	n/a	n/a
Endowment assurance	15	n/a	n/a	n/a	n/a	n/a	n/a
Endowment assurance	20	16958	5124	n/a	CWP	N	n/a
Endowment assurance	25	30869	12825	n/a	CWP	N	n/a
Regular premium pension	5	n/a	n/a	n/a	n/a	n/a	n/a
Regular premium pension	10	n/a	n/a	n/a	n/a	n/a	n/a
Regular premium pension	15	57589	20363	n/a	UWP	N	return of fund
Regular premium pension	20	94899	32649	n/a	UWP	N	return of fund
Single premium pension	5	n/a	n/a	n/a	n/a	n/a	n/a
Single premium pension	10	n/a	n/a	n/a	n/a	n/a	n/a
Single premium pension	15	22679	9808	n/a	UWP	N	return of fund
Single premium pension	20	36882	17572	n/a	UWP	N	return of fund

Long-term insurance business : With-profits payouts on surrender

Name of insurer **Phoenix Life Limited**
 Original insurer **Scottish Mutual Assurance Ltd**
 Date of surrender value **01 March 2016**

Category of with-profits policy 1	Duration at surrender (years) 2	Surrender value 3	Terminal bonus 4	MVA 5	CWP / UWP 6	MVA permitted? 7	Death benefit 8
Endowment assurance	5	n/a	n/a	n/a	n/a	n/a	n/a
Endowment assurance	10	n/a	n/a	n/a	n/a	n/a	n/a
Endowment assurance	15	n/a	n/a	n/a	n/a	n/a	n/a
Endowment assurance	20	16041	4289	n/a	CWP	N	n/a
With-profits bond	2	n/a	n/a	n/a	n/a	n/a	n/a
With-profits bond	3	n/a	n/a	n/a	n/a	n/a	n/a
With-profits bond	5	n/a	n/a	n/a	n/a	n/a	n/a
With-profits bond	10	n/a	n/a	n/a	n/a	n/a	n/a
Single premium pension	2	n/a	n/a	n/a	n/a	n/a	n/a
Single premium pension	3	n/a	n/a	n/a	n/a	n/a	n/a
Single premium pension	5	n/a	n/a	n/a	n/a	n/a	n/a
Single premium pension	10	n/a	n/a	n/a	n/a	n/a	n/a

Long-term insurance business : With-profits payouts on maturity (normal retirement)

Name of insurer **Phoenix Life Limited**
Original insurer **Scottish Provident Ltd**
Date of maturity value / open market option **01 March 2016**

Category of with-profits policy 1	Original term (years) 2	Maturity value / open market option 3	Terminal bonus 4	MVA 5	CWP / UWP 6	MVA permitted? 7	Death benefit 8
Endowment assurance	10	n/a	n/a	n/a	n/a	n/a	n/a
Endowment assurance	15	14511	6449	0	CWP	N	sum assured plus bonuses
Endowment assurance	20	20406	8113	0	CWP	N	sum assured plus bonuses
Endowment assurance	25	31606	9190	0	CWP	N	sum assured plus bonuses
Regular premium pension	5	n/a	n/a	n/a	n/a	n/a	n/a
Regular premium pension	10	n/a	n/a	n/a	n/a	n/a	n/a
Regular premium pension	15	53914	20292	0	UWP	N	return of fund
Regular premium pension	20	81685	0	0	CWP	N	return of premiums with interest
Single premium pension	5	n/a	n/a	n/a	n/a	n/a	n/a
Single premium pension	10	n/a	n/a	n/a	n/a	n/a	n/a
Single premium pension	15	19007	8596	0	UWP	N	return of fund
Single premium pension	20	40817	0	0	CWP	N	return of premiums with interest

Long-term insurance business : With-profits payouts on surrender

Name of insurer **Phoenix Life Limited**
 Original insurer **Scottish Provident Ltd**
 Date of surrender value **01 March 2016**

Category of with-profits policy 1	Duration at surrender (years) 2	Surrender value 3	Terminal bonus 4	MVA 5	CWP / UWP 6	MVA permitted? 7	Death benefit 8
Endowment assurance	5	n/a	n/a	n/a	n/a	n/a	n/a
Endowment assurance	10	n/a	n/a	n/a	n/a	n/a	n/a
Endowment assurance	15	14193	6308	0	CWP	N	sum assured plus bonuses
Endowment assurance	20	19923	7921	0	CWP	N	sum assured plus bonuses
With-profits bond	2	n/a	n/a	n/a	n/a	n/a	n/a
With-profits bond	3	n/a	n/a	n/a	n/a	n/a	n/a
With-profits bond	5	n/a	n/a	n/a	n/a	n/a	n/a
With-profits bond	10	n/a	n/a	n/a	n/a	n/a	n/a
Single premium pension	2	n/a	n/a	n/a	n/a	n/a	n/a
Single premium pension	3	n/a	n/a	n/a	n/a	n/a	n/a
Single premium pension	5	n/a	n/a	n/a	n/a	n/a	n/a
Single premium pension	10	n/a	n/a	n/a	n/a	n/a	n/a

Long-term insurance business : With-profits payouts on maturity (normal retirement)

Name of insurer **Phoenix Life Limited**
Original insurer **Phoenix & London Assurance Limited**
Date of maturity value / open market option **01 March 2016**

Category of with-profits policy 1	Original term (years) 2	Maturity value / open market option 3	Terminal bonus 4	MVA 5	CWP / UWP 6	MVA permitted? 7	Death benefit 8
Endowment assurance	10	n/a	n/a	n/a	n/a	n/a	n/a
Endowment assurance	15	n/a	n/a	n/a	n/a	n/a	n/a
Endowment assurance	20	n/a	n/a	n/a	n/a	n/a	n/a
Endowment assurance	25	23943	5474	0	CWP	N	sum assured plus bonuses
Regular premium pension	5	n/a	n/a	n/a	n/a	n/a	n/a
Regular premium pension	10	n/a	n/a	n/a	n/a	n/a	n/a
Regular premium pension	15	64356	26499	0	UWP	N	return of fund
Regular premium pension	20	n/a	n/a	n/a	n/a	n/a	n/a
Single premium pension	5	n/a	n/a	n/a	n/a	n/a	n/a
Single premium pension	10	n/a	n/a	n/a	n/a	n/a	n/a
Single premium pension	15	21344	9869	0	UWP	N	return of fund
Single premium pension	20	n/a	n/a	n/a	n/a	n/a	n/a

Long-term insurance business : With-profits payouts on surrender

Name of insurer **Phoenix Life Limited**
 Original insurer **Phoenix & London Assurance Limited**
 Date of surrender value **01 March 2016**

Category of with-profits policy 1	Duration at surrender (years) 2	Surrender value 3	Terminal bonus 4	MVA 5	CWP / UWP 6	MVA permitted? 7	Death benefit 8
Endowment assurance	5	n/a	n/a	n/a	n/a	n/a	n/a
Endowment assurance	10	n/a	n/a	n/a	n/a	n/a	n/a
Endowment assurance	15	n/a	n/a	n/a	n/a	n/a	n/a
Endowment assurance	20	n/a	n/a	n/a	n/a	n/a	n/a
With-profits bond	2	n/a	n/a	n/a	n/a	n/a	n/a
With-profits bond	3	n/a	n/a	n/a	n/a	n/a	n/a
With-profits bond	5	n/a	n/a	n/a	n/a	n/a	n/a
With-profits bond	10	n/a	n/a	n/a	n/a	n/a	n/a
Single premium pension	2	n/a	n/a	n/a	n/a	n/a	n/a
Single premium pension	3	n/a	n/a	n/a	n/a	n/a	n/a
Single premium pension	5	n/a	n/a	n/a	n/a	n/a	n/a
Single premium pension	10	n/a	n/a	n/a	n/a	n/a	n/a

Long-term insurance business : With-profits payouts on maturity (normal retirement)

Name of insurer **Phoenix Life Limited**
Original insurer **NPI Limited**
Date of maturity value / open market option **01 March 2016**

Category of with-profits policy 1	Original term (years) 2	Maturity value / open market option 3	Terminal bonus 4	MVA 5	CWP / UWP 6	MVA permitted? 7	Death benefit 8
Endowment assurance	10	n/a	n/a	n/a	n/a	n/a	n/a
Endowment assurance	15	n/a	n/a	n/a	n/a	n/a	n/a
Endowment assurance	20	n/a	n/a	n/a	n/a	n/a	n/a
Endowment assurance	25	n/a	n/a	n/a	n/a	n/a	n/a
Regular premium pension	5	n/a	n/a	n/a	n/a	n/a	n/a
Regular premium pension	10	n/a	n/a	n/a	n/a	n/a	n/a
Regular premium pension	15	44323	8369	0	UWP	N	44323
Regular premium pension	20	n/a	n/a	n/a	n/a	n/a	n/a
Single premium pension	5	n/a	n/a	n/a	n/a	n/a	n/a
Single premium pension	10	n/a	n/a	n/a	n/a	N	n/a
Single premium pension	15	14353	683	0	UWP	N	14353
Single premium pension	20	n/a	n/a	n/a	n/a	n/a	n/a

Long-term insurance business : With-profits payouts on surrender

Name of insurer **Phoenix Life Limited**
 Original insurer **NPI Limited**
 Date of surrender value **01 March 2016**

Category of with-profits policy 1	Duration at surrender (years) 2	Surrender value 3	Terminal bonus 4	MVA 5	CWP / UWP 6	MVA permitted? 7	Death benefit 8
Endowment assurance	5	n/a	n/a	n/a	n/a	n/a	n/a
Endowment assurance	10	n/a	n/a	n/a	n/a	n/a	n/a
Endowment assurance	15	n/a	n/a	n/a	n/a	n/a	n/a
Endowment assurance	20	n/a	n/a	n/a	n/a	n/a	n/a
With-profits bond	2	n/a	n/a	n/a	n/a	n/a	n/a
With-profits bond	3	n/a	n/a	n/a	n/a	n/a	n/a
With-profits bond	5	n/a	n/a	n/a	n/a	n/a	n/a
With-profits bond	10	n/a	n/a	n/a	n/a	n/a	n/a
Single premium pension	2	n/a	n/a	n/a	n/a	n/a	n/a
Single premium pension	3	n/a	n/a	n/a	n/a	n/a	n/a
Single premium pension	5	n/a	n/a	n/a	n/a	n/a	n/a
Single premium pension	10	n/a	n/a	n/a	n/a	n/a	n/a

Long-term insurance capital requirementName of insurer **Phoenix Life Limited**

Global business

Financial year ended **31 December 2015**Units **£000**

LTICR factor	Gross reserves / capital at risk	Net reserves / capital at risk	Reinsurance factor	LTICR Financial year	LTICR Previous year
1	2	3	4	5	6

Insurance death risk capital component

Life protection reinsurance	11	0.0%	3812359	3629469			
Classes I (other), II and IX	12	0.1%	253030	156192		184	209
Classes I (other), II and IX	13	0.15%	75803	34955	0.73	83	93
Classes I (other), II and IX	14	0.3%	12365038	9048368		27001	31272
Classes III, VII and VIII	15	0.3%	5791167	2472378	0.50	8687	9259
Total	16		22297397	15341362		35954	40832

Insurance health risk and life protection reinsurance capital component

Class IV supplementary classes 1 and 2 and life protection reinsurance	21					6091	6382
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Insurance expense risk capital component

Life protection and permanent health reinsurance	31	0%					
Classes I (other), II and IX	32	1%	20427356	15917227	0.85	173633	184519
Classes III, VII and VIII (investment risk)	33	1%	3402365	3306058	0.97	33061	35825
Classes III, VII and VIII (expenses fixed 5 yrs +)	34	1%	1084899	1081621	1.00	10816	11468
Classes III, VII and VIII (other)	35	25%				13599	13993
Class IV (other)	36	1%	152688	66645	0.85	1298	1425
Class V	37	1%					
Class VI	38	1%					
Total	39					232406	247229

Insurance market risk capital component

Life protection and permanent health reinsurance	41	0%	54689	54042			
Classes I (other), II and IX	42	3%	20427356	15917227	0.85	520898	553558
Classes III, VII and VIII (investment risk)	43	3%	3402365	3306058	0.97	99182	107474
Classes III, VII and VIII (expenses fixed 5 yrs +)	44	0%	1084899	1081621			
Classes III, VII and VIII (other)	45	0%	8635575	8609267			
Class IV (other)	46	3%	152688	66645	0.85	3894	4274
Class V	47	0%					
Class VI	48	3%					
Total	49		33757571	29034861		623973	665306

Long term insurance capital requirement	51					898425	959749
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Returns under the Accounts and Statements Rules

Supplementary Notes

Phoenix Life Limited

Global Business

Financial year ended 31 December 2015

NOTES TO APPENDIX 9.1

0201 Modification to the Return in respect of long-term insurance business

- (a) The Prudential Regulation Authority, on the application of the firm, made a direction under section 148 of the Financial Services and Markets Act 2000 on 4 February 2014. The effect of the direction is to modify the provisions of INSPRU 3.1.35R and IPRU(INS) Appendix 9.3 so that a more appropriate rate of interest is used for certain assets taken in combination.
- (b) The Financial Conduct Authority, on the application of the firm, made a direction in April 2015 under section 138A of the Financial Services and Markets Act 2000. The effect of the direction is to enable the firm to contract to pay benefits under linked long term contracts relating to Phoenix SCP KBC Irish Equity Net Life, Phoenix SCP KBC Irish Stockmarket Pension, and Phoenix SCP KBC Irish Equity Pension which are themselves determined, either wholly or partly, by reference to units in the KBI Irish Equity Fund.
- (c) The Prudential Regulation Authority, on the application of the firm, issued to the firm in May 2015, a direction, under section 138A of the Financial Services and Markets Act 2000. The effect of the direction was to permit the firm to waive the notification period required for an insurer to notify the appropriate regulator of their intention to repay relevant tier two instruments before becoming committed to the proposed repayment. This waiver expired on 30 June 2015.
- (d) The Prudential Regulation Authority, on the application of the firm, issued to the firm in May 2015, a direction, under section 138A of the Financial Services and Markets Act 2000. The effect of the direction was to permit the firm to waive the notification period required for an insurer to notify the appropriate regulator of their intention to redeem a tier one instrument before it became committed to the proposed redemption. This waiver expired on 30 June 2015.

0301 Reconciliation of net admissible assets to total capital resources after deductions

The reconciliation of the net admissible assets to total capital resources after deductions is as follows:

	2015 £'000	2014 £'000
Form 13 line 89 Total other than long term business assets	651,598	673,434
Form 13 line 89 Total long term business assets	34,292,359	37,201,369
Less Form 14 line 11	(29,034,861)	(30,857,980)
Less Form 14 line 49	(2,250,334)	(2,808,191)
Less Form 15 line 69	(220,498)	(216,624)
Capital requirements of regulated related undertakings – Form 2 line 35	-	6,004
Subordinated debt – Form 3 line 52	200,000	200,000
Other – rounding	-	(1)
Total capital resources after deductions (Form 3 line 79)	<u>3,638,264</u>	<u>4,198,011</u>

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NOTES TO APPENDIX 9.1 (continued)

0310 Valuation differences between the PRA Return and IFRS report and accounts

Net positive valuation differences represent:

	2015 £'000	2014 £'000
Valuation differences between mathematical reserves and IFRS technical provisions	2,317,003	2,709,904
Deferred income reserve	18,863	22,070
Valuation difference on subordinated debt	(309)	(382)
Deferred tax on VIF	35,431	39,141
Deferred tax	28,468	32,199
Financial reinsurance - ceded	1,842	3,228
Provision for adverse deviation	(4,720)	(5,198)
Loan to related ancillary services undertaking	(6,889)	(8,911)
Valuation difference on loans	-	2,430
Other	2,178	3,127
Net positive valuation differences (Form 3 line 14)	<u>2,391,867</u>	<u>2,797,608</u>

0313 Reconciliation of the movement in profit and loss account and other reserves

	2015 £'000
Profit and loss account and other reserves – Form 3 line 12 column 3	633,670
Profit and loss account and other reserves – Form 3 line 12 column 4	<u>907,617</u>
Movement	<u>(273,947)</u>

Explained by:

Other than long term fund:

Profit or loss retained for the financial year – Form 16 line 59	(127,679)
Movement in valuation difference of subsidiary undertakings	3,263
Movement in valuation difference of subordinated debt	(73)
Amortisation of VIF	(15,844)
Deferred tax on amortisation of VIF	3,372
Movement in deferred tax	457

Long term fund:

Non-Profit fund IFRS profit for the financial year	94,620
Transfer of surplus from Non-Profit fund to Shareholder fund	<u>(232,063)</u>
	<u>(273,947)</u>

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NOTES TO APPENDIX 9.1 (continued)

1304 & *1310* Set off

In accordance with Appendix 9.1 paragraph 8 of the Interim Prudential Sourcebook for Insurers, amounts shown in Forms 13, 14 and 15 have been calculated by netting amounts due to any one person against amounts due from that person, to the extent permitted by generally accepted accounting principles.

Interfund balances, which exist between the shareholders' fund and life funds, have been adjusted by allocating appropriate collective investment scheme balances.

1305 & *1319* Counterparty limits

The investment guidelines operated by the insurer for:

- (a) the maximum exposure to any one counterparty during the financial year; and
- (b) the maximum exposure to any one counterparty, other than an approved counterparty, during the financial year;

are consistent with the limits as set out in INSPRU 2.1.22R for market risks and counterparty exposures unless the insurer decides in an individual case that a higher limit is appropriate. For certain asset classes the investment guidelines restrict counterparty exposure limits further, with the additional restriction potentially dependent on the credit rating of the counterparty. The exception to this is for loans to other companies within the same group, where the application of these guidelines is just one of the factors considered in determining the most appropriate allocation of capital within the group.

At no time during the financial year were either of the above amounts exceeded.

1308 Listed and unlisted securities

	2015 £'000	2014 £'000
Unlisted Investments valued in accordance with the rules in GENPRU 1.3	211,814	196,675
Listed Investments valued in accordance with the rules in GENPRU 1.3 and which are not readily realisable	47,893	7,367
Units or other beneficial interests in collective investment schemes as specified in instruction 5 to Form 13	329,482	325,618

The above amounts in respect of unlisted investments and listed investments that are not readily realisable fall within any of the lines 41, 42, 46 or 48 of Form 13 Total long term insurance business assets. Units or other beneficial interests in collective investment schemes (as specified in instruction 5 to Form 13) are reported within Form 13 line 43 alongside other collective investment schemes.

1309 Hybrid Securities

The aggregate value of Hybrid Securities held by the insurer is £4,000,000.

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NOTES TO APPENDIX 9.1 (continued)

1318 Other asset adjustments

The entry in Form 13 Line 101 of the non-profit fund relates to:

	2015 £'000	2014 £'000
Reclassification of liabilities within assets held to match linked liabilities	424	3,193
Other reclassifications of debtors and creditors	-	(12)
	<u>424</u>	<u>3,181</u>

1321 Entity Reconciliation to Statutory Accounts

	2015 £'000	2014 £'000
Form 13 line 102 Total long term insurance business assets	38,635,920	42,012,805
Form 13 line 102 Total other than long term insurance business assets	813,001	948,931
Entity adjustment in statutory accounts	(20,212)	(1,376)
Total IFRS Assets	<u>39,428,709</u>	<u>42,960,360</u>

The entity adjustment in the statutory accounts is to offset assets and liabilities when considered at the entity level. It is not attributable to any specific fund.

1401 & *1501* Provision for reasonably foreseeable adverse variations and valuation adjustments or reserves

The other than long term insurance business does not have any obligations that would give rise to a provision for reasonably foreseeable adverse variations under INSPRU 3.2.17R to 3.2.18R and does not own any assets that would give rise to valuation adjustments or reserves under GENPRU 1.3.30R to 1.3.33R.

On 30 September 1999, the insurer entered into a refinancing arrangement with Santander UK plc ("Santander"). The insurer has originated a portfolio of residential property investments subject to life tenancies (reversions) against which it has sold Extra Income Plan annuity contracts. The insurer has sold 93% of "shared growth" reversions and entered into an arrangement whereby Santander will commit to acquire future "shared growth" reversions which the insurer originates on pre-agreed terms. As part of the arrangement, the insurer has undertaken to indemnify Santander against profits or losses arising from mortality or surrender experience which differs from the basis used to calculate the reversion amount. There is an interest charge of LIBOR plus 1.125% on capital used for the reversion purchases. The insurer will be liable for the first 7% of any losses arising from sales proceeds underperforming the movement of the regional Halifax house price indices. Losses in excess of 7%, together with any loss arising from the movement of the regional Halifax house price indices; will be borne by Santander. On 30 April 2002, Santander ceased to refinance new reversions.

The key assumptions used to calculate the reversion amounts were:

- Mortality: 100% IML92/IFL92 with CMI17 improvements together with a surrender assumption (30% increase) to allow for sale before death without immediate repurchase.
- Future specific house price inflation 3.43% p.a.

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NOTES TO APPENDIX 9.1 (continued)

A provision for adverse mortality and specific house price inflation experience was calculated based on a cashflow projection assuming:

- Mortality: 100% IML92 with 100% average medium and long cohort improvements with a 1.5% floor (C2012); 100% IFL92 with 75% average medium and long cohort improvements with a 1.25% floor (C2012).
- Future specific house price inflation of 3.43% p.a. is assumed, this being 1.0% below the growth in the Halifax house price index (assumed to be 4.43% p.a.).
- A future LIBOR rate of 1.41% p.a. plus an additional 1.125% and a discount rate of 1.24% p.a. were assumed in calculating the provision.

The total provision was £3.9 million.

The assets of the insurer are valued at fair value. Consideration is given to any assets where the valuation requires judgement or where the asset is considered to be illiquid or is valued using a model. These assets are subject to the rules set out in GENPRU 1.3.30R to GENPRU 1.3.33R which are applied to all identified assets. In assessing the need for a provision the following assumption has been made:

- The insurer, as part of its asset allocation strategy, invests in assets which are less liquid or where judgement is required within the valuation. The asset liability management process monitors liquidity on a monthly basis and ensures that there is sufficient liquidity at all times.

Consideration of valuation adjustments takes into account liquidity, the time to hedge out of a position / risk, the average and volatility of bid/offer spreads, the availability of market quotes and the average and volatility of trading volumes, amongst other items. Based on the above considerations the following investments are concluded to be less liquid:

- Private equity
- Hedge fund investments
- Specific fixed and variable interest securities

A provision of £0.8m has been established in respect of these investments. The calculation adjustment is applied considering the volatility in prices over the period it is expected to take to liquidate the particular asset class.

As at 31 December 2015, 92% of the investment assets were classified as investments that are traded using quoted market prices in active markets (level 1). An active market is characterised by regular market transactions in identical assets on an arm's length basis. This includes listed equities, listed debt securities and quoted unit trusts in active markets.

The balance of the investment assets are valued using models with significant observable market parameters (level 2), or valued using models with significant unobservable market parameters (level 3).

For level 2 investment assets these are measured on a fair value basis from inputs other than quoted prices that are observable either directly or indirectly for the asset.

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NOTES TO APPENDIX 9.1 (continued)

Level 3 investment assets have little, if any, market activity so that there are no observable inputs available. In such cases unobservable inputs reflect the insurer's own assumptions about the inputs that market participants would use in pricing the asset.

1402 Liabilities

- (a) There are no charges over assets.
- (b) There is no potential liability to taxation on capital gains which might arise if the insurer disposed of the assets of the long term insurance business.
- (c) In common with the Life Insurance industry, the insurer has experienced a large number of complaints in respect of mortgage endowment business. A provision has been established, but the ultimate redress cost may be greater or smaller than is currently provided and will be dependent on the level of complaints, any change in legal or regulatory judgements, and the period over which the policies were written.
- (d) The insurer has no guarantees, indemnities or other contractual commitments other than those effected by the insurer in the ordinary course of its insurance business in respect of the existing or future liabilities of related companies.
- (e) In the opinion of the directors there are no other fundamental uncertainties affecting the financial position of the insurer.

1404 Implicit provision for reasonably foreseeable adverse variations

Included within Form 14 Line 36 is an implicit provision of £5.2m as required by INSPRU 3.2.17R. Further details are disclosed in Appendix 9.29 (h).

1405 Adjustments to Liabilities

Other adjustments to Liabilities shown on Form 14 line 74 represent:

	2015 £'000	2014 £'000
Valuation differences between mathematical reserves and IFRS technical provisions	2,317,003	2,709,904
Deferred income reserve	18,863	22,070
Reclassification of assets and liabilities (note 1318)	424	3,181
Deferred tax	32,348	36,418
Financial reinsurance - ceded	1,842	3,228
Provision for adverse deviation	(4,720)	(5,198)
Other adjustments	2,183	3,135
Total	<u>2,367,943</u>	<u>2,772,738</u>

1407 Capital support provided to With-Profits Funds

There is provision for the insurer's Non Profit or shareholder funds to provide financial assistance or support to any of the insurer's With-Profit Funds. At 31 December 2014, the Non Profit Fund provided support of £13.4m to the Alba With-Profits Fund. At 31 December 2015, the support had been repaid in full.

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NOTES TO APPENDIX 9.1 (continued)

1412 Entity Reconciliation to Statutory Accounts

	2015	2014
	£'000	£'000
Form 14 line 76 Total liabilities	(38,635,920)	(42,012,805)
Form 15 line 85 Total liabilities	(813,001)	(948,931)
Entity adjustment in statutory accounts	20,212	1,376
Total IFRS Liabilities	<u>(39,428,709)</u>	<u>(42,960,360)</u>

The entity adjustment in the statutory accounts is to offset assets and liabilities when considered at the entity level. It is not attributable to any specific fund.

1502 Liabilities (other than long term insurance business)

- (a) There are no charges over assets.
- (b) There is no potential liability to taxation on capital gains which might arise if the insurer disposed of the assets of the other than long term insurance business.
- (c) There are no contingent liabilities.
- (d) The insurer has no guarantees, indemnities or other contractual commitments other than those affected by the insurer in the ordinary course of its insurance business, in respect of the existing or future liabilities of related companies.
- (e) In the opinion of the directors there are no other fundamental uncertainties affecting the financial position of the insurer.

1507 Other adjustments

Other adjustments shown on Form 15 line 83 represent:

	2015	2014
	£'000	£'000
Valuation difference on subordinated debt	(309)	(382)
Deferred tax on VIF	31,551	34,923
Total	<u>31,242</u>	<u>34,541</u>

1601 Basis of conversion of foreign currency

Assets and liabilities denominated in foreign currencies are translated into sterling at rates ruling at the year end. Transactions denominated in foreign currencies are translated at the prevailing rate at the date of the transaction. For monetary assets and liabilities within the long term funds, the resulting exchange adjustments are included within the technical account – long term business. For assets and liabilities held outside the long term funds, the resulting exchange adjustments are taken to the non-technical account.

1603 Other income and charges

The charge shown in Form 16 line 21 represents administration expenses, principally relating to projects. The prior year charge represents costs in relation to the modification of the £200m 7.25% undated subordinated loan notes.

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NOTES TO APPENDIX 9.1 (continued)

1701 Variation margin

The practice of the insurer is to seek "variation margin" (which includes collateral on over the counter derivatives), for derivative asset positions from counterparties to mitigate exposure to credit risk. Variation margin on derivative positions are settled on the basis of "net" exposure from derivative assets and liabilities with each counterparty. Variation Margin is received in the form of cash or approved fixed interest securities. The table below presents the net exposure to derivative counterparties and total variation margin received and pledged.

Gross Derivatives	Assets £'000	Liabilities £'000	Net £'000
Other than long term fund	-	3,713	(3,713)
Long term Fund (excluding assets held to match linked liabilities)	973,795	767,348	206,447
Derivatives held to match linked liabilities	30	15	15
Total	973,825	771,076	202,749
"Net" Exposure by counterparty			
Exchange trade derivatives	-	13,268	(13,268)
Over the counter derivatives	730,171	514,154	216,017
	730,171	527,422	202,749
Variation Margin			
	Received	Pledged	
On Exchange trade derivatives	-	13,268	
On OTC derivatives	723,710	476,209	
Total	723,710	489,477	

As per the requirements of IAS 39, the insurer recognises variation margin received in form of cash on balance sheet, and any variation margin received in form of securities off balance sheet. This is due to the transfer of risk and return. In the case of cash – it is in the control of the insurer and can be reinvested in other investment classes if considered appropriate. Securities received as variation margin are not deemed to transfer the risk and return of the assets to the insurer, and as such are not held on balance sheet, but shown for disclosure purposes only.

As a result, no variation margin is included in Form 17 Line 52 to remove undue reconciling entries between the forms and published statutory accounts.

On OTC derivatives, variation margin received in form of cash amounting to £486m is included within Form 13 Line 43 and a corresponding liability to repay this balance is included within Form 14 Line 38 or Form 15 Line 49. Variation Margin received in form of fixed interest securities amounts to £238m and is not reported as an asset in Form 13 or a liability in Form 14.

1702 Contracts which have the effect of derivatives (long term business)

Contracts which have the effect of derivative contracts, were excluded from Form 17, but were included in Form 14 as follows:

Loan liabilities with a total value of £126m contain embedded derivatives and were included in Form 14 Line 36 (Amounts owed to credit institutions).

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NOTES TO APPENDIX 9.3

4000 Long-term insurance business: Revenue account

In respect of the NPI With-Profit Fund Form 40 Long-term insurance business: Revenue Account, all amounts required to be shown would be zero and this Form has not been included in the Return.

4002 Other income and expenditure

Other income shown on Form 40 line 15 is represented by the following in 2015

	SAL With- Profits Fund £'000	Non-Profit Fund £'000
Annual management charges	-	132
Commission & Other	420	666
	<u>420</u>	<u>798</u>

Other income shown on Form 40 line 15 is represented by the following in 2014

	Non-Profit Fund £'000
Annual management charges	337
Commission & Other	2,043
	<u>2,380</u>

Other expenditure shown on Form 40 Line 25 is represented by the following in 2015

	Non-Profit Fund £'000
Repayment of financing advance due to Hannover Re	1,386
Annual management charges payable	16,755
	<u>18,141</u>

Other expenditure shown on Form 40 line 25 is represented by the following in 2014

	Britannic Industrial Branch Fund £'000	Britannic With- Profits Fund £'000	Non-Profit Fund £'000	Alba With- Profits Fund £'000
Repayment of financing advance due to Hannover Re	-	-	2,795	-
Annual management charges payable	-	-	16,255	-
Longevity settlement to PGH1^	302	5,730	603	1,407
Settlement of indemnity release to PGH1^	2,563	48,705	5,127	11,963
	<u>2,865</u>	<u>54,435</u>	<u>24,780</u>	<u>13,370</u>

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NOTES TO APPENDIX 9.3 (continued)

[^] During 2014, the insurer entered into an agreement with Pearl Group Holdings No. 1 Limited and paid £68m to release its obligations to reimburse certain contributions PGH1 may have been required to make to the PGL Pension Scheme relating to the longevity of certain defined benefit members. The insurer also paid £8m in settlement of the amount outstanding under this longevity indemnity agreement.

4004 Business transfers-in and Business transfers-out

Business transfer in are split by fund as follows:

	Vesting annuities £'000	Other £'000	Total £'000
Non-Profit Fund	354,868	-	354,868
Phoenix With-Profits Fund	1	-	1
Britannic With-Profits Fund	-	10,564	10,564
Alba With-Profits Fund	29,261	17,288	46,549
	<u>384,130</u>	<u>27,852</u>	<u>411,982</u>

Business transfers-out are split by fund as follows:

	Vesting annuities £'000	Other £'000	Total £'000
Non-Profit Fund	80,560	-	80,560
Phoenix With-Profits Fund	63,040	-	63,040
Britannic With-Profits Fund	13,722	17,288	31,010
Alba With-Profits Fund	60,647	10,564	71,211
SMA With-Profits Fund	38,584	-	38,584
SPI With-Profits Fund	13,570	-	13,570
SAL With-Profits Fund	114,007	-	114,007
	<u>384,130</u>	<u>27,852</u>	<u>411,982</u>

The business transfers between the funds consist of £384m of vesting annuities and £28m of other internal fund transfers. The vesting annuities have not been recognised as part of premiums and claims on Form 41 and Form 42 respectively, but in business transfers-in and business transfers-out instead. As these amounts are not single premiums on Form 41 they have not been included in the new business Form 46 and Form 47. Inter fund transfers are excluded from the total Form 40.

4006 Apportionment between Long-term Funds

The insurer maintains more than one long term insurance business fund. Separate portfolios of investments are maintained for and are directly attributable to each fund. Investment income and increase or decrease in the value of the assets is determined by the assets held in each fund. Expenses which are incurred directly for the purpose of an element of the fund are allocated to that element. Other expenses are allocated having regards to such measures as policy volumes or time spent as considered appropriate. The taxation of each fund is computed in accordance with the requirements of the Part VII Schemes.

4008 Provision of management services

Arrangements were in force during the financial year for the provision of management services to the insurer by Pearl Group Management Services Limited ("PGMS"), PGMS (Ireland) Limited ("PGMSI"), Pearl Group Services Limited ("PGS"), Ignis Investment Services Limited and HSBC Bank plc.

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NOTES TO APPENDIX 9.3 (continued)

Policy administration is outsourced to PGMS, PGMSI and PGS. PGMS has, in turn an agreement to sub contract some administration most significantly to Capita Life and Pensions Regulated Services Limited, HCL Insurance Services BPO Limited and Diligenta 2 Limited.

PGMSI has an agreement to subcontract administration to IFDS Percana International Managed Services Limited. Under the agreements with PGMS and PGMSI, the majority of costs are levied on a per policy basis thereby mitigating the Company's expense risk.

With effect from 2 November 2015, Phoenix Unit Trust Managers Limited ("PUTM"), a wholly owned subsidiary, became the authorised fund manager of a range of collective investment schemes, of which the Company is the majority unitholder.

Investment administration and custody services are primarily outsourced to HSBC Bank plc.

PGS has an agreement to sub contact administration to Diligenta Limited.

Ignis Investment Services Limited and Henderson Global Investors Limited have provided investment services during the financial year to the insurer.

4009 Material connected party transactions

A number of reinsurance contracts are in place between the insurer and other group companies. All these contracts are entered into on "arms length" basis, details of which are listed in Appendix 9.4 Paragraph 9 of the Return.

During the year the insurer paid £152.9m (2014: £147.9m) to Pearl Group Management Services Limited ("PGMS"), £6.1m (2014: £6.8m) to Pearl Group Services ("PGS") and £2.8m (2014: £3.5m) to Pearl Group Management Services Ireland respectively in respect of services provided.

On 7 December 2015, the Company agreed renegotiated Management Services Agreements ("MSAs") with PGMS and PGS to harmonise the contract terms, structures and charging basis of the previous MSAs with effect from 31 December 2015. As part of the harmonisation, the Company transferred the risk associated with evergreen pricing and regulatory change related to particular blocks of business to PGMS and PGS and accepted selected other risks for consideration payable of £40m which is treated as a prepayment and amortised over the expected life of the contracts.

On 18 February 2015, the Company provided a capital injection of £2m to PUTM. During the year PUTM started to provide investment management services to the Company, under an investment management agreement. The charge made to the Company for the year ended 31 December 2015 amounted to £5m (2014: £nil), income received by the Company was £1m (2014: £nil) and at the end of the year £4m (2014: £nil) was payable.

On 30 September 2015, £111m of loans secured by mortgages were transferred from Pearl Life Assurance Limited ("PLAL") to the Company. At 31 December 2015, there are £268m (2014: £nil) of loans secured by mortgages for which the legal title is held by either PGMS or PGS on the Company's behalf.

On 30 November 2015, as a result of a capital reduction in its subsidiary company, SMI, the Company received £24m return of capital from SMI. In addition, the Company received a £4m return of capital contribution from SMI.

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NOTES TO APPENDIX 9.3 (continued)

At 31 December 2015 there was a loan of £107.6m (2014: £484.9m of loans) made by the insurer to its holding company, Phoenix Life Holdings Limited ("PLH"). This loan is interest bearing and repayable on 31 December 2018. £107.6m (2014: £103.2m) of this loan is repayable in whole or part (together with any interest accrued on the amount repaid) in cash upon 5 business days written notice to PLH.

At 31 December 2015 there was a loan of £6.8m (2014: £8.8m) made to PGMS, which is repayable in annual instalments of £2m plus interest, with interest accruing on the outstanding balance at 6 month LIBOR + 125bps. During the year the insurer received a settlement of capital of £2m.

During the year, the insurer paid dividends to Pearl Life Holdings Limited ("PLH") of £398m (2014: £134m), settled by the in specie transfer of six loans, and related accrued interest. In 2014, capital contributions of £65m were repaid to PLH

4401 Basis of valuation of assets

Investments and assets held to cover linked liabilities and listed securities are shown at bid market value. Properties are valued annually at open market value. Cash and deposits are shown as face value.

4402 Unit linked derivative contracts

	2015 £'000
Aggregate value of assets	30
Aggregate value of liabilities	15

4502 Other income and expenditure

Other expenditure of £210,000 shown in Form 45 Line 26 relates primarily to professional and investment management fees.

4701 Number of new group schemes with no records at member level

There are no new group schemes.

4702 Approximations used to apportion between product codes

No approximations have been made in apportioning new business between product codes.

4800 Assets not held to match linked liabilities

The NPI With-Profits Fund has not produced a Form 48 as the business is wholly reinsured to Phoenix Life Assurance Limited (the former Pearl Assurance Limited), including associated expenses and charges, and therefore has no net assets.

4801 'Asset Share' philosophy

90% With-Profits Fund

The asset mix for significant asset share groups is shown in the table below

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NOTES TO APPENDIX 9.3 (continued)

Category of assets	Category	
	Ex-SLUK Business	Ex-BULA Business
Land and Buildings	4.86%	2.92%
Approved Fixed Interest	26.65%	34.86%
Other Fixed Interest	25.11%	32.83%
Variable interest securities	2.01%	2.62%
UK equity shares	13.97%	8.38%
Non UK equity shares	19.41%	11.65%
Unlisted equity shares	0.00%	0.00%
Other assets	7.99%	6.74%
Total	100.00%	100.00%

100% With-Profits Fund

The asset mix for significant asset share groups is shown in the table below

Category of assets	Category	
	Ex-Phoenix Business	Ex-SLUK Business
Land and Buildings	7.20%	7.20%
Approved Fixed Interest	34.78%	34.78%
Other Fixed Interest	14.79%	14.79%
Variable interest securities	5.43%	5.43%
UK listed equity shares	13.60%	13.60%
Non UK listed equity shares	24.20%	24.20%
Unlisted equity shares	0.00%	0.00%
Other assets	0.00%	0.00%
Total	100.00%	100.00%

Alba With-Profits Fund

The asset mix for significant asset share groups is shown in the table below

Category of assets	Category	
	80% / 20%	100% / 0%
Land and Buildings	20.00%	0.00%
Approved Fixed Interest	57.89%	72.37%
Other Fixed Interest	18.28%	22.85%
Variable interest securities	3.83%	4.78%
UK listed equity shares	0.00%	0.00%
Non UK listed equity shares	0.00%	0.00%
Unlisted equity shares	0.00%	0.00%
Other assets	0.00%	0.00%
Total	100.00%	100.00%

The 80% / 20% category includes traditional with profits life and former BLL series B pensions business and unitised with profits policies.

The 100% / 0% category includes traditional with profits pensions business other former BLL series B.

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NOTES TO APPENDIX 9.3 (continued)

Different asset mixes are held for other non-significant asset share groups.

Britannic With-Profits Fund and Britannic Industrial Branch Fund

The asset mix for significant asset share groups is shown in the table below.

Category of assets	Category	
	BWP	BIB
Land and Buildings	8.05%	7.85%
Approved Fixed Interest	29.42%	32.65%
Other Fixed Interest	17.53%	15.51%
Variable interest securities	0.19%	1.81%
UK listed equity shares	14.34%	15.47%
Non UK listed equity shares	19.90%	20.64%
Unlisted equity shares	1.89%	1.16%
Other assets	8.68%	4.91%
Total	100.00%	100.00%

The BWP category refers to sterling denominated business in the Britannic With Profits Fund. A different asset mix is held for the euro denominated business, but this is not a significant group.

A different asset mix is held for the former Century Life business, but this is not a significant group.

The BIB category refers to business in the Industrial Branch Fund. The same asset mix is used for all asset share groups.

Phoenix With-Profits Fund

No part of the with-profits business is in respect of business which falls within paragraph (1) (b) of the definition of with-profits fund.

SAL With-Profits Fund

No part of the with-profits business is in respect of business which falls within paragraph (1) (b) of the definition of with-profits fund.

Scottish Mutual With-Profits Fund

No part of the with-profits business is in respect of business which falls within paragraph (1) (b) of the definition of with-profits fund.

Returns under the Accounts and Statements Rules

Supplementary Notes

Phoenix Life Limited

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Financial year ended 31 December 2015

NOTES TO APPENDIX 9.3 (continued)

SPI With-Profits Fund

It is the insurer's usual practice to restrict Irish with-profit policyholders' participation in any established surplus to that arising from the Irish With-Profit Fund (i.e. the Irish component of the SPI Fund).

The asset share philosophy for business written in the Irish With-Profit Fund assumes the following asset mix

Category of assets	Category	
	UK Business	Irish Business
Land and Buildings	7.37%	4.07%
Approved Fixed Interest	28.04%	47.76%
Other Fixed Interest	23.18%	22.51%
Variable interest securities	0.00%	0.00%
UK listed equity shares	13.08%	0.38%
Non UK listed equity shares	20.09%	13.92%
Unlisted equity shares	0.00%	0.00%
Other assets	8.24%	11.36%
Total	100.00%	100.00%

4802 Treatment of expected income from defaulted assets

All funds

There are no securities where payment of interest is in default apart from securities which are themselves in default. Securities held with the following counterparties were in default at the valuation date: British & Commonwealth, Cattles, Glitnir Bank, Lambay Capital, Lehman Brothers Holdings, LetInvest and Washington Mutual. A total market value of £3.6m is allowed for these securities in respect of £58.1m nominal holdings across the whole of Phoenix Life Limited.

4803 Assumptions regarding securities which may be redeemed over a period at option of the guarantor or the issuer

Non Profit Fund

For assets that may be redeemed over a period at the option of the guarantor or the issuer, an appropriate redemption date is calculated based on the type of the callable bond and the yield on the bond. The market values of these assets at the valuation date are as follows:

Earliest Maturity Date	£15.6m
Latest Maturity Date	£77.1m
Total Optional maturity Date	£92.7m

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NOTES TO APPENDIX 9.3 (continued)

90% With-Profits Fund

For assets that may be redeemed over a period at the option of the guarantor or the issuer, the yields supplied assume that the bond will be called on the latest date, except for step-ups where the first callable date is used. The market values are as follows:

Earliest Maturity Date	£3.0m
Latest Maturity Date	£0.4m
Total Optional Maturity Date	£3.4m

100% With-Profits Fund

For assets that may be redeemed over a period at the option of the guarantor or the issuer, the yields supplied assume that the bond will be called on the latest date, except for step-ups where the first callable date is used. The market values are as follows:

Earliest Maturity Date	£1.8m
Latest Maturity Date	£0.2m
Total Optional Maturity Date	£2.0m

Alba With-Profits Fund

For assets that may be redeemed over a period at the option of the guarantor or the issuer, the yields supplied assume that the bond will be called on the latest date, except for step-ups where the first callable date is used. The market values are as follows:

Earliest Maturity Date	£29.5m
Latest Maturity Date	£1.9m
Total Optional Maturity Date	£31.4m

Britannic Industrial Branch Fund

For assets that may be redeemed over a period at the option of the guarantor or the issuer, the yields supplied assume that the bond will be called on the latest date, except for step-ups where the first callable date is used. The market values are as follows:

Earliest Maturity Date	£6.3m
Latest Maturity Date	£0.8m
Total Optional Maturity Date	£7.1m

Britannic With-Profits Fund

For assets that may be redeemed over a period at the option of the guarantor or the issuer, the yields supplied assume that the bond will be called on the latest date, except for step-ups where the first callable date is used. The market values are as follows:

Earliest Maturity Date	£92.3m
Latest Maturity Date	£11.6m
Total Optional Maturity Date	£103.9m

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Supplementary Notes

Phoenix Life Limited

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Financial year ended 31 December 2015

NOTES TO APPENDIX 9.3 (continued)

Phoenix With-Profits Fund

For assets that may be redeemed over a period at the option of the guarantor or the issuer, the yields supplied assume that the bond will be called on the latest date, except for step-ups where the first callable date is used. The market values are as follows:

Earliest Maturity Date	£90.5m
Latest Maturity Date	£11.3m
Total Optional Maturity Date	£101.8m

SAL With-Profits Fund

For assets that may be redeemed over a period at the option of the guarantor or the issuer, the yields supplied assume that the bond will be called on the latest date, except for step-ups where the first callable date is used. The market values are as follows:

Earliest Maturity Date	£97.7m
Latest Maturity Date	£6.1m
Total Optional Maturity Date	£103.8m

Scottish Mutual With-Profits Fund

For assets that may be redeemed over a period at the option of the guarantor or the issuer, the yields supplied assume that the bond will be called on the latest date, except for step-ups where the first callable date is used. The market values are as follows:

Earliest Maturity Date	£27.8m
Latest Maturity Date	£3.5m
Total Optional Maturity Date	£31.3m

SPI With-Profits Fund

For assets that may be redeemed over a period at the option of the guarantor or the issuer, the yields supplied assume that the bond will be called on the latest date, except for step-ups where the first callable date is used. The market values are as follows:

Earliest Maturity Date	£32.6m
Latest Maturity Date	£6.4m
Total Optional Maturity Date	£39.0m

4806 Assets used to calculate investment returns in lines 21-29 column 5

90% Fund

The investment returns shown in lines 21-29 column 5 are based on the portfolio of assets from which the returns credited to asset shares are derived.

The with profits business is split into groups with different asset mixes and the investment return credited to any one group is generally based on the returns shown applied to an asset mix.

A single investment return has been calculated for approved fixed interest securities, other fixed interest securities and variable interest securities and is reported in column 5 for both these categories.

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NOTES TO APPENDIX 9.3 (continued)

The returns shown in line 32 and 33 relate to the largest asset share grouping.

100% Fund

The investment returns shown in lines 21-29 column 5 are based on the portfolio of assets from which the returns credited to asset shares are derived.

The with profits business is split into groups with different asset mixes and the investment return credited to any one group is generally based on the returns shown applied to an asset mix.

A single investment return has been calculated for approved fixed interest securities, other fixed interest securities and variable interest securities and is reported in column 5 for both these categories.

The returns shown in line 32 and 33 relate to the ex-Phoenix conventional business.

Alba With-Profits Fund

The investment returns shown in lines 21-29 column 5 are based on the portfolio of assets from which the returns credited to asset shares are derived.

The with profits business is split into groups with different asset mixes and the investment return credited to any one group is generally based on the returns shown applied to an asset mix.

The returns shown in line 32 and 33 relate to the largest asset share grouping.

Britannic Industrial Branch Fund

The investment returns shown in lines 21-29 column 5 are based on the portfolio of assets from which the returns credited to asset shares are derived.

Britannic With-Profits Fund

The investment returns shown in lines 21-29 column 5 are based on the portfolio of assets from which the returns credited to Ordinary Branch With Profits sterling denominated asset shares are derived. There is a further portfolio of assets from which the returns credited to euro denominated asset shares are derived.

The returns shown in lines 32 and 33 relate to the Ordinary Branch With Profits sterling denominated asset share grouping which is the largest.

Phoenix With-Profits Fund

The asset mix underlying an individual policy asset shares varies in accordance with the Company's Principles and Practices of Financial Management. For the purposes of the disclosure in column 5 we have considered returns on asset shares in aggregate.

A single investment return has been calculated for approved fixed interest securities, other fixed interest securities and variable interest securities and is reported in column 5 for both these categories.

Returns under the Accounts and Statements Rules

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Phoenix Life Limited

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Financial year ended 31 December 2015

NOTES TO APPENDIX 9.3 (continued)

The assets (with market value as at the start of the valuation period) used to calculate investment returns shown in lines 21-29 are:

Asset Type	Market Value (£m)
Land and buildings	143.4
Approved fixed interest securities	1128.4
Other fixed interest securities	656.4
Variable interest securities	0.0
UK listed equity shares	286.2
Non-UK listed equity shares	404.8
Other assets	93.7

SAL With-Profits Fund

The asset mix underlying an individual policy asset shares varies in accordance with the Company's Principles and Practices of Financial Management. For the purposes of the disclosure in column 5 we have considered returns on asset shares in aggregate.

The assets (with market value as at the start of the valuation period) used to calculate investment returns shown in lines 21-29 are:

Asset Type	Market Value (£m)
Land and buildings	113.1
Approved fixed interest securities	2243.1
Other fixed interest securities	572.9
Variable interest securities	0.0
UK listed equity shares	300.6
Non-UK listed equity shares	453.5
Other assets	-3.8

Scottish Mutual With Profits Fund

The investment returns in lines 21-29 of column 5 were calculated using the SMA WPSF GBP assets.

SPI With-Profits Fund

The investment returns shown in lines 21-29 column 5 are based on the portfolio of assets from which the returns credited to asset shares are derived.

4807 Non Linked Assets

Phoenix With-Profits Fund

A single investment return has been calculated for approved, other fixed interest and variable interest securities and is reported in column 5 for these categories.

Returns under the Accounts and Statements Rules

Supplementary Notes

Phoenix Life Limited

Global Business

Financial year ended 31 December 2015

NOTES TO APPENDIX 9.3 (continued)

4808 Non Linked Assets

All funds

The Company holds a number of derivatives in connection with its assets, including fixed interest swaps and equity futures. The net value of these derivatives is included in Line 28, column 1 and Line 18, column 1 and then for the purposes of column 2 re-allocated across lines relating to the relevant asset class, as described in Appendix 9.4 paragraph 4 (11), in proportion to the market value of the underlying asset classes. The yield shown in column 4 shows the yield on the relevant asset class excluding the impact of apportioning out the derivatives. For fixed interest securities the expected income relates to the fixed interest assets shown in column 1.

4809 Non Linked Assets

All Funds

The entry in Line 33 column 5 is after tax.

4901 Rating agency used for split by credit rating

All funds

Ratings shown are the Bloomberg composite ratings sourced from Bloomberg. Where a Bloomberg composite rating is unavailable, then the weaker of ratings provided by Moody's Investors Service and Standard & Poor's Corporation is used instead. If a rating is still unavailable, then an internal rating is applied.

4902 Fixed Interest Assets

All funds

Derivatives have been apportioned as described in note 4808 although for Form 49, the yields in columns 3 and 4 exclude the economic effect of the derivative apportionment.

5001 Internal Reassurances

There are some reinsurance arrangements between Non-Profits and With-Profits funds within the Company which are disclosed only in the "Reassurer" fund.

5101 Number of group schemes without records at member level

Product Code	Number of Group Schemes
320	30
390	20
410	10
420	1
435	7

Returns under the Accounts and Statements Rules

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Phoenix Life Limited

Global Business

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NOTES TO APPENDIX 9.3 (continued)

5103 Miscellaneous Products

Britannic With-Profits Fund

The miscellaneous item for UK Pensions Gross Insurance Business is reinsurance accepted on guaranteed annuity options.

Phoenix With-Profits Fund

Gross reserves for product code 435 Miscellaneous non-profit – Late Retirement of £59.5m in UK Pension / Gross relates to pensions products where the policyholder has passed their retirement age and not taken their retirement benefits.

SAL With-Profits Fund

Gross reserves for product code 305 Single Premium non profit WL/EA OB - include Late Retirement of £194.5m in UK Pension / Gross products where the policyholder has passed their retirement age and not taken their retirement benefits.

5201 Number of group schemes without records at member level

Product Code	Number of Group Schemes
555	25
571	26

5301 Number of group schemes without records at member level

Product Code	Number of Group Schemes
735	5
750	12
755	449
765	3

5303 Miscellaneous Products

Code 795 (miscellaneous property linked) includes a significant amount of UK Life Non-Profit Assurance business.

5403 Miscellaneous Products

Code 910 (miscellaneous index-linked) includes a significant number of index-linked endowment, term assurance and income protection policies which do not fit into any other product code.

5700 Analysis of Valuation Interest Rates

The 100% With-Profits Fund and 90% With-Profits fund has not produced a Form 57 as the mathematical reserves for non-linked business does not exceed £100m.

Returns under the Accounts and Statements Rules

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Phoenix Life Limited

Global Business

Financial year ended 31 December 2015

NOTES TO APPENDIX 9.3 (continued)

5702 Waiver

The PRA, on the application of the firm, made a direction under section 148 of the Financial Services and Markets Act 2000 in February 2014. The effect of the direction is to modify the provisions of *INSPRU* 3.1.35R and *IPRU(INS)* Appendix 9.3 so that a more appropriate rate of interest is used for certain assets taken in combination.

5703 Business for which Waiver Applies

Alba With-Profits Fund

For 2015, this waiver was applied to the material blocks of Non-Profit UK immediate and UK deferred annuity business in the fund. This comprises £139m of liabilities shown in the product group UK Pens NP Form 51 Immediate Annuities and £102m of liabilities shown in the product group UK Pens NP Form 51 Single Premium Assurances and Deferred Annuities. There are less material deferred annuity related liabilities to which the waiver is not applied.

Phoenix With-Profits Fund

For 2015, this waiver was applied to the material blocks of UK immediate and UK deferred annuity business in the fund. This comprises £179m of liabilities shown in the product group UK Pensions NP Form 51 Annuities in Payment and £509m of liabilities shown in the product group UK Pensions NP Form 51 Deferred Annuity. There are less material deferred annuity related liabilities to which the waiver is not applied. The waiver has not been applied to index-linked annuities in the fund for this valuation.

SAL With-Profits Fund

For 2015, this waiver was applied to the material blocks of UK annuity business in the fund. This comprises £66m of liabilities shown in the product group UK Pensions NP Form 51 Annuities in Payment and £310m of liabilities shown in the product group UK Pensions NP Form 51 Deferred Annuity. There are less material annuity related liabilities to which the waiver is not applied. The waiver has not been applied to index-linked annuities in the fund for this valuation.

Non Profit Fund

For 2015, this waiver was applied to all material blocks of UK immediate, UK deferred annuity and Overseas business in the fund.

For PLL annuities, this comprises £3,476m of liabilities shown in the product group UK Pension F51 Annuity codes 400-405 (2.85%), £501m of liabilities shown in the product group UK F51 Deferred Annuity codes 315-390 (3.31%), £6m of liabilities shown in the product group UK Pension F54 Annuity Index Linked code 905 (2.70%), £348m of liabilities shown in the product group Overseas F51 Annuity codes 395-400 (1.73%) and £4m of liabilities shown in the product group Overseas F51 codes 300-390, 410, 435 (2.77%).

There are less material annuity related liabilities to which the waiver is not applied.

Returns under the Accounts and Statements Rules

Supplementary Notes

Phoenix Life Limited

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Financial year ended 31 December 2015

NOTES TO APPENDIX 9.3 (continued)

5704 Effect of Waiver

Alba With-Profits Fund

In accordance with the direction above, the risk adjusted yield in the UK Pensions NP Form 51 Immediate Annuities and UK Pensions NP Form 51 Single Premium Assurances and Deferred Annuities product groups as shown in Form 57 Column 5 is derived as follows:-

Deferred Annuity	Risk-adjusted GRY	3.36%
	IRR adjustment	0.17%
	Risk-adjusted IRR	3.54%
Immediate Annuity	Risk-adjusted GRY	2.26%
	IRR adjustment	0.17%
	Risk-adjusted IRR	2.43%

Phoenix With-Profits Fund

In accordance with the direction above, the risk adjusted yield in the UK Pensions NP Form 51 Annuities in Payment and UK Pensions NP Form 51 Deferred Annuity product groups as shown in Form 57 Column 5 is derived as follows:-

Deferred Annuity	Risk-adjusted GRY	1.24%
	IRR adjustment	0.01%
	Risk-adjusted IRR	1.26%
Immediate Annuity	Risk-adjusted GRY	2.12%
	IRR adjustment	0.02%
	Risk-adjusted IRR	2.14%

The waiver has not been applied to index-linked annuities in the fund for this valuation. However a check has been done to show that the internal rate of return for this business is higher than the risk-adjusted yield.

SAL With-Profits Fund

In accordance with the direction above, the risk adjusted yield in the UK Pensions NP Form 51 Annuities in Payment and UK Pensions NP Form 51 Deferred Annuity product groups as shown in Form 57 Column 5 is derived as follows:-

Deferred Annuity	Risk-adjusted GRY	2.17%
	IRR adjustment	-0.01%
	Risk-adjusted IRR	2.16%
Immediate Annuity	Risk-adjusted GRY	2.03%
	IRR adjustment	0.00%
	Risk-adjusted IRR	2.03%

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NOTES TO APPENDIX 9.3 (continued)

Non Profit Fund

In accordance with the direction above, the risk adjusted yield in the UK Deferred annuity, UK Pension Annuity and Overseas product groups, as shown in Form 57 Column 5, is derived as follows:-

PLL Annuity Fund annuities

Deferred annuity	Risk-adjusted GRY	2.22%
	IRR adjustment	0.88%
	Risk-adjusted IRR	3.10%
Immediate annuity	Risk-adjusted GRY	2.06%
	IRR adjustment	0.87%
	Risk-adjusted IRR	2.92%
Overseas annuity	Risk-adjusted GRY	1.42%
	IRR adjustment	0.35%
	Risk-adjusted IRR	1.77%
Index-linked annuity	Risk-adjusted GRY	2.55%
	IRR adjustment	0.22%
	Risk-adjusted IRR	2.77%

5800 Long-term insurance business: Distribution of surplus

In respect of the NPI With-Profit Fund Form 58 Long-term insurance business: Distribution of surplus, all amounts required to be shown would be zero and this form has not been included in the Return.

5801 Interim, mortuary or terminal bonuses determined in advance of a valuation

The amounts shown in line 12 and again in line 41, being bonus payments made to policyholders in anticipation of a surplus, are for final and interim bonuses on claims made during the year and for annual bonus, declared investment returns declared in advance.

5900 With-profits payouts on maturity and surrender

There are no entries in either Form 59A or 59B for business originating in NPI Limited because no policies exist at the durations required by the Forms.

Returns under the Accounts and Statements Rules

Statement of Additional Information on Derivative Contracts required by rule 9.29

Phoenix Life Limited

Global business

Financial year ended 31 December 2015

(a) Investment Guidelines

Derivative contracts will be held in the insurer as a result of:

(i) discretionary powers exercised by the Investment Manager within the constraints laid down by the Investment Management Agreement or otherwise stipulated by the insurer. The Investment Management Agreement requires that derivative contracts may only be used for the purposes of efficient portfolio management and specific examples include the implementation of tactical asset allocation decisions and changes to the strategic benchmark and cashflow management purposes. The Investment Manager is required to comply with all relevant rules regarding the use of derivative contracts in insurance.

(ii) investment decisions made by the insurer to reduce the degree of market risk within the funds of the insurer. Specific examples include the use of interest rate swaps to improve cashflow matching, interest rate swaptions to hedge interest rate risks on policies with guaranteed annuity options or guaranteed cash options and equity index futures and options to hedge the market risk on policies with policy options and guarantees and spreadlocks to hedge swap spread risks inherent in other hedging instruments. The insurer operates an appropriate control environment in which such investment decisions are taken and implemented.

(b) The Investment Management Agreement referred to in (i) above does not explicitly prohibit the use of contracts where any rights or obligations were not, at the time when the contract was entered into, reasonably likely to be exercised. However the requirement that contracts are used for the purposes of efficient portfolio management means that such occurrences are unlikely.

Investment decisions referred to in (ii) above do involve the use of such derivatives to hedge the funds against interest rate and other market movements. For instance the insurer holds payer swaptions where the fixed rate is as high as 11.1% p.a. However, changes in the value of these options arising from changes in market interest rate expectations in conjunction with receiver swaps provides a hedge against movements in the cost of guarantees attaching to certain policies.

(c) There are payer swaptions where the fixed rate equals or exceeds 8% p.a. with an aggregate nominal of £22.3m in the Phoenix With-Profits sub-fund and £144.8m in the SAL With-Profits sub-fund.

(h) A quasi derivative is embedded in the amounts due to credit institutions related to the refinancing of residential property investments described in detail in note 1401.

Provisions have been recognised of:

Mortality risk	£(5.7)m
Specific house price risk	£10.9m
Provision for reasonably foreseeable adverse variation	£3.9m

(i) The total value of any fixed consideration received by the insurer during the financial year in return for granting rights under derivative contracts was nil.

Returns under the Accounts and Statements Rules

Statement of additional information on controllers required by rule 9.30

Phoenix Life Limited

Global Business

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The persons who, to the knowledge of the insurer, have been controllers at any time during the financial year were:

- a) Pearl Life Holdings Limited
- b) Impala Holdings Limited
- c) Phoenix Life Holdings Limited
- d) PGH (LCA) Limited
- e) PGH (LCB) Limited
- f) Phoenix Group Holdings
- g) PGH (LC1) Limited #
- h) PGH (LC2) Limited #
- i) PGH (MC1) Limited #
- j) PGH (MC2) Limited #
- k) PGH (TC1) Limited #
- l) PGH (TC2) Limited #

ceased to be a controller of the insurer on 28 May 2015

In relation to each such person, the information required to be disclosed pursuant to rule 9.30 (b) is as follows:

1. Pearl Life Holdings Limited

As at 31 December 2015, Pearl Life Holdings Limited held 100% of the issued share capital of Phoenix Life Limited and, to the knowledge of the insurer, was entitled at the end of the financial year to exercise 100% of the voting power at any general meeting of Phoenix Life Limited.

2. Impala Holdings Limited

As at 31 December 2015, Impala Holdings Limited held 100% of the issued share capital of Pearl Life Holdings Limited, a company of which Phoenix Life Limited is a subsidiary undertaking, and, to the knowledge of the insurer, was entitled at the end of the financial year to exercise 100% of the voting power at any general meeting of Pearl Life Holdings Limited.

3. Phoenix Life Holdings Limited

As at 31 December 2015, Phoenix Life Holdings Limited held 100% of the issued share capital of Impala Holdings Limited, a company of which Phoenix Life Limited is a subsidiary undertaking, and, to the knowledge of the insurer, was entitled at the end of the financial year to exercise 100% of the voting power at any general meeting of Impala Holdings Limited.

4. PGH (LCA) Limited

As at 31 December 2015, PGH (LCA) Limited held 50% of the issued share capital of Phoenix Life Holdings Limited, a company of which Phoenix Life Limited is a subsidiary undertaking, and, to the knowledge of the insurer, was entitled at the end of the financial year to exercise 50% of the voting power at any general meeting of Phoenix Life Holdings Limited.

Returns under the Accounts and Statements Rules

Statement of additional information on controllers required by rule 9.30

Phoenix Life Limited

Global Business

Financial year ended 31 December 2015

(continued)

5. PGH (LCB) Limited

As at 31 December 2015, PGH (LCB) Limited held 50% of the issued share capital of Phoenix Life Holdings Limited, a company of which Phoenix Life Limited is a subsidiary undertaking, and, to the knowledge of the insurer, was entitled at the end of the financial year to exercise 50% of the voting power at any general meeting of Phoenix Life Holdings Limited.

6. Phoenix Group Holdings

As at 31 December 2015, Phoenix Group Holdings held 100% of the issued share capital of PGH (LCA) Limited and PGH (LCB) Limited, which between them held 100% of the shares of Phoenix Life Holdings Limited, a company of which Phoenix Life Limited is a subsidiary undertaking. At the end of the financial year, to the knowledge of the insurer, Phoenix Group Holdings was entitled to exercise 100% of the voting power at any general meeting of PGH (LCA) Limited and PGH (LCB) which between them held 100% of the shares of Phoenix Life Holdings Limited, a company of which Phoenix Life Limited is a subsidiary undertaking.

7. PGH (LC1) Limited

As at 31 December 2015, PGH (LC1) Limited held no shares (equivalent to nil %) in Phoenix Life Limited or any other company of which Phoenix Life Limited is a subsidiary undertaking. At the end of the financial year, to the knowledge of the insurer, PGH (LC1) Limited was not entitled to exercise, or control the exercise of, any voting power at any general meeting of Phoenix Life Limited or another company of which Phoenix Life Limited is a subsidiary undertaking.

8. PGH (LC2) Limited

As at 31 December 2015, PGH (LC2) Limited held no shares (equivalent to nil %) in Phoenix Life Limited or any other company of which Phoenix Life Limited is a subsidiary undertaking. At the end of the financial year, to the knowledge of the insurer, PGH (LC2) Limited was not entitled to exercise, or control the exercise of, any voting power at any general meeting of Phoenix Life Limited or another company of which Phoenix Life Limited is a subsidiary undertaking.

9. PGH (MC1) Limited

As at 31 December 2015, PGH (MC1) Limited held no shares (equivalent to nil %) in Phoenix Life Limited or any other company of which Phoenix Life Limited is a subsidiary undertaking. At the end of the financial year, to the knowledge of the insurer, PGH (MC1) Limited was not entitled to exercise, or control the exercise of, any voting power at any general meeting of Phoenix Life Limited or any other company of which Phoenix Life Limited is a subsidiary undertaking.

Returns under the Accounts and Statements Rules

Statement of additional information on controllers required by rule 9.30

Phoenix Life Limited

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(continued)

10. PGH (MC2) Limited

As at 31 December 2015, PGH (MC2) Limited held no shares (equivalent to nil %) in Phoenix Life Limited or any other company of which Phoenix Life Limited is a subsidiary undertaking. At the end of the financial year, to the knowledge of the insurer, PGH (MC2) Limited was not entitled to exercise, or control the exercise of, any voting power at any general meeting of Phoenix Life Limited or any other company of which Phoenix Life Limited is a subsidiary undertaking.

11. PGH (TC1) Limited

As at 31 December 2015, PGH (TC1) Limited held no shares (equivalent to nil %) in Phoenix Life Limited or any other company of which Phoenix Life Limited is a subsidiary undertaking. At the end of the financial year, to the knowledge of the insurer, PGH (TC1) Limited was not entitled to exercise, or control the exercise of, any voting power at any general meeting of Phoenix Life Limited or any other company of which Phoenix Life Limited is a subsidiary undertaking.

12. PGH (TC2) Limited

As at 31 December 2015, PGH (TC2) Limited held no shares (equivalent to nil %) in Phoenix Life Limited or any other company of which Phoenix Life Limited is a subsidiary undertaking. At the end of the financial year, to the knowledge of the insurer, PGH (TC2) Limited was not entitled to exercise, or control the exercise of, any voting power at any general meeting of Phoenix Life Limited or any other company of which Phoenix Life Limited is a subsidiary undertaking.

APPENDIX 9.4

PHOENIX LIFE LIMITED

Abstract of Valuation Report

1. INTRODUCTION

(1) Valuation Date

The valuation relates to 31 December 2015.

(2) Previous Valuation

The previous valuation under Rule 9.4 related to 31 December 2014.

(3) Interim Valuations

No interim valuations (for the purposes of Rule 9.4) have been carried out since 31 December 2014.

2. PRODUCT RANGE

In the remainder of this Appendix and Appendix 9.4A, the products are identified by their current fund and / or their originating fund as defined above or, in respect of products that were already in PLL, by their originating company prior to **either**:

- the 2005 fund merger (see the Company's 2005 FSA Returns):

"PAL"	Phoenix Assurance Limited
"SLUK"	Swiss Life (UK) Plc
"Bradford"	Bradford Insurance Company Limited

- **or** the 2006 fund merger (see the Company's 2006 FSA Returns):

"Alba"	Alba Life Limited
"BA"	Britannic Assurance plc
"BRS"	Britannic Retirement Solutions Limited
"BULA"	Britannic Unit Linked Assurance Limited
"Century"	Century Life plc
"PLP"	Phoenix Life & Pensions Limited

- **or** the 2009 fund merger (see the Company's 2009 FSA Returns):

"SMA"	Scottish Mutual Assurance Limited
"SPL"	Scottish Provident Limited

- **or** the 2011 transfer of all the business within the long term fund of Phoenix and London Assurance (see the Company's 2011 FSA Returns)

- **or** the 2012 transfer of all the business within the long term fund of NPIL and the annuities that were reassured by NPLL to NPIL (see the Company's 2012 FSA Returns)

For other products transferred into PLL that had been transferred previously, the descriptions previously used in the transferor's returns are still used.

The 100% With-Profits Fund previously accepted reinsurance of unitised with-profits group pensions business from Phoenix & London Assurance Limited. This reinsurance has been recaptured as at 31 December 2008. The 100% With-Profits Fund also previously accepted reinsurance of the with-profits units of ex-SLUK unitised pensions from the Non Profit Fund. Under the 2008 funds merger, reinsurance of these units has transferred from the 100% With-Profits Fund to the 90% With-Profits Fund.

The new business status of each of the with-profits subfunds during the year was:

FUND	STATUS
Alba With-Profits Fund	(d) closed to new business except by increment
Britannic Industrial Branch Fund	(d) closed to new business except by increment
Britannic With-Profits Fund	(d) closed to new business except by increment
NPI With-Profits Fund	(d) closed to new business except by increment
Phoenix With-Profits Fund	(d) closed to new business except by increment
90% With-Profits Fund	(d) closed to new business except by increment
100% With-Profits Fund	(d) closed to new business except by increment
SAL With-Profits Fund	(d) closed to new business except by increment
Scottish Mutual With-Profits Fund	(d) closed to new business except by increment
SPI With-Profits Fund	(d) closed to new business except by increment

Effective from 1 January 2014 the company's Non Profit Fund entered into a longevity swap with a defined benefit pension scheme.

In essence, the swap's workings are:

- The scheme pays the company a stream of pension payments that (apart from future indexation on some tranches of benefit) are fixed according to a mortality basis set out in the swap agreement (the "Fixed Leg");
- The scheme pays the company a stream of fee payments whose amounts are a fixed percentage of the amounts in the Fixed Leg (the "Fee Leg"); and
- The company pays the scheme a stream of pension payments (subject to indexation adjustments consistent with those in the Fixed Leg) that depend on the survival of the individual Scheme pensioners and their spouses (the "Floating Leg").

The scheme supplies a monthly movement file to the company and there is a monthly accounting settlement process between the parties.

At the same date the company entered into an almost identical longevity swap to reinsure 50% of the risk it has accepted from the scheme.

The remaining questions are answered in respect of each fund in turn.

Alba With-Profits Fund

3. DISCRETIONARY CHARGES AND BENEFITS

(1) Application of Market Value Reduction

During 2015, market value reductions were applied to accumulating with-profits business as described below.

(a) Unitised with-profits business

Final bonus and market value reductions as a percentage of unit allocations by calendar year of purchase are shown in the tables below. Market value reductions (negative final bonuses) do not apply on maturity or death and the overall final bonus is subject to an overall minimum of nil, and the minimum payout is the face value of the units. For all other claims, the overall final bonus can be negative and a market value reduction of that amount will have been applied to the face value of the units.

Applicable 1 January 2015 to 30 June 2015

Calendar year of purchase of units	Old BLAS business (Life System Company 2)		Pensions Fund 19	New BL business (Life company 4)	
	Life	Pensions Fund 18		Life	Pension
<=1992		13%	80%		
1993	43%	14%	67%	51%	79%
1994	49%	19%	74%	56%	85%
1995	60%	27%	87%	66%	97%
1996	55%	21%	78%	59%	87%
1997	50%	15%	70%	54%	77%
1998	42%	6%	59%	45%	64%
1999	34%	0%	47%	35%	51%
2000	32%	0%	45%	33%	48%
2001	39%	1%	53%	39%	56%
2002	47%	8%	67%	47%	68%
2003	49%	12%	71%	49%	71%
2004	43%	10%	62%	43%	62%
2005	35%	5%	49%	35%	49%
2006	29%	3%	41%	29%	41%
2007	27%	5%	38%	27%	38%
2008	28%	9%	39%	28%	39%
2009	26%	11%	36%	26%	36%
2010	20%	8%	28%	20%	28%
2011	13%	3%	18%	13%	18%
2012	8%	0%	10%	8%	10%
2013	4%	1%	7%	4%	7%
2014	3%	1%	3%	1%	2%
2015	0%	0%	0%	0%	0%

Applicable 1 July 2015 to 31 December 2015

Calendar year of purchase of units	Old BLAS business (Life System Company 2)			New BL business (Life System Company 4)	
	Life	Pension Fund 18	Pension Fund 19	Life	Pension
<=1992		19%	92%		
1993	44%	21%	78%	53%	91%
1994	51%	26%	88%	58%	98%
1995	62%	34%	102%	68%	110%
1996	57%	28%	93%	61%	99%
1997	52%	21%	85%	55%	89%
1998	44%	12%	72%	46%	75%
1999	35%	4%	59%	37%	61%
2000	34%	1%	56%	35%	58%
2001	40%	7%	66%	41%	67%
2002	49%	14%	79%	49%	79%
2003	51%	18%	82%	51%	82%
2004	45%	16%	73%	45%	73%
2005	36%	11%	59%	36%	59%
2006	30%	9%	50%	30%	50%
2007	29%	11%	48%	29%	48%
2008	29%	15%	48%	29%	48%
2009	27%	17%	45%	28%	45%
2010	21%	14%	36%	22%	36%
2011	14%	9%	26%	14%	26%
2012	9%	6%	18%	9%	18%
2013	6%	6%	14%	6%	14%
2014	2%	4%	8%	2%	8%
2015	0%	0%	0%	0%	0%

(b) Other with-profits business

For the Unitised Capital Guaranteed Fund business, from 1 January 2015 to 31 December 2015 no market value reduction was applied.

For the Nestegg (post 1988) business, from 1 January 2015 to 31 December 2015 no market value reduction was applied.

For the ex BLA / Crusader With Profits Performance Fund business, from 1 January 2015 to 31 December 2015 no market value reduction was applied.

For the ex BLA / Crusader With Profits Pension Fund business, from 1 January 2015 to 31 December 2015 no market value reduction was applied.

For the Assured Growth Scheme business, individual scheme specific market value reductions were applied, where applicable, throughout 2015.

(2) Premiums on Reviewable Protection Policies

There are no reviewable protection policies.

(3) Non-profit Deposit Administration

No non-profit deposit administration business is transacted.

(4) Service Charges on Linked Policies

The linked policies that were previously in the Fund are now in the Non Profit Fund and the changes in charges are disclosed in that section of the abstract.

(5) Benefit Charges on Linked Policies

There were no changes to benefit charges on linked policies in the current year.

(6) Accumulating With-Profits Charges

There were no changes to unit management charges or notional charges to accumulating with-profits policies since the last valuation.

(7) Unit Pricing of Internal Linked Funds

Not applicable

(8) Tax Deductions From Internal Linked Funds

Not applicable

(9) Tax Provisions for Internal Linked Funds

Not applicable

(10) Discounts on Unit Purchases

Not applicable

4. VALUATION BASIS

(1) Valuation Methods

Subject to the exceptions specified below, liabilities have been valued using the gross premium valuation method. The mathematical reserves were calculated as the value of future benefits and expenses less the value of future expected office premiums. No allowance for future lapses is made except implicitly in setting the per policy expenses.

For deposit administration contracts the current balance of accumulated premiums is built up retrospectively and future guaranteed minimum regular bonus rates are allowed for in projecting the current balance to maturity and discounting back to the current valuation date.

The mathematical reserve for all unitised contracts linked to units in the unitised with-profits fund has been calculated as the higher of (i) and (ii) below:

(i) The minimum of (a) and (b) below:

(a) Face value of units, which is the number of units including attaching bonus units allocated up to the valuation date. This is the full value guaranteed at maturity, guarantee date, death, selected retirement age or on withdrawals under the regular withdrawal scheme;

(b) Asset Share (unless the contract has a guaranteed Market Value Adjustment free date, in which case Face value of units is taken as the minimum).

(ii) A prospective value calculated by discounting projected future cashflows and allowing for future expenses.

Exceptions:

- (a) Negative reserves may have been included and some contracts of may insurance have been treated as an asset.
- (b) A prospective method of valuation has not been used for some contracts, although the mathematical reserves for these various lines of business do not exceed the materiality limits.

(2) Valuation Interest Rates

The following table shows the valuation interest rates:

Product Group	Current Valuation	Previous Valuation
Life		
Conventional whole life withprofits OB	4.10%	1.35%
Conventional endowment withprofits OB savings	1.45%	1.05%
Conventional endowment withprofits OB target cash	1.39%	0.88%
Group conventional deferred annuity withprofits	2.21%	1.74%
Miscellaneous conventional withprofits	0.96%	0.74%
Regular premium non-profit WL/EA OB	4.04%	1.36%
Single premium non-profit WL/EA OB	0.96%	0.88%
Level term assurance	1.45%	0.85%
Deferred annuity non-profit	2.17%	1.68%
Annuity non-profit (PLA)	1.45%	1.13%
Group income protection	4.00%	4.00%
Miscellaneous non-profit	1.45%	0.88%
Life UWP single premium	0.96%	0.00%
Life UWP whole life regular premium	4.10%	1.75%
Life UWP endowment regular premium – target cash	0.96%	0.88%
Individual pensions UWP	0.96%	0.88%
Group money purchase pensions UWP	0.96%	0.88%
Pension		
Conventional deferred annuity withprofits	2.58%	2.11%
Group conventional deferred annuity withprofits	2.35%	2.86%
Level term assurance	1.81%	1.06%
Deferred annuity non-profit	3.24%	2.10%
Annuity non-profit (CPA)	2.33%	2.15%
Miscellaneous non-profit	1.81%	1.10%
Individual pensions UWP	1.19%	1.10%
Group money purchase pensions UWP	1.19%	1.10%
Group deposit administration withprofits	2.37%	1.53%
DWP National Insurance rebates UWP	1.19%	1.10%

For deferred annuities, the stated valuation interest rate applies before and after vesting.

The valuation interest rate for immediate and deferred pension annuity business is calculated based on the waiver granted by the Prudential Regulation Authority, under section 148 of the Financial Services and Markets Act 2000. Under this waiver a company is allowed to calculate the valuation rate of interest using the internal rate of return on assets backing the annuity liabilities instead of using the arithmetic mean of the gross redemption yields on each asset weighted by their market values. Details of this waiver are covered in the Notes to Appendix 9.3.

The methodology for setting the valuation interest rate for the index linked annuities does not utilise the waiver, i.e. the portfolio yield is the arithmetic mean of the gross redemption yield on each asset weighted by its market value.

(3) Risk Adjustments

The yields on assets were reduced for risk as follows:

Equities

The risk adjusted yield on equities is determined by INSPRU 3.1.37R as the sum of the dividend yield and the earnings yield, divided by two unless the dividend yield is greater than the earnings yield. If the dividend yield is greater than the earnings yield then the risk adjusted yield is taken to be the dividend yield.

To allow for unreasonably high yields, a cap is applied to the dividend yield and earnings yield which is the lower of 25% or twice the annualised 15 year gilt yield.

Property

The risk adjusted yield on property is determined by INSPRU 3.1.36R as the ratio of the rental income arising from the property over the previous twelve months to the market value of the property.

Due to potential issues with the timing of rental income, a cap is applied of the contracted income arising from the property over the previous twelve months.

To allow for unreasonably high yields, a cap is applied to the resulting yield which is the greater of 10% or twice the annualised 15 year gilt yield.

Fixed Interest

a) Approved Securities

The risk adjusted yield on UK Government and other approved fixed interest securities is determined by INSPRU 3.1.39R as the annualised gross redemption yield. Allowance is made for credit risk as set out for Other Securities.

b) Other Securities

The risk adjusted yield on other fixed interest securities is determined by INSPRU 3.1.39R as the annualised gross redemption yield less a credit risk margin (haircut) which is applied on an individual stock by stock basis.

The investment managers obtain the agency ratings of all stocks and then recommend a rating for haircut purposes which will either be one of the agency ratings or a lower rating if they consider that more appropriate (taking into account such factors as current spread).

This rating is then used to derive a haircut from a table of average default rates. For stocks other than bank subordinated debt i.e. standard haircut, this is prudently based on double the historical default experience (1920 - 2013), net of an allowance for 37% recovery.

The average default rates are based on:

Credit Rating	Standard		
	Term		
	5 year	10 year	20 year
AAA	4.0	10.0	10.3
AA	20.6	30.3	35.2

A	34.4	45.3	49.2
BBB	72.7	82.8	84.5
BB	246.1	250.8	234.1
B	586.8	532.7	440.3

A number of different techniques were then employed to arrive at an additional haircut, namely:

- Stocks were 'notched' downwards where the credit rating was considered to be inappropriate (after analysis of the current market spread and other factors).
- For bank subordinated debt the haircut was based on the rating of senior debt issued by the borrowing company, with an assumption of nil recovery on default. If a materially more onerous result was obtained by the standard approach described above then the standard approach was adopted for bank subordinated debt. This assessment was performed at an aggregated portfolio level; for this fund, bank subordinated debt adopted the standard approach.
- For corporate bonds rated below B no value was taken for the yield.
- For investments in secured loans, a different assumption is made for recovery rates on default, leading to different assumed default rates.

For sovereign debt, the above principles were also applied. Where a sovereign debt holding was rated A or below, or where notching was applied to treat the holding as being rated A or below, default allowances were as per the table above. For sovereign debt holdings rated AA, or notched to AA, default allowances were one-third of those indicated in the above table. For sovereign debt holdings rated AAA no default allowance was made.

The adjustments described in this section are in addition to the 2.5% required by the regulations.

Variable Interest

The risk adjusted yield on variable interest securities is the real yield. To allow for unreasonably high yields, a cap is applied to the yield which is the real yield of the over 5 years, 5% inflation FTSE Index linked gilt index. This cap applies to both approved and non-approved variable interest securities.

Property

Due to potential issues with the timing of rental income, a cap is applied of the contracted income arising from the property over the previous twelve months.

To allow for unreasonably high yields, a cap is applied to the resulting yield which is the greater of 10% or twice the annualised 15 year gilt yield.

(4) Mortality Basis

Product Type	Current Valuation Table	Previous Valuation Table
Life Fund Permanent Assurances	94% AM92 94% AF92	94% AM92 94% AF92
Term Assurances	94% TM92 94% TF92	94% TM92 94% TF92
GAF Annuities	95% Modified IMA92 95% Modified IFA92	95% Modified IMA92 95% Modified IFA92
PBF Annuities	92.5% Modified PCMA00 87.9% Modified PCFA00	92.5% Modified PCMA00 87.9% Modified PCFA00
PBF Deferred Annuities (In deferment)	64% AM92 64% AF92	64% AM92 64% AF92
GAF Deferred Annuities (In deferment)	64% AM92 64% AF92	64% AM92 64% AF92
PBF Deferred Annuities (In Payment)	92.5% Modified PCMA00 87.9% Modified PCFA00	92.5% Modified PCMA00 87.9% Modified PCFA00
GAF Deferred Annuities (In Payment)	95% Modified IMA92 95% Modified IFA92	95% Modified IMA92 95% Modified IFA92
	Percent of Premium	Percent of Premium
Group Pensions % of premium	0.15%	0.15%
Group Life % of premium	70%	70%

For 31 December 2015, the improvement factors are changed to the CMI 2014.

Male	2017	2027	2037	2047	2057	2067
40	2.76%					
50	1.12%	2.59%				
60	2.34%	1.38%	2.54%			
70	2.67%	2.22%	2.00%	2.50%		
80	2.15%	2.46%	2.37%	2.45%	2.50%	
90	2.14%	2.07%	2.14%	2.13%	2.14%	2.14%
100	1.43%	1.43%	1.43%	1.43%	1.43%	1.43%

Female	2017	2027	2037	2047	2057	2067
40	1.86%					
50	1.72%	1.99%				
60	1.89%	1.87%	2.14%			
70	2.25%	2.19%	2.10%	2.24%		
80	2.44%	2.35%	2.23%	2.24%	2.25%	
90	1.72%	2.04%	1.97%	1.93%	1.93%	1.93%
100	1.29%	1.29%	1.29%	1.29%	1.29%	1.29%

Expectation of life resulting from these improvement factors:

Product Type	Current Age	Expectation of life from Age	Current Valuation		Previous Valuation	
			Males	Females	Males	Females
Immediate annuities	65	65	25.47	27.20	23.94	28.02
	75	75	15.65	17.18	14.57	17.84
Deferred annuities	45	65	29.14	30.41	27.52	30.98
	55	65	27.29	28.83	25.72	29.52

(5) Morbidity Basis

Not required as below de minimis level.

(6) Expense Basis

The following table shows the gross attributable expenses per policy.

Product Group		Per Policy Expense	
		Current Valuation	Previous Valuation
		£	£
CWP savings endowment (product code 120)	RP	106.48	102.18
	PUP	53.24	51.09
CWP target cash endowment (125)	RP	106.48	102.18
	PUP	53.24	51.09
CWP pensions (155/165)	RP	177.49	170.31
	SP/PUP	53.24	51.09
Term assurance (325 / 330)		63.89	61.31
Income protection (360 / 365)		100.80	98.78
Income protection claims in payment (385)		0.00	0.00
Annuity (400)		61.89	61.31
UWP savings endowment (510)	RP	106.48	102.18
	PUP	53.24	51.09
UWP target cash endowment (515)	RP	106.48	102.18
	PUP	53.24	51.09
UWP regular premium pension (525/545)	RP	177.49	170.31
	PUP	53.24	51.09
UWP single premium pension (525/545)		53.24	51.09
UWP group regular premium pension (525/545)		177.49	170.31
UWP group single premium pension (525/545)		177.49	170.31

where:

- RP Regular premium policies
- SP Single premium policies
- PUP Paid up policies

The expenses on life business are netted down for tax at 20%.

For the current valuation the investment expense assumptions have been updated to allow for the impact of the investment fee scale agreed with the asset manager.

The base fees are as follows:

Investment expense (gross of tax)	Current valuation	Previous valuation
-----------------------------------	-------------------	--------------------

LASER, BL/BLA Controlled Funding, High g'tee WP Pens & LAS Cash Bonus	0.08%	0.08%
Ex-BLA Deposit Admin & ex-LAS Deposit Admin	0.08%	0.11%
Ex-BL Deposit Admin & UCGF	0.12%	0.13%
Other WP	0.10%	0.14%

The investment expenses for life fund business should be netted down for policyholder tax at 20%.

In addition to the base fees, there is an explicit additional services fee which is allowed for as a provision of £0.7m. There is also a performance fee payable to the asset manager. This is not allowed for in the valuation basis because no over or under investment performance is assumed in the valuation interest basis.

(7) Unit Growth Rates And Inflation Assumptions

The growth rates used to accumulate unit values are weighted averages of prudent expected returns on the classes of assets (equity, property, approved fixed interest, unapproved fixed interest, and cash) in the unit funds.

Future expenses are assumed to increase by RPI+1% p.a.

The following rates are used for conventional contracts administered by Pearl Group Management Services (PGMS):

	Current Valuation	Previous Valuation
2014	4.1%	4.1%
2015	4.1%	4.1%

and at RPI+1% p.a. thereafter.

(8) Future Bonus Rates

The company is a realistic basis life firm and as such, in accordance with INSPRU 1.2.9(R), no allowance has generally been made for future reversionary bonuses.

(9) Persistency Assumptions

It is assumed that there are no lapses or surrenders and no policies are made paid-up after the valuation date (but see paragraph 4 (10) below).

(10) Other Material Assumptions

Provision has been made in the value of liabilities held for guaranteed benefits included in the terms of contracts in force at the valuation date.

For accumulating with-profits contracts, the published reserve basis applies a market value adjustment where one applies in practice.

(11) Allowance for Derivatives

No contracts have liabilities that have been calculated by reference to derivative assets. We have a holding of swaptions to hedge against the risk of interest rate falls affecting the guaranteed annuity option reserves, where a matching additional reserve is also held.

(12) Effect of Basis Changes

There have been no changes in valuation methodology arising from changes in INSPRU valuation rules effective from 31 December 2010.

5. OPTIONS AND GUARANTEES

(1) Guaranteed Annuity Rate Options

For contracts with benefits expressed as cash but which have a guaranteed minimum annuity rate the reserve was calculated assuming that the benefit at maturity was the higher of:

- (i) the cash amount, and
- (ii) the value of the guaranteed annuity, using mortality rates appropriate for deferred annuities and the valuation interest rate as shown for that contract (but subject to a maximum of the re-investment rate).

It is assumed that 95% of policyholders exercise the guaranteed annuity option and that 20% of policyholders exercising the option take the maximum tax free cash.

Alba With-Profits Fund

Product Name	GAO Reserve £m	Min Duration years	Max Duration years	Guaranteed Annuity Rate % cash sum	Type of annuity	Retirement Age
Indiv Arr 1st and 2nd Series	3.2	0.0	22.0	6.0	Joint Life 50%	65
Indiv Arr 1st and 2nd Series	3.2	0.0	20.0	4.9	Joint Life 50%	65
Indiv Arr 1st and 2nd Series	3.6	0.0	15.0	3.8	Joint Life 50%	60
Indiv Arr 1st and 2nd Series	2.5	0.0	22.0	8.0	Joint Life 50%	65
Indiv Arr 1st and 2nd Series	2.7	0.0	20.0	5.3	Joint Life 50%	61
Indiv Arr 1st and 2nd Series	1.8	0.0	20.0	6.4	Joint Life 50%	64
Indiv Arr 1st and 2nd Series	1.9	0.0	21.0	7.6	Joint Life 50%	65
Indiv Arr 1st and 2nd Series	0.7	0.0	12.0	9.5	Joint Life 50%	65
Indiv Arr 1st and 2nd Series	1.0	0.0	19.0	4.5	Joint Life 50%	63
Indiv Arr 1st and 2nd Series	1.0	0.0	19.0	9.5	Single Life	65
Indiv Arr 1st and 2nd Series	0.7	0.0	19.0	8.8	Single Life	62
Indiv Arr 1st and 2nd Series	0.2	0.0	11.0	11.1	Single Life	65
Indiv Arr 1st and 2nd Series	0.4	0.0	14.0	7.3	Single Life	60
Indiv Arr 1st and 2nd Series	0.4	0.0	14.0	7.3	Joint Life 50%	61
Indiv Arr 1st and 2nd Series	0.3	0.0	15.0	7.0	Joint Life 50%	60
Seda Series 3 - Individual	4.7	0.2	28.4	5.6	Single Life	75
Seda Series 3 - Individual	39.2	0.2	28.4	6.8	Single Life	75

A portfolio of Swaptions is held to hedge against the risk of falling interest rates.

(2) Guaranteed Surrender and Unit-linked Maturity Values

Guaranteed surrender values – the reserves for these do not exceed the materiality limits.

(3) Guaranteed Insurability Options

Guaranteed insurability options - the reserves for these do not exceed the materiality limits.

(4) Other Guarantees and Options

Provision was made for any guarantees and options (other than investment performance guarantees) on the following basis.

The following guarantees have been allowed for by linearly running off an historically calculated reserve over the remaining lifetime of the business:

- (i) Conversion and guaranteed insurability options under convertible term policies;
- (ii) Mortality reserves in respect of guaranteed and other death benefits: and
- (iii) Permanent health insurance benefits.

6. EXPENSE RESERVES

(1) Aggregate Expense Loadings

The aggregate amount of expense loadings, grossed up for taxation where appropriate, expected to arise during the 12 months after the valuation date from implicit and explicit reserves made in the valuation to meet expenses in fulfilling contracts in force at the valuation date is £10.9m. This is composed of the following elements:

	£m
Explicit allowances for investment expenses	0.1
Explicit allowances for other maintenance expenses	9.5
Implicit allowances	1.3

(2) Implicit Allowances

Implicit allowances cover investment expenses and are allowed for by a reduction in the valuation interest rate based on the rates actually charged by Resolution Ignis Asset Management.

Asset Type	Current valuation (%)	Previous valuation (%)
UK Gilts	0.079	0.080
UK Corporate Bonds	0.080	0.080
UK Index Linked Bonds	0.075	0.075
EU Gilts	0.079	0.100
EU Corporate Bonds	0.080	0.110
Property	0.320	0.320
Cash	0.085	0.085

(3) Form 43 Comparison

The maintenance expenses in paragraph 6 (1) (£10.9m) differ from line 14 of Form 43 (£9.5m) mainly due to:

- £(1.4)m due to the difference in actual expenses during 2015 and projected expenses in 2015.
- £(0.1)m of performance related investment fees which are included in table 6(1).

(4) New Business Expense Overrun

As the fund is closed to new business the expense incurred is not a material amount and as a result, it was not deemed necessary to hold a further specific reserve.

(5) Maintenance Expense Overrun

Specific expense reserves have not been calculated for LASPEN Managed Fund contracts.

As the basis of charging for both administrative and investment management services can be varied outside the period of guarantee, which covers only the first three years following the commencement of a policy, no explicit provision for future expenses was deemed necessary.

No additional allowance has been made for redundancy costs or management service agreement termination costs.

(6) Non-attributable expenses

Not applicable – all expenses are treated as attributable.

7. MISMATCHING RESERVES**(1) Analysis of Reserves by Currency**

	Liabilities *	Matching Assets		Mismatching Percentage
		Same Currency	Other Currency	
Currency	£m	£m	£m	
Sterling (£)	941.3	886.3	66.8	7.1%
Euro (€)	34.0	32.0	2.0	5.8%
US (\$)	3.4	3.4	0.0	0.0%

* Includes liabilities in respect of the deposits received from reinsurers as shown in Form 14.

The Alba With-Profits Fund has in total UK sterling denominated assets to the value of 96.2% of its UK sterling liabilities. The company has US Dollar assets to the value of 100.0% of its US Dollar liabilities and Euro assets to the value of 100.0% of its Euro liabilities.

The returns provided to Euro and US dollar with-profits policyholders are determined by reference to the same assets as are used for its sterling with-profits policies.

(2) Other Currency Exposures

“Other currency” grouping was not required in paragraph 7 (1).

(3) Currency Mismatching Reserve

No explicit currency mismatching reserve is held.

(4) Most Onerous Scenario Under INSPRU 3.1.16(R)

Not applicable

(5) Most Onerous Scenario Under INSPRU 3.1.23(R)

Not applicable

(6) Resilience Capital Requirement

Not applicable

(7) Additional Reserves Arising From INSPRU 1.1.34(2)(R))

No reserve is required for mismatching. Liabilities are analysed by duration and currency and the investment strategy is chosen appropriately so that there is no significant mismatch between assets and liabilities.

8. OTHER SPECIAL RESERVES

The following special reserves exceed the lesser of £10m and 0.1% of total mathematical reserves (£1.0m).

Description	Reserve
	£m
Data	2.5
Litigation	1.5
Future Projects	1.6
VAT	5.8
Reassurer Default	8.0
CEB prepayment	3.2
Sale of Ignis to Standard life	1.2
Mathematical Reserves (£m):	986.9

Data

The data contingency reserve covers additional liabilities which may arise in connection with data errors affecting the long-term business and is calculated having regard to past experience.

Reinsurer Default

This is a provision for counterparty risk from reinsurance arrangements. This is generally recalculated during the valuation period based on regulatory reserves less collateral assets. The valuation rates are based on the collateral assets and are therefore consistent to those we would obtain if we recaptured the business.

VAT

This covers the risk that new EU legislation may come into effect meaning that VAT needs to be applied to the charges made by external outsourcers. The VAT liability is assumed to be 15.0% (20% less 5% recoverable by outsourcers).

9. REINSURANCE**(1) Facultative Treaties**

- (a) No premiums were payable on a facultative basis to a reinsurer that was unauthorised to carry on insurance business in the UK.
- (b) No such premiums were payable to a connected company reinsurer that was unauthorised to carry on insurance business in the UK.

(2) Reinsurance TreatiesImmediate Annuities (Treaty 1)

- (d) XL Re Ltd (UK Branch).**
- (e) The treaty reassures 100% of the liability under the closed book of immediate annuity business covered by the agreement. The assets matching this liability are held in a collateral account over which Alba With-Profits Fund has a charge.
 - (f) No premiums were paid by the company under this treaty during the year.
 - (g) There is no deposit back arrangement.
 - (h) The treaty is closed to new business.
 - (i) There are no undischarged obligations.
 - (j) Total mathematical reserves ceded under the treaty amount to £374.3m as at the valuation date.
 - (k) There is no retention under the treaty.
 - (l) The reinsurer is authorised to transact business in the UK.
 - (m) The reinsurer is not connected to the company.
 - (n) The assets backing the reinsured liabilities are held in a custodian account with appropriate security arrangements in place.
 - (o) No commission is payable on the reinsurance premium.
 - (p) This is not a financing reinsurance treaty.

Immediate Annuities (Treaty 2)

- (d) XL Re Ltd (UK Branch).**
- (e) The treaty reassures 100% of the liability under the closed book of immediate annuity business covered by the agreement. The assets matching this liability are held in a collateral account over which Alba With-Profits Fund has a charge.
 - (f) No premiums were paid by the company under this treaty during the year.
 - (g) There is no deposit back arrangement.
 - (h) The treaty is closed to new business.
 - (i) There are no undischarged obligations.
 - (j) Total mathematical reserves ceded under the treaty amount to £145.2m as at the valuation date.
 - (k) There is no retention under the treaty.
 - (l) The reinsurer is authorised to transact business in the UK.
 - (m) The reinsurer is not connected to the company.
 - (n) The assets backing the reinsured liabilities are held in a custodian account with appropriate security arrangements in place.
 - (o) No commission is payable on the reinsurance premium.
 - (p) This is not a financing reinsurance treaty.

Non Profit Deferred Annuities

- (d) American International Reinsurance Company Ltd (AIRCO)**
- (e) The treaty reassures 100% of the liability under the closed book of non profit deferred annuity business covered by the agreement. The assets matching this liability are held in a collateral account over which Alba With-Profits Fund has a charge.
 - (f) No premiums were paid by the company under this treaty during the year.
 - (g) There is no deposit back arrangement.
 - (h) The treaty is closed to new business.
 - (i) There are no undischarged obligations.
 - (j) Total mathematical reserves ceded under the treaty amount to £998.17m as at the valuation date.
 - (k) There is no retention under the treaty.
 - (l) The reinsurer is not authorised to transact business in the UK.
 - (m) The reinsurer is not connected to the company.
 - (n) The assets backing the reinsured liabilities are held in a custodian account with appropriate security arrangements in place.
 - (o) No commission is payable on the reinsurance premium.
 - (p) This is not a financing reinsurance treaty.

Guaranteed Annuity Options

- (d) Britannic With-Profits Fund**
- (e) The agreement reinsures the cost of meeting guaranteed annuity options not yet vested at the valuation date exercised under with and non profit policies written with a cash benefit and guaranteed annuity option in the Ordinary Long Term fund in return for a premium of 75% of the cost of meeting any such option on the assumption that the option is exercised to the maximum extent and assuming all such options are exercised. The treaty reassures the company's liability in respect of guaranteed annuity options such that Alba With-Profits Fund's liability is restricted to a maximum of 75% of the option.
 - (f) The premiums payable by the company under the treaty during the year were £0.0m.
 - (g) There is no deposit back arrangement.
 - (h) The treaty is open to new business.
 - (i) There are no undischarged obligations.
 - (j) Total mathematical reserves ceded under the treaty amount to £23.6m as at the valuation date.
 - (k) There is no retention under the treaty.
 - (l) The reinsurer is authorised to transact business in the UK.
 - (m) The reinsurer is a subfund of PLL.
 - (n) There are no material contingencies, such as credit risk or legal risk to which the treaties are subject.
 - (o) No commission is payable on the reinsurance premium.
 - (p) This is not a financing reinsurance treaty.

Immediate Annuities**(d) Guardian Financial Services**

(e) 100% of the annuity benefits arising on a specified block of immediate annuities.

(f) Premiums - no premiums payable

(g) There are no deposit back arrangements

(h) The treaty is closed to new business

(i) There are no undischarged obligations

(j) The amount of mathematical reserves ceded under the treaties at the valuation date was £301.32m

(k) There is no retention under the treaty

(l) The reinsurer is authorised to carry on insurance business in UK

(m) The reinsurer is not a connected company of the insurer

(n) There are no material contingencies, such as credit risk or legal risk, to which the treaty is subject.

(o) No provision has been made under any of the treaties for any liability of the insurer to refund any of the amounts of reinsurance commission in the event of lapses or surrender of the contracts.

Where such a liability exists, then the refund of the commission will be more than offset by the return of premium from the reinsurer

(p) This is not a financing reinsurance treaty

10. REVERSIONARY (OR ANNUAL) BONUS

Bonus was allocated at the rates set out below at the date of this investigation.

Policies previously written in BLA

	Math reserves	Reversionary Bonus rates for current year		Reversionary Bonus rates for previous year		Total g'tee bonus for current year
		Sum Assured	Bonus	Sum Assured	Bonus	
Assurances	£m					
UK and overseas sterling life series A,B,H,D,K	37.5	0.00%	0.00%	0.00%	0.00%	0.00%
Deferred Annuities						
Annual Premium Self Employed Deferred Annuities Series 2 & 3	76.9	0.00%	0.00%	0.00%	0.00%	0.00%
Single Premium Self Employed Deferred Annuities Series 2 & 3	17.4	0.00%	0.00%	0.00%	0.00%	0.00%

Group Deposit Administration Contracts

The following rates were applied to these contracts for the valuation year.

Alba With-Profits Fund

	Nestegg	Nestegg 32
	£m	£m
Mathematical reserve	60.9	9.7
Compounded annual rate for previous year	2.75%	2.75%
Compounded annual rate for current year	3.25%	3.25%
Total guarantee bonus for current year	1.625%	1.625%

Growth Pensions

A total of £0.0m was distributed to policyholders. The mathematical reserves totalled less than £15.0m.

Growth Pension surplus is normally distributed annually by reference to an allocated share of assets to each group policy. The allocation of assets is adjusted each year according to the amount of new investment made in respect of each policy, and gives effect to changes in market value. Any bonus declared would be distributed to the policyholder as an amount of premium to be re-applied to the policy on “controlled funding” principles.

Bonuses, if payable, would be allocated in each case in respect of each annual premium due since the previous declaration subject, in the case of deferred life annuities (pension business) only, to payment of any premium outstanding at 31 December required to complete payment of a full year’s premium.

Policies previously written in BLL

	Math reserve	Current Valuation		Previous Valuation		Total g’tee bonus for current year
		Basic Sum Assured	Bonus	Basic Sum Assured	Bonus	
Life assurance	£m					
All classes	43.1	0.00%	0.00%	0.00%	0.00%	0.00%
Non Genesis Annual Premium pension Contracts	6.7	0.00%	0.00%	0.00%	0.00%	0.00%
Genesis Premium Rate Annual Premium Contracts	27.0	0.00%	0.00%	0.00%	0.00%	0.00%
Buyouts and Genesis premium rate business Single Premium Contracts.	246.5	0.00%	0.00%	0.50%	0.00%	0.00%

Policies previously written in BLAS

	Math reserve	Current Valuation		Previous Valuation		Total g'tee bonus for current year
		Basic Sum Assured	Bonus	Basic Sum Assured	Bonus	
	£m					
UK Life Assurance Contracts	15.1					
UK Life Assurance Contracts – LAS low cost endowments	5.1	0.00%	0.00%	0.00%	0.00%	0.00%
UK Annual Premium Pension and Annuity Contracts	44.6	0.00%	0.00%	0.00%	0.00%	0.00%
UK Single Premium Pension and Annuity Contracts	27.8	0.00%	0.00%	0.00%	0.00%	0.00%
Republic of Ireland Annual Premium & Annuity Contracts	4.6	0.00%	0.00%	0.00%	0.00%	0.00%
Republic of Ireland Single Premium & Annuity Contracts	4.9	0.00%	0.00%	0.00%	0.00%	0.00%

Unitised with-profits contracts -- bonus allocated to fund balances in addition to any guaranteed rate.

Bonus Series	Math reserves	Reversionary Bonus Rate for Current Year	Reversionary Bonus Rate for Previous year	Total g'tee bonus for current year
	£m			
Life Fund (0% guarantee)	3.7	2.00%	0.00%	2.00%
Pension Fund (4% guarantee)	18.2	4.00%	0.00%	4.00%
Pension Fund (0% guarantee)	27.8	2.00%	0.00%	0.00%

Unitised Capital Guarantee Fund – bonus allocated to fund balances.

Unitised Capital Guarantee Fund – bonus allocated to fund balances.				
	Math reserves	Reversionary Rate for Current Year	Reversionary Bonus Rate for Previous year	Total g'tee bonus for current year
	£m			
Unitised Capital Guarantee Fund	7.9	4.25%	4.25%	0.00%

Britannic Industrial Branch Fund

3. DISCRETIONARY CHARGES AND BENEFITS

(1) Application of Market Value Reduction

There are no policies to which market value reductions can be applied.

(2) Premiums on Reviewable Protection Policies

There are no policies with reviewable premiums.

(3) Non-profit Deposit Administration

There are no deposit administration contracts.

(4) Service Charges on Linked Policies

There are no linked policies.

(5) Benefit Charges on Linked Policies

There are no linked policies.

(6) Accumulating With-Profits Charges

There are no accumulating with-profits policies.

(7) Unit Pricing of Internal Linked Fund

Not applicable

(8) Tax Deductions from Internal Linked Funds

Not applicable

(9) Tax Provisions for Internal Linked Funds

Not applicable

(10) Discounts on Unit Purchases

Not applicable

4. VALUATION BASIS

(1) Valuation Methods

All policies are valued using a gross premium method. The mathematical reserves are calculated as the value of future benefits and expenses less the value of future expected office premiums. No allowance for future lapses is made.

The reserves allow for the maturity guarantee of a return of premiums on certain endowment policies.

(2) Valuation Interest Rates

The valuation interest rates used are:

Product Group	Current Valuation	Previous Valuation
Conventional whole life withprofits IB Life	0.72%	1.79%
Conventional endowment withprofits IB Life	1.54%	1.45%
Nonprofit IB Life	1.19%	0.92%

(3) Risk Adjustments

The yields on assets were reduced for risk as follows:

Equities

The risk adjusted yield on equities is determined by INSPRU 3.1.37R as the sum of the dividend yield and the earnings yield, divided by two unless the dividend yield is greater than the earnings yield. If the dividend yield is greater than the earnings yield then the risk adjusted yield is taken to be the dividend yield.

To allow for unreasonably high yields, a cap is applied to the dividend yield and earnings yield which is the lower of 25% or twice the annualised 15 year gilt yield.

Property

The risk adjusted yield on property is determined by INSPRU 3.1.36R as the ratio of the rental income arising from the property over the previous twelve months to the market value of the property.

Due to potential issues with the timing of rental income, a cap is applied of the contracted income arising from the property over the previous twelve months.

To allow for unreasonably high yields, a cap is applied to the resulting yield which is the greater of 10% or twice the annualised 15 year gilt yield.

Fixed Interest

a) Approved Securities

The risk adjusted yield on UK Government and other approved fixed interest securities is determined by INSPRU 3.1.39R as the annualised gross redemption yield. Allowance is made for credit risk as set out for Other Securities.

b) Other Securities

The risk adjusted yield on other fixed interest securities is determined by INSPRU 3.1.39R as the annualised gross redemption yield less a credit risk margin (haircut) which is applied on an individual stock by stock basis.

The investment managers obtain the agency ratings of all stocks and then recommend a rating for haircut purposes which will either be one of the agency ratings or a lower rating if they consider that more appropriate (taking into account such factors as current spread).

This rating is then used to derive a haircut from a table of average default rates. For stocks other than bank subordinated debt i.e. standard haircut, this is prudently based on double the historical default experience (1920 - 2013), net of an allowance for 37% recovery.

The average default rates are based on:

Credit Rating	Standard		
	Term		
	5 year	10 year	20 year
AAA	4.0	10.0	10.3
AA	20.6	30.3	35.2
A	34.4	45.3	49.2
BBB	72.7	82.8	84.5
BB	246.1	250.8	234.1
B	586.8	532.7	440.3

Sovereign, Sub-Sovereign, Regional or Supranational bonds with a rating of A and below are treated in the same way as standard haircut while AAA rated bonds assume no haircut and AA rated bonds in this category assume a third of the standard haircut.

Bonds rated CCC and below are taken as having zero yield.

For bank subordinated debt, the haircut is based on the Senior Rating of the issuing entities (rather than the rating of the sub-debt itself) whilst using a nil recovery assumption. However, if this results in a lower aggregate haircut compared to the standard haircut, the standard haircut is used instead.

Variable Interest

The risk adjusted yield on variable interest securities is the real yield. To allow for unreasonably high yields, a cap is applied to the yield which is the real yield of the FTSE Actuaries UK Index-Linked Gilts Over 5 Years Index. This cap applies to both approved and non-approved variable interest securities.

(4) Mortality Basis

The mortality bases are:

Product Group	Current Valuation	Previous Valuation
With-profit	110% AMC00 ult	110% AMC00 ult
	110% AFC00 ult	110% AFC00 ult
Non profit	110% AMC00 ult	110% AMC00 ult
	110% AFC00 ult	110% AFC00 ult

(5) Morbidity Basis

Not applicable

(6) Expense Basis

The per-policy expenses are shown in the table below.

Product Group	Per Policy Expense Current Valuation		Per Policy Expense Previous Valuation	
	YE15 Premium paying	YE15 Non premium paying	YE14 Premium paying	YE14 Non premium paying
	£	£	£	£
With-profits (105 / 130)	18.77	16.07	18.67	9.07
Non profit (310)	n/a	16.07	n/a	9.07

For the current valuation the investment expense assumptions are based on the investment fee scale agreed with the asset manager. During the valuation period there has been a review of the asset mix in this fund and as a result new investments have been purchased and are reflected in the table below. The base fees are as follows:

Type of Asset	Current Valuation		Previous Valuation	
	Growth %	Matched %	Growth %	Matched %
UK Equities	0.186	0.186	0.150	0.150
Emerging market equities	0.400	0.400	0.400	0.400
Other overseas equities	0.281	0.281	0.208	0.212
Private equity	0.600	0.600	0.600	0.600
Property	0.320	0.320	0.320	0.320
Alternative assets	0.300	0.300	0.300	0.300
Gilts	0.080	0.080	0.079	0.079
Other Fixed Interest	0.080	0.080	0.080	0.080
Cash	0.085	0.085	0.085	0.085

The expenses above are shown gross and, for life fund business, are netted down for policyholder tax at 20%.

In addition to the base fees, there is an explicit additional services fee which is allowed for as a provision of £0.3m. At the previous valuation these additional services had been allowed for explicitly as a provision of £0.3m. There is also a performance fee payable to the asset manager. This is not allowed for in the valuation basis because no over or under investment performance is assumed in the valuation interest basis.

(7) Unit Growth Rates and Expense Inflation

There are no unit growth rate assumptions as there is no linked business.

The allowance made for expense inflation is:

Product Group	Current Valuation	Previous Valuation
With-profits policies	4.62%	4.61%
Non profit policies	4.12%	4.11%

(8) Future Bonus Rates

No future bonuses are assumed in the mathematical reserves.

(9) Persistency Assumptions

It is assumed that there are no lapses or surrenders and no policies are made paid-up after the valuation date.

(10) Other Material Assumptions

All policies subject to a contingent debt have been valued using true ages and the actual sums assured.

(11) Allowance for Derivatives

The assets described in Form 13 contain derivative contracts. These derivative contracts are to manage asset exposure and reduce risk and are appropriately matched. The derivatives do not directly impact the long term insurance liabilities.

(12) Effect of Basis Changes

There have been no changes in valuation methodology arising from changes in INSPRU valuation rules effective from 31 December 2006.

5. OPTIONS AND GUARANTEES

(1) Guaranteed Annuity Rate Options

There are no guaranteed annuity rate options.

(2) Guaranteed Surrender and Unit-linked Maturity Values

Minimum surrender values are applied to both whole of life and endowment policies in accordance with the Industrial Assurance Act 1923. On surrender, the fund aims to pay out 100% of asset share. These surrender values exceed the 1923 Act minimum amounts. The amount of the additional reserve included in Form 51 to ensure the mathematical reserve is no less than the current surrender value is shown in the table below.

Product Name	Mathematical Reserve Excluding Guarantee	Guarantee Reserve	In force premium per annum
	£m	£m	£m
IB policies	123.3	0.1	3.5

(3) Guaranteed Insurability Options

Not applicable

(4) Other Guarantees and Options

The maturity value of endowments issued from 6 April 1999 is guaranteed to be at least equal to the premiums paid. The method and basis of valuation is described in paragraph 4 above and the guarantee is valued on all relevant policies.

These endowments are conventional with-profits products therefore a market value reduction does not apply. Policyholders may not make increments to these policies

Product Name	Basic Reserve	Spread of outstanding durations	Guarantee Reserve	Guarantee Amount	In force premiums
	£m	years	£m	£m	£m
Industrial Branch Endowment	7.7	1-11	2.1	17.1	0.9

6. EXPENSE RESERVES

(1) Aggregate Expense Loadings

The aggregate amount of expense loadings, grossed up for taxation where appropriate, expected to arise during the 12 months after the valuation date from implicit and explicit reserves made in the valuation to meet expenses in fulfilling contracts in force at the valuation date is £3.0m. The aggregate expense loadings is composed of the following elements:

	£m
Explicit allowances for investment expenses	0.0
Explicit allowances for other maintenance expenses	2.9
Implicit allowances	0.1

(2) Implicit Allowances

The implicit allowances represent the allowance for base future investment expenses. These are calculated as the expected investment management charges based on the current asset mix and yields applied to the mathematical reserves.

(3) Form 43 Comparison

The aggregate expense loading arising in the next 12 months and the maintenance expense in Form 43 line 14 are shown in the table below. Due to the significant run-off rate of the business, expense loadings available for the coming year would be expected to be below the actual level of expenses incurred in the past year.

	F43.14	table 6(1)	ratio
Homogeneous risk group	(a) £m	(b) £m	(a)/(b)
Endowment & whole life	4.2	3.0	138%
Total	4.2	3.0	138%

(4) New Business Expense Overrun

Since the company is not actively seeking new business, there is no new business strain and no additional reserve is required.

(5) Maintenance Expense Overrun

The mathematical reserves include explicit allowance for future expenses inflating in line with the current management services agreements. These expenses exclude future redundancy costs.

(6) Non-attributable expenses

All expenses are treated as attributable.

7. MISMATCHING RESERVES

(1) Analysis of Reserves by Currency

All liabilities are denominated in sterling and are backed by sterling denominated assets

Currency	Math Reserves	Matching assets
	£m	£m
Sterling (£)	124	124
Euro (€)	-	-
Total	124	124

(2) Other Currency Exposures

All liabilities are denominated in sterling.

(3) Currency Mismatching Reserve

There is no significant mismatching of assets and liabilities by currency and so no reserve is made to cover this risk.

(4) Most Onerous Scenario under INSPRU 3.1.16(R)

PLL is a realistic basis reporting company and as such there is no resilience capital requirement.

(5) Most Onerous Scenario under INSPRU 3.1.23(R)

Not applicable

(6) Resilience Capital Requirement

Not applicable

(7) Additional Reserves Arising From INSPRU 1.1.34(2)(R)

No reserve is required for mismatching. Liabilities are analysed by duration and currency and the investment strategy is chosen appropriately so that there is no significant mismatch between assets and liabilities.

8. OTHER SPECIAL RESERVES

The special reserves exceeding 0.1% of total mathematical reserves are outlined in the table below.

Description	Reserve
	£m
Data	0.6
Litigation	0.3
MSC Expense Review	3.1
VAT	0.5
Costs falling outside MSAs	0.3
Strachan	0.3
Capita Regulatory Buyout	0.2
Asset Management Services	0.3
Sale of Ignis to Standard life (Project Alloy)	0.1

9. REINSURANCE

(1) Facultative Reinsurance

Reinsurance	
(a)	No premiums were payable on a facultative basis to a reinsurer that was unauthorised to carry on insurance business in the UK.
(b)	No such premiums were payable to a connected company reinsurer that was unauthorised to carry on insurance business in the UK.

(2) Reinsurance Treaties

There are no reinsurance treaties in force.

10. REVERSIONARY (OR ANNUAL) BONUS

Bonus series	Math reserves	Reversionary bonus rate for current year	Reversionary bonus rate for previous year	Total guaranteed bonus rate for current year
	£m			
Industrial Branch	104.3	0.65%	0.55%	0.65%

The rates shown are weighted averages as the rates of reversionary bonus vary depending on year of entry.

Britannic With-Profits Fund

1. DISCRETIONARY CHARGES AND BENEFITS

(1) Application of Market Value Reduction

Market value reductions may be applied to unitised with-profits and smoothed return business for non-protected exits such as surrenders, transfers and early or late retirements. Market value reductions may not be applied for protected exits which generally include death, maturity, surrender at a guarantee date and retirement at the selected retirement date. The times at which a market value reduction may be applied have previously been fully described in the product range information provided in previous annual returns.

Market value reductions are applied and calculated on an individual policy basis, based on that particular policy's individual circumstances, including the policy's premium history and investment conditions over the duration of the policy and those prevailing at the time of non-protected exit. Consequently a statement of the period for which market value reductions were applied and a summary of the policy years of entry to which it was applied is not available.

During 2015, market value reductions were applied to some claims to some degree for all types of unitised with-profits and smoothed return business.

(2) Premiums on Reviewable Protection Policies

There are no policies with reviewable premiums.

(3) Non-profit Deposit Administration

There are no deposit administration policies in force.

(4) Service Charges on Linked Policies

There have been no changes to service charges on linked policies.

(5) Benefit Charges on Linked Policies

There have been no changes to benefit charges on linked policies.

(6) Accumulating With-Profits Charges

There have been no changes to unit management charges or notional charges to accumulating with-profits policies during the year.

(7) Unit Pricing of Internal Linked Funds

The internal linked funds are held within the Non Profit Fund.

(8) Tax Deductions from Internal Linked Funds

The tax deductions are described in the Non Profit Fund Section.

(9) Tax Provisions for Internal Linked Funds

The tax provisions are described in the Non Profit Fund Section.

(10) Discounts on Unit Purchases

Not applicable

4. VALUATION BASIS

(1) Valuation Methods

The valuation methods used to calculate the mathematical reserves for each significant product group are described below. Unless otherwise stated, a prospective valuation method has been used and all policies are valued individually.

Conventional Business

All main classes of conventional business are valued using a gross premium method. The mathematical reserves were calculated as the value of future benefits and expenses less the value of future expected office premiums. No allowance for future lapses is made.

The mathematical reserve for guaranteed annuity option business reinsured from the Alba With-Profits Fund is based on the excess of the value of the deferred annuity compared to the cash amount. The underlying assumption is that 95% of policyholders exercise the option and that 20% of the policyholders exercising the option take the maximum tax-free cash. These assumptions are at least as prudent as the requirement in INSPRU 1.2.66(G).

The mathematical reserves for with-profits annuity business is the value of projected future cashflows allowing for future annuity payments, future expenses, shareholder profit and loss transfers and tax on future declared investment return distributions.

Unitised Business

The mathematical reserve for all unitised contracts linked to units in the unitised with-profits fund has been calculated as the higher of (i) and (ii) below:

- (i) The minimum of (a) and (b) below:
 - (a) Face value of units, which is the number of units including attaching bonus units allocated up to the valuation date. This is the full value guaranteed at maturity, guarantee date, death, selected retirement age or on withdrawals under the regular withdrawal scheme;
 - (b) Asset Share (unless the contract has a guaranteed Market Value Adjustment free date, in which case Face value of units is taken as the minimum).
- (ii) A prospective value calculated by discounting projected future cashflows and allowing for future expenses.

Exceptions:

- (a) Negative reserves may have been included and some contracts of may insurance have been treated as an asset.

Ex- Britannic Hybrid Policies

Policies investing in unitised with-profits units may also invest in unit linked units in the Non Profit Fund. All unit linked liabilities are fully maintained in the Non Profit Fund. This includes both the unit reserve and sterling reserves (in respect of unit linked liabilities) covering future expenses and mortality costs.

(2) Valuation Interest Rates

The valuation interest rates used for the main groups of policy are:

Product Group		2015	2014
		Current Valuation	Previous Valuation
Policies previously written in BA			
Conventional Life Business			
With-profits assurances	discount rate	2.69%	2.49%
Non profit assurances	discount rate	2.69%	2.49%
With-profits deferred annuity	in deferment	1.29%	4.01%
	in payment	1.29%	4.01%
Conventional Pensions Business			
With-profits deferred annuity	in deferment	1.26%	4.01%
	in payment	1.26%	4.01%
Non profit deferred annuity	in deferment	2.41%	2.31%
	in payment	2.41%	2.31%
With-profits annuity	discount rate	2.48%	2.34%
Guaranteed annuity options	in deferment	see note below	
	in payment		
Unitised Life Business			
Single premium whole life (portfolio)	unit growth	2.10%	2.49%
	discount rate	2.10%	2.49%
Single premium whole life (series B2, FWL)	unit growth	2.10%	2.49%
	discount rate	2.10%	2.49%
Regular premium endowment - savings	unit growth	2.10%	1.87%
	discount rate	2.10%	1.87%
Regular premium ISA	unit growth	2.10%	1.87%
	discount rate	2.10%	1.87%
Unitised Pensions Business			
Individual pensions	unit growth	2.48%	2.25%
	discount rate	2.48%	2.25%
Overseas Business			
Single premium series I (Irish life)	unit growth	2.48%	2.25%
	discount rate	2.48%	2.25%
Unit linked pensions			
Stakeholder	unit growth	2.48%	2.31%
	discount rate	2.48%	2.31%
Policies previously written in Century			
With-profits whole life and endowments	discount rate	2.69%	2.49%
Non linked deferred annuity with profits	in deferment	1.29%	4.01%
	in payment	1.29%	4.01%

For guaranteed annuity options reassured in from the PLL Alba WP fund, the deferred annuity valuation bases described in the Alba section of this appendix are used.

(3) Risk Adjustments

The yields on assets were reduced for risk as follows:

Equities

The risk adjusted yield on equities is determined by INSPRU 3.1.37R as the sum of the dividend yield and the earnings yield, divided by two unless the dividend yield is greater than the earnings yield. If the dividend yield is greater than the earnings yield then the risk adjusted yield is taken to be the dividend yield.

To allow for unreasonably high yields, a cap is applied to the dividend yield and earnings yield which is the lower of 25% or twice the annualised 15 year gilt yield.

Property

The risk adjusted yield on property is determined by INSPRU 3.1.36R as the ratio of the rental income arising from the property over the previous twelve months to the market value of the property.

Due to potential issues with the timing of rental income, a cap is applied of the contracted income arising from the property over the previous twelve months.

To allow for unreasonably high yields, a cap is applied to the resulting yield which is the greater of 10% or twice the annualised 15 year gilt yield.

Fixed Interest

a) Approved Securities

The risk adjusted yield on UK Government and other approved fixed interest securities is determined by INSPRU 3.1.39R as the annualised gross redemption yield. Allowance is made for credit risk as set out for Other Securities.

b) Other Securities

The risk adjusted yield on other fixed interest securities is determined by INSPRU 3.1.39R as the annualised gross redemption yield less a credit risk margin (haircut) which is applied on an individual stock by stock basis.

The investment managers obtain the agency ratings of all stocks and then recommend a rating for haircut purposes which will either be one of the agency ratings or a lower rating if they consider that more appropriate (taking into account such factors as current spread).

This rating is then used to derive a haircut from a table of average default rates. For stocks other than bank subordinated debt i.e. standard haircut, this is prudently based on double the historical default experience (1920 - 2013), net of an allowance for 37% recovery.

The average default rates are based on:

Credit Rating	Standard		
	Term		
	5 year	10 year	20 year
AAA	4.0	10.0	10.3
AA	20.6	30.3	35.2
A	34.4	45.3	49.2
BBB	72.7	82.8	84.5
BB	246.1	250.8	234.1
B	586.8	532.7	440.3

Sovereign, Sub-Sovereign, Regional or Supranational bonds with a rating of A and below are treated in the same way as standard haircut while AAA rated bonds assume no haircut and AA rated bonds in this category assume a third of the standard haircut. Bonds rated CCC and below are taken as having zero yield.

For bank subordinated debt, the haircut is based on the Senior Rating of the issuing entities (rather than the rating of the sub-debt itself) whilst using a nil recovery assumption. However, if this results in a lower aggregate haircut compared to the standard haircut, the standard haircut is used instead.

Variable Interest

The risk adjusted yield on variable interest securities is the real yield. To allow for unreasonably high yields, a cap is applied to the yield which is the real yield of the FTSE Actuaries UK Index-Linked Gilts Over 5 Years Index. This cap applies to both approved and non-approved variable interest securities.

(4) Mortality Basis

The mortality bases for the main classes of business are:

Product Group	Current Valuation	Previous Valuation
Conventional Life Business		
With-profits and non profit assurances	100% AMC00 ult 100% AFC00 ult	100% AMC00 ult 100% AFC00 ult
With-profits deferred annuity		
in deferment	100% AMC00 ult 100% AFC00 ult	100% AMC00 ult 100% AFC00 ult
in payment	120% RMV00 135% RFV00	120% RMV00 135% RFV00
Conventional Pensions Business		
With-profits deferred annuity		
in deferment	100% AMC00 ult 100% AFC00 ult	100% AMC00 ult 100% AFC00 ult
in payment	120% RMV00 135% RFV00	120% RMV00 135% RFV00
Non profit deferred annuity		
in deferment	100% AMC00 ult 100% AFC00 ult	100% AMC00 ult 100% AFC00 ult
in payment	120% RMV00 135% RFV00	120% RMV00 135% RFV00
With-Profits Annuity		
	91% of Modified PMA 92 91% of Modified PFA 92	91% of Modified PMA 92 91% of Modified PFA 92
Guaranteed annuity options		
	100% AMC00 ult 100% AFC00 ult	100% AMC00 ult 100% AFC00 ult
Unitised Life Business		
Single premium whole life	100% AMC00 ult 100% AFC00 ult	100% AMC00 ult 100% AFC00 ult
Single premium whole life series B2	100% AMC00 ult 100% AFC00 ult	100% AMC00 ult 100% AFC00 ult
Regular premium endowment savings	100% AMC00 ult 100% AFC00 ult	100% AMC00 ult 100% AFC00 ult
ISA	110% AMC00 ult 110% AFC00 ult	110% AMC00 ult 110% AFC00 ult
Unitised Pensions Business		
Individual pensions	150% AMC00 ult 140% AFC00 ult	150% AMC00 ult 140% AFC00 ult
Overseas Business		
Single premium series I	100% AMC00 ult 100% AFC00 ult	100% AMC00 ult 100% AFC00 ult
Unit Linked Pensions		
Stakeholder	150% AMC00 ult 140% AFC00 ult	150% AMC00 ult 140% AFC00 ult

For guaranteed annuity options reassured in from the PLL Alba WP fund, the deferred annuity valuation bases described in the Alba section of this appendix are used.

The longevity improvement factors used for post vesting mortality assumptions for the current year are:

Males	2016	2026	2036	2046	2056	2066
40	2.77%					
50	1.20%	2.55%				
60	2.28%	1.33%	2.52%			
70	2.87%	2.16%	1.93%	2.50%		
80	2.34%	2.57%	2.32%	2.42%	2.50%	
90	1.96%	2.14%	2.17%	2.12%	2.14%	2.14%
100	1.43%	1.43%	1.43%	1.43%	1.43%	1.43%

Females	2016	2026	2036	2046	2056	2066
40	1.73%					
50	1.77%	1.90%				
60	1.81%	1.88%	2.09%			
70	2.32%	2.14%	2.11%	2.23%		
80	2.57%	2.40%	2.22%	2.23%	2.25%	
90	1.54%	2.10%	1.98%	1.92%	1.93%	1.93%
100	1.29%	1.29%	1.29%	1.29%	1.29%	1.29%

These improvements are used in conjunction with a base assumption of 115.0% of RMV00 and 122.5% of RFV00 for annuities in payment.

The expectations of life for with-profits deferred annuity for the current and previous year are:

Expectation of life from age 65 for current age	Current Valuation	Previous Valuation
Male aged 45	24.9	26.1
Male aged 55	23.7	24.6
Female aged 45	27.0	28.2
Female aged 55	26.0	26.8

The mortality tables used for with-profits deferred annuity for the current year are RFV00/RMV00.

(5) Morbidity Basis

There is not a significant amount of business with critical illness cover.

(6) Expenses

The following tables show the gross attributable expenses per policy.

OBWP Product Group	2015		2014	
	Per Policy Expense			
	Current Valuation		Previous Valuation	
	(£)		(£)	
CWP savings endowment (120)				
Premium paying	52.96		52.23	
Single premium/paid up	26.48		26.12	
CWP target cash endowment (125)				
Premium paying	52.96		52.23	
Single premium/paid up	26.48		26.12	
CWP pensions (155/165)				
Premium paying	88.28		87.04	
Single premium/paid up	26.48		26.12	
UL pension (725)				
Regular premium	67.09		66.15	
Single premium/paid up	67.09		66.15	
UWP Bond (500) - Series B				
Regular premium	52.96		52.23	
Single premium/paid up	26.48		26.12	

Product Group	Current Valuation		Previous Valuation	
	% Basic Units		% Basic Units	
UWP Bond (500)				
Premium paying	0.64		0.62	
Single premium/paid up	0.64		0.62	
UWP savings endowment (510)				
Premium paying	0.64		0.62	
Single premium/paid up	0.64		0.62	
UWP pension (525 / 545)				
Regular premium	0.64		0.62	
Single premium/paid up	0.64		0.62	
UL pension (725)				
Regular premium	N/A		n/a	
Single premium/paid up	N/A		n/a	

The expenses on life business are netted down for tax at 20%.

For the current valuation the investment expense assumptions are based on the investment fee scale agreed with the asset manager. The base fees are as follows:

Type of Asset	Current Valuation (2015)		Previous Valuation (2014)	
	Growth %	Matched %	Growth %	Matched %
UK Equities	0.186	0.186	0.150	0.150
Emerging Market Equities	0.400	0.400	0.400	0.400
Overseas Equities	0.281	0.281	0.208	0.212
Private Equity	0.600	0.600	0.600	0.600
Property	0.320	0.320	0.320	0.320
Alternative Assets	0.300	0.300	0.300	0.300
Gilts	0.080	0.080	0.079	0.079
Other Fixed Interest	0.080	0.080	0.080	0.080
Cash	0.085	0.085	0.085	0.085

The investment expenses for life fund business are netted down for policyholder tax at 20%.

In addition to the base fees, there is an explicit additional services fee which is allowed for as a provision of £3.2m. At the previous valuation these additional services had been allowed for as a provision of £3.7m. There is also a performance fee payable to the asset manager. This is not allowed for in the valuation basis because no over or under investment performance is assumed in the valuation interest basis.

(7) Unit Growth Rates and Expense Inflation

Policies previously written in BA

Fund OB	2015	2014
Product Group	Current Valuation	Previous Valuation
Unit growth rates		
Pensions business	2.48%	2.31%
Expense inflation		
With profit policies	4.62%	4.61%
Stakeholder Pension policies	4.12%	4.11%

(8) Future Bonus Rates

No future bonuses are assumed in the mathematical reserves for conventional and unitised with-profits business other than product lines with guaranteed minimum regular bonuses.

(9) Persistency Assumptions

It is assumed that there are no lapses or surrenders and no policies are made paid-up after the valuation date.

(10) Other Material Assumptions

All policies subject to a contingent debt have been valued at true ages and the actual sums assured.

(11) Allowance for Derivatives

The assets described in Form 13 contain derivative contracts. These derivative contracts are to manage asset exposure and reduce risk and are appropriately matched. The derivatives do not directly impact the long term insurance liabilities.

(12) Effect of Basis Changes

There have been no changes in valuation methodology arising from changes in INSPRU valuation rules effective from 31 December 2006.

5. OPTIONS AND GUARANTEES

(1) Guaranteed Annuity Rate Options

The reinsurance accepted in respect of guaranteed annuity options referred to in paragraph 4 (1) and shown on Form 51 relates to the liability arising when the annuities vest in the Alba With-Profits Fund in the future.

For contracts with benefits expressed as cash but which have a guaranteed minimum annuity rate the reserve was calculated assuming that the benefit at maturity was the higher of:

- (iv) the cash amount, and
- (v) the intrinsic value of the guaranteed annuity, using mortality rates appropriate for deferred annuities and the valuation interest rate as shown for that contract (but subject to a maximum of the re-investment rate), plus time value (using stochastic modelling).

It is assumed that 95% of policyholders exercise the guaranteed annuity option and that 20% of policyholders exercising the option take the maximum tax free cash.

Details of guaranteed annuity options that were in force at the valuation date are shown in the table below:

Product	Basic Reserve	O/S Durn Spread	Gtee Reserve	GAO Rate	Incrs Yes/No	Ann. Form	Ret. Ages
	£m	years	£m	%cash sum			
Ex-Sentinel Dfd. Ann	1.98	1-25	1.24	10.25%	No	*	60-75

*The guaranteed annuity option rates shown are for a male age 65, monthly level annuity, payable in advance with 5 year guarantee period – other options are available.

In general, where policyholders may make increments to the policy, the guaranteed annuity option does not apply to the regular premium increases or additional single premiums.

(2) Guaranteed Surrender and Unit-linked Maturity Values

There are no policies with a unit linked maturity guarantee in force. Details of policies with guaranteed surrender values are described below.

Product	Basic Reserve	Guarantee Reserve	Guaranteed amount	In force premium per annum
	£m	£m	£m	£m
Life UWP single premium	79.4	0.0	79.4	0.0
With Profit Bond (series B2)	4.5	0.0	4.5	0.0
With Profit Bond (series I)	16.8	0.0	16.8	0.0

Portfolio Investment Bond

- (a) The general method and basis of valuation are described in paragraph 4. The policies are valued assuming the benefits are paid as death benefits at age 105 as this is more onerous than allowing for surrender on a guarantee date. No additional surrender guarantee reserve is required.
- (b) (i) product name, (ii) basic reserve, (iii) guarantee reserve, (iv) guaranteed amount and (v) in force premiums are shown in the table above.

(iii) and (iv)

On surrender at a guarantee date, with-profits units and bonus units have a guaranteed value of £1.00. In addition, for policies issued from 28 May 1997, the surrender value at the guarantee date in respect of the with-profits benefits will not be

less than the premium applied to purchase those benefits. The guarantee date varies by date of issue of the policy:

Date of issue	Guarantee dates
Prior to 12 July 1994	Fifth and subsequent policy anniversaries
12 July 1994 to 6 April 1999	Fifth and subsequent quinquennial policy anniversaries
From 6 April 1999	Tenth and subsequent policy anniversaries

- (v) No increments can be made to the policy.

With Profits Bond (series B2)

- (a) The general method and basis of valuation are described in paragraph 4.
- (b) (i) product name, (ii) basic reserve, (iii) guarantee reserve, (iv) guaranteed amount and (v) in force premiums are shown in the table above.

(iii) and (iv)

This policy invests in the With-Profits Fund and participates in surplus in the With-Profits Fund by the allocation of smoothed investment returns. Each contribution has two separate values, the smoothed value and the guaranteed value, together with an underlying unsmoothed value. The smoothed value is the contribution increased or decreased by the smoothed investment return net of the initial charge and annual management charge. The guaranteed value is initially 75% of the smoothed value and will be increased such that it is equal to 75% of the previous highest smoothed value.

The full or partial withdrawal value at a guarantee date is the higher of the smoothed value and the guaranteed value.

The guarantee dates are the 5th and subsequent quinquennial policy anniversaries.

- (v) No increments can be made to the policy.

With Profits Bond (Series I)

- (a) The general method and basis of valuation are described in paragraph 4.
- (b) (i) product name, (ii) basic reserve, (iii) guarantee reserve, (iv) guaranteed amount and (v) in force premiums are shown in the table above.

(iii) and (iv)

This policy invests in the With-Profits Fund and reversionary bonus vests on a daily basis at a rate declared at the previous valuation date in anticipation of surplus that would otherwise emerge following the previous valuation.

The full withdrawal value at a guarantee date is the full value of the units including reversionary bonus added to date.

The guarantee dates are the 7th and subsequent policy anniversaries.

(v) No increments can be made to the policy.

(3) Guaranteed Insurability Options

- (a) A reserve of £0.44m is established to cover the cost of guaranteed insurability options. This reserve is aggregated using data as at 31 December 2009 and it is calculated as 5% of the office premiums plus 0.1% of the sum at risk for these policies.
- (b) The total sum assured for policies with guaranteed insurability, continuation and conversion options is less than £1bn.

(4) Other Guarantees and Options

For endowments issued from 6 April 2000, the maturity value is guaranteed to be at least equal to the premiums paid. The method and basis of valuation is described in paragraph 4 above and the guarantee is valued on all relevant policies.

Product	Basic Reserve	Spread of outstanding durations	Guarantee Reserve	Guarantee Amount	In force premiums
	£m		£m	£m	£m
Ordinary Branch Endowment	16.3	1-18	2.9	25.6	1.1

Policyholders may not make increments to these policies.

6. EXPENSE RESERVES

(1) Aggregate Expense Loadings

The aggregate amount of expense loadings, grossed up for taxation where appropriate, expected to arise during the 12 months after the valuation date from implicit and explicit reserves made in the valuation to meet expenses in fulfilling contracts in force at the valuation date is £15.1m. This is composed of the following elements.

	£m
Explicit allowances for investment expenses	0.40
Explicit allowances for other maintenance expenses	1.5
Implicit allowances	13.19

(2) Implicit Allowances

The basis for calculating the implicit allowances within 6 (1) is outlined in section 4, the main elements of the calculation being:

- (a) allowance for investment management charges which is calculated as the expected investment management charge for the next financial year applied to the mathematical reserves in Form 50;
- (b) The expenses for UWP business as set out in the new MSA with PGMS.

(3) Form 43 Comparison

The aggregate expense loading arising in the next 12 months and the maintenance expense in Form 43 line 14 are shown in the table below. Due to the significant run-off rate of the business, expense loadings available for the coming year would be expected to be below the actual level of expenses incurred in the past year.

	F43.14	table 6(1)	ratio
Homogeneous risk group	(a) £m	(b) £m	(a)/(b)
Policies previously written in BA	22.1	15.4	144%

The difference between the expenses in line14 of Form 43 and the expenses in table 6(1) can be explained by the following.

- The investments expenses allowances in table 6(1) above are only based on the reserves held and ignore the surplus assets in the Fund
- The run off of the business each year. The BWP Fund is closed to new business so the modelled expenses in the 12 months following the valuation date will be lower than actually incurred in the previous year
- The expenses in line 14 of Form 43 include performance linked investment expenses which are not allowed in investment expenses allowances in table 6(1)

After adjusting for these other expenses the expense loadings are not materially different to the expenses in Form 43.

(4) New Business Expense Overrun

Since the company is not actively seeking new business, except for contractual increments, it does not expect to incur any material strain in writing new business so no additional reserve is required.

(5) Maintenance Expense Overrun

The mathematical reserves include explicit allowance for future expenses inflating in line with the current management services agreements. These expenses exclude future redundancy costs. An additional reserve of £4.1m is established to cover the risk that there is a one-off increase in per policy charges when the current management services agreement is reviewed.

The equivalent reserve held at the previous valuation was £4.0m.

(6) Non-attributable expenses

Not applicable – all expenses are treated as attributable.

7. MISMATCHING RESERVES

(1) Analysis of Reserves by Currency

The mathematical reserves are mostly in sterling and are mostly matched by assets in sterling realisable in the United Kingdom.

Currency	Mathematical Reserves	Backed by assets
-----------------	------------------------------	-------------------------

Britannic With-Profits Fund

	£m	£m
Sterling (£)	2,804.6	2,804.6
Other currencies	16.8	16.8
Total	2,821.4	2,821.4

(2) Other Currency Exposures

See paragraph 7 (1).

(3) Currency Mismatching Reserve

A sub-fund of euro-denominated assets is maintained in respect of euro-denominated liabilities. There is no significant mismatching of assets and liabilities by currency and so no reserve is made to cover this risk.

(4) Most Onerous Scenario Under INSPRU 3.1.16(R)

PLL is a realistic basis company and therefore the resilience capital requirement does not apply.

(5) Most Onerous Scenario Under INSPRU 3.1.23(R)

No applicable

(6) Resilience Capital Requirement

Not applicable

(7) Additional Reserves Arising From INSPRU 1.1.34(2)(R)

No reserve is required for mismatching. Liabilities are analysed by duration and currency and the investment strategy is chosen appropriately so that there is no significant mismatch between assets and liabilities.

8. OTHER SPECIAL RESERVES

The special reserves exceeding 0.1% of the mathematical reserves (i.e. £2.8m) are:

Description	Reserve
	£m
Data	9.3
Litigation	5.6
Project and other costs	5.7
Pensions Review	13.2
MSC Expense Review	4.1
VAT	10.2
Asset Management Services	3.2

Data

The data contingency reserve covers additional liabilities which may arise in connection with data errors affecting the long-term business and is calculated having regard to past experience.

VAT

This covers the risk that new EU legislation may come into effect meaning that VAT needs to be applied to the charges made by external outsourcers. The VAT liability is assumed to be 15.0% (20% less 5% recoverable by outsourcers).

9. REINSURANCE

The treaty now only includes unit linked stakeholder pensions business.

(1) Facultative Reinsurance

- (a) No premiums were payable on a facultative basis to a reinsurer that was unauthorised to carry on insurance business in the UK.
- (b) No such premiums were payable to a connected company reinsurer that was unauthorised to carry on insurance business in the UK.

(2) Reinsurance Treaties

Not applicable.

10. REVERSIONARY (OR ANNUAL) BONUS

Bonus Series	Math reserves £m	Reversionary Bonus Rate for Current Year %	Reversionary Bonus Rate for Previous year %	Total g'tee bonus for current year %
Policies previously written in BA				
Conventional				
Assurances	96.2	0.463%	0.477%	0.463%
Life Deferred Annuities	15.7	0.831%	0.855%	0.831%
Pensions Deferred Annuities	89.4	1.022%	1.052%	1.022%
Unitised With-Profits				
Life Regular Premium	15.5	0.000%	0.000%	0.000%
Life Single Premium	79.4	3.000%	2.000%	3.000%
Pensions	2,269.2	3.500%	2.500%	3.500%
Irish life - Euro denominated	16.8	7.20%/7.20%	1.76%/5.30%	7.20%/7.20%
New WP bond (smoothed returns)	4.5	8.630%	4.590%	8.630%
WP annuity	13.6	8.700%	4.500%	8.700%
Policies previously written in Century				
Ex - Sentinel				
Simple Bonus	2.3	4.75%	4.75%	4.75%
Compound - assurances	0.5	3.80%/3.80%	3.80%/3.80%	3.80%/3.80%
Compound - deferred annuities	2.1	3.80%/3.80%	3.80%/3.80%	3.80%/3.80%
Ex-NEL				
Simple Bonus	5.5	6.00%	6.00%	6.00%
Compound Bonus	2.5	6.00%	6.00%	6.00%
Ex-Prosperity				
All contracts	3.5	3.35%/4.00%	3.35%/4.00%	3.35%/4.00%

Notes

- (a) The unitised with-profits bonus is the percentage addition per annum to basic and bonus units in force as at 31 December and allows for the period the units had been in force during that year.
- (b) The reversionary bonus for conventional business previously written in BA is a simple bonus scale where the addition for the year depends on the duration in force.
- (c) The smoothed return allocated to the Britannic With Profits Bond is declared quarterly and varies by unit series which is based on policy date of commencement and rate shown is the weighted average applied.

The average declared return applied for the with-profits annuity was 7.42% and average guaranteed uplift applied for 2015 was 5.47%.

Phoenix With-Profits Fund

3. DISCRETIONARY CHARGES AND BENEFITS

(1) Application of Market Value Reduction

Unitised With Profit Bond

These policies were sold between June 1996 and September 2001.

Separate MVRs are calculated for each month of entry. No MVRs were applied during 2015.

Lifestyle Bond

These policies were sold between February 2001 and December 2001.

Separate MVRs are calculated for each month of entry. No MVRs were applied during 2015 for any months of entry.

UK With Profit Bond (Pre 1997)

These policies were sold in various different tranches between January 1992 and December 1996.

Separate MVRs are calculated for each tranche. No MVRs were applied during 2015 for any months of entry.

Isle of Man With Profit Bond (Pre 1999)

These policies were sold between December 1992 and December 1998.

Separate MVRs are calculated for each tranche. No MVRs were applied during 2015 for any months of entry.

Living Pensions

The following products within the Living Pensions range have a unitised with-profits option:

- Living Pensions Personal Pension
- Living Pensions Personal Option Policy
- Living Pensions Top Up Pension

These policies were sold between April 1996 and December 1996 although remained open to increments until April 2001.

For these policies, separate MVRs are calculated for each year of entry. No MVRs were applied during 2015.

Unitised With-Profits Pensions

The following products within the unitised with-profits pensions range have a unitised with-profits option:

- Executive Pension Plan
- Company Pension Scheme
- Company Additional Pension Scheme
- Individual Personal Pension Plan
- Group Personal Pension Plan

- Personal Additional Pension Plan

These policies were sold between January 1995 and April 2001 although remain open to increments.

For these policies, separate MVRs are calculated for each year of entry. No MVRs were applied during 2015.

Pensions Solutions

The following products within the Pensions Solutions range have a unitised with-profits option:

- Individual Personal Pension Plan
- Group Personal Pension Plan
- Contracted-in Money Purchase Plan
- Executive Pension Plan
- Trustee Investment Plan

These policies were sold between April 2001 and December 2002 although remain open to increments.

Separate MVRs are calculated for each month of entry. No MVRs were applied to any months of entry between April 2001 and December 2002 when the products were sold, nor to increments after December 2002.

Growth Protector Fund

For these policies, separate MVRs are calculated for each year of entry. No MVRs were applied during 2015.

(2) Premiums on Reviewable Protection Policies

There were no changes to premiums on non-linked reviewable protection policies since the previous valuation date. The amount of the mathematical reserves at the valuation date was £0.48m.

(3) Non-profit Deposit Administration

There are no non-profit deposit administration policies.

(4) Service Charges on Linked Policies

The linked policies that were previously in the Fund are now in the Non Profit Fund and the changes in charges are disclosed in that section of the abstract.

(5) Benefit Charges on Linked Policies

There were no changes to benefit charges on linked policies in the current year.

(6) Accumulating With-Profits Charges

The following expenses, which are notionally charged to specimen policy asset shares when determining terminal bonus or market value reductions for accumulating with-profits policies, have changed:

Annual maintenance expenses (net of policy fee where applicable), which changed from £59.85 to £59.68.

Charges apply to all accumulating with-profits business, except Lifestyle Bond. The mathematical reserves at the valuation date amount to £879.5m.

(7) Unit Pricing of Internal Linked Funds

Not applicable

(8) Tax Deductions From Internal Linked Funds

Not applicable

(9) Tax Provisions for Internal Linked Funds

Not applicable

(10) Discounts on Unit Purchases

M & G Securities Limited - Authorised Unit Trust

The Company receives a 1% discount on the cost of purchasing units in excess of £1,000. Policyholders do not benefit from this discount. There is no discount to the Company on the sale of units. The company does not receive any rebate of the annual management charge on its holdings in the unit trust.

4. VALUATION BASIS

(1) Valuation Methods

The valuation methods used to calculate the mathematical reserves for each significant product group are described below. Unless otherwise stated, a prospective valuation method has been used and all policies are valued individually.

Conventional Business

All main classes of conventional business are valued using a gross premium method. The mathematical reserves were calculated as the value of future benefits and expenses less the value of future expected office premiums. No allowance for future lapses is made.

The mathematical reserves for with-profits annuity business is the value of projected future cashflows allowing for future annuity payments, future expenses, shareholder profit and loss transfers and tax on future declared investment return distributions.

Unitised Business

The mathematical reserve for all unitised contracts linked to units in the unitised with-profits fund has been calculated as the higher of (i) and (ii) below:

(i) The minimum of (a) and (b) below:

(a) Face value of units, which is the number of units including attaching bonus units allocated up to the valuation date. This is the full value guaranteed at maturity, guarantee date, death, selected retirement age or on withdrawals under the regular withdrawal scheme;

Phoenix With-Profits Fund

(b) Asset Share (unless the contract has a guaranteed Market Value Adjustment free date, in which case Face value of units is taken as the minimum).

(ii) A prospective value calculated by discounting projected future cashflows and allowing for future expenses.

Negative reserves have been included for some contracts.

(2) Valuation Interest Rates

The valuation interest rates used are as follows:

PRA Code	Life/Pensions	Product	Current Valuation	Previous Valuation
100	Life	Conventional whole life withprofits OB - BLAGAB	1.28%	1.02%
100	Pensions	Conventional whole life withprofits OB - GRB	1.28%	1.02%
125	Life	Conventional endowment withprofits OB target cash	0.99%	0.98%
125	Pensions	Conventional endowment withprofits OB target cash	2.10%	1.94%
155	Pensions	Conventional pensions endowment withprofits - GRB	1.02%	1.02%
165	Pensions	Conventional deferred annuity withprofits - GRB	2.47%	2.33%
175	Life	Group conventional deferred annuity withprofits -	2.84%	2.55%
175	Pensions	Group conventional deferred annuity withprofits -	2.52%	2.29%
185	Pensions	Group conventional pensions endowment withprofits	1.35%	2.12%
205	Life	Miscellaneous conventional withprofits - BLAGAB	0.92%	0.92%
205	Pensions	Miscellaneous conventional withprofits - GRB	2.16%	1.93%
300	Life	Regular premium nonprofit WL/EA OB - BLAGAB	0.79%	0.63%
300	Pensions	Regular premium nonprofit WL/EA OB - GRB	1.02%	0.81%
305	Life	Single premium nonprofit WL/EA OB - BLAGAB	1.85%	1.58%
305	Pensions	Single premium nonprofit WL/EA OB - GRB	2.57%	2.34%
325	Life	Level term assurance - BLAGAB	1.48%	1.23%
325	Pensions	Level term assurance - GRB	1.48%	1.23%
385	Life	Income protection claims in payment - BLAGAB	2.72%	2.44%
390	Pensions	Deferred annuity nonprofit - GRB	1.17%	1.16%
395	Life	Annuity nonprofit (PLA) - BLAGAB	2.19%	1.96%

Phoenix With-Profits Fund

395	Pensions	Annuity nonprofit (PLA) - GRB	2.19%	1.96%
400	Pensions	Annuity nonprofit (CPA) - GRB	2.05%	1.93%
435	Pensions	Miscellaneous nonprofit - GRB	1.47%	1.24%
500	Life	Life UWP single premium - BLAGAB	1.22%	0.95%
500	Pensions	Life UWP single premium - GRB	1.20%	0.95%
525	Pensions	Individual pensions UWP - GRB	1.71%	1.47%
535	Pensions	Group money purchase pensions UWP - GRB	1.57%	1.25%
545	Pensions	Individual deposit administration withprofits - G	1.47%	1.24%
565	Pensions	DWP National Insurance rebates UWP - GRB	1.50%	1.50%
905	Pensions	Index linked annuity (CPA) - GRB	0.42%	0.19%

* Valuation interest rates are real rates and not nominal rates.

The valuation interest rate for immediate and deferred pension annuity business is calculated based on the waiver granted by the Financial Services Authority, under section 148 of the Financial Services and Markets Act 2000. Under this waiver a company is allowed to calculate the valuation rate of interest using the internal rate of return on assets backing the annuity liabilities instead of using the arithmetic mean of the gross redemption yields on each asset weighted by their market values. Details of this waiver are covered in the Notes to Appendix 9.3.

The methodology for setting the valuation interest rate for the index linked annuities does not utilise the waiver, i.e. the portfolio yield is the arithmetic mean of the gross redemption yield on each asset weighted by its market value.

(3) Risk Adjustments

The yields on assets were reduced for risk as follows:

Equities

The risk adjusted yield on equities is determined by INSPRU 3.1.37R as the sum of the dividend yield and the earnings yield, divided by two unless the dividend yield is greater than the earnings yield. If the dividend yield is greater than the earnings yield then the risk adjusted yield is taken to be the dividend yield.

To allow for unreasonably high yields, a cap is applied to the dividend yield and earnings yield which is the lower of 25% or twice the annualised 15 year gilt yield.

Property

The risk adjusted yield on property is determined by INSPRU 3.1.36R as the ratio of the rental income arising from the property over the previous twelve months to the market value of the property.

Due to potential issues with the timing of rental income, a cap is applied of the contracted income arising from the property over the previous twelve months.

To allow for unreasonably high yields, a cap is applied to the resulting yield which is the greater of 10% or twice the annualised 15 year gilt yield.

Fixed Interest

a) Approved Securities

The risk adjusted yield on UK Government and other approved fixed interest securities is determined by INSPRU 3.1.39R as the annualised gross redemption yield. Allowance is made for credit risk as set out for Other Securities.

b) Other Securities

The risk adjusted yield on other fixed interest securities is determined by INSPRU 3.1.39R as the annualised gross redemption yield less a credit risk margin (haircut) which is applied on an individual stock by stock basis.

The investment managers obtain the agency ratings of all stocks and then recommend a rating for haircut purposes which will either be one of the agency ratings or a lower rating if they consider that more appropriate (taking into account such factors as current spread).

This rating is then used to derive a haircut from a table of average default rates. For stocks other than bank subordinated debt i.e. standard haircut, this is prudently based on double the historical default experience (1920 - 2013), net of an allowance for 37% recovery.

The average default rates are based on:

Credit Rating	Standard		
	Term		
	5 year	10 year	20 year
AAA	4.0	10.0	10.3
AA	20.6	30.3	35.2
A	34.4	45.3	49.2
BBB	72.7	82.8	84.5
BB	246.1	250.8	234.1
B	586.8	532.7	440.3

Sovereign, Sub-Sovereign, Regional or Supranational bonds with a rating of A and below are treated in the same way as standard haircut while AAA rated bonds assume no haircut and AA rated bonds in this category assume a third of the standard haircut.

Bonds rated CCC and below are taken as having zero yield.

For bank subordinated debt, the haircut is based on the Senior Rating of the issuing entities (rather than the rating of the sub-debt itself) whilst using a nil recovery assumption. However, if this results in a lower aggregate haircut compared to the standard haircut, the standard haircut is used instead.

Variable Interest

The risk adjusted yield on variable interest securities is the real yield. To allow for unreasonably high yields, a cap is applied to the yield which is the real yield of the FTSE Actuaries UK Index-Linked Gilts Over 5 Years Index. This cap applies to both approved and non-approved variable interest securities.

(4) Mortality Basis

The mortality bases used for the valuation were:

Product Group	Current Valuation	Previous Valuation
Endowment and Whole of Life	80.6% AM92	80.6% AM92

Phoenix With-Profits Fund

Assurances	83.8% AF92	83.8% AF92
Term Assurances - aggregate	71.5% TM92 93.2% TF92	71.5% TM92 93.2% TF92
Term Assurances – non-smoker	66.0% TM92 77.4% TF92	66.0% TM92 77.4% TF92
Term Assurances – smoker	132.0% TM92 148.7% TF92	132.0% TM92 148.7% TF92
Pensions pre-vesting and pension term assurances	48.3% AM92 54.5% AF92	48.3% AM92 54.5% AF92
Life Annuities currently in Payment	Modified IM80 c2010 Modified IM80 c2010	Modified IM80 c2010 Modified IM80 c2010
Pension Deferred Annuities post vesting	87.9% PCMA00 with CMI 2014 improvement factors 101.8% PCFA00 with CMI 2014 improvement factors	87.9% PCMA00 with CMI 2012 improvement factors 101.8% PCFA00 with CMI 2012 improvement factors
Pension Immediate Annuities	87.9% PCMA00 with CMI 2014 improvement factors 101.8% PCFA00 with CMI 2014 improvement factors	87.9% PCMA00 with CMI 2012 improvement factors 101.8% PCFA00 with CMI 2012 improvement factors

Life annuities currently in payment

The expectation of life under the current (and previous year) valuation assumptions for sample ages are:

Life Annuities

Age	Current Year		Previous Year	
	Males	Females	Males	Females
65	22.87	23.70	22.52	23.30
75	14.54	15.17	14.26	14.84

Pension annuities currently in payment

Specimen percentages of the base tables used for the current year (and previous year) valuation are:

	Current Year		Previous Year	
	Male	Female	Male	Female
At age 65	60.6%	75.3%	64.2%	81.4%
At age 75	56.5%	69.0%	59.2%	73.3%
At age 85	66.7%	81.2%	69.4%	85.0%
At age 95	82.4%	93.2%	85.8%	98.6%

Specimen annual improvement rates, dependent on calendar year, are:

Males	2017	2025	2035	2045	2055	2065
65	1.53%	2.10%	1.99%	2.50%	2.50%	2.50%
75	2.74%	1.69%	2.27%	2.41%	2.50%	2.50%
85	2.73%	2.33%	2.11%	2.46%	2.50%	2.50%

Phoenix With-Profits Fund

95	1.58%	1.89%	1.76%	1.73%	1.79%	1.79%
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Females	2017	2025	2035	2045	2055	2065
65	1.77%	2.20%	2.05%	2.25%	2.25%	2.25%
75	2.42%	2.11%	2.26%	2.22%	2.25%	2.25%
85	2.60%	2.33%	2.20%	2.25%	2.25%	2.25%
95	1.44%	1.69%	1.62%	1.60%	1.61%	1.61%

The expectation of life under the current (and previous year) valuation assumptions for sample ages are:

Age	Current Year		Previous Year	
	Males	Females	Males	Females
65	26.20	26.77	25.36	26.12
75	16.27	16.80	15.72	16.32

Deferred pension contracts (post vesting) including guaranteed annuity options

Sample percentages of the base tables used for the current year (and previous year) valuation are:

	Current Year		Previous Year	
	Male	Female	Male	Female
At age 55	68.8%	83.5%	73.9%	89.9%
At age 65	60.6%	75.3%	64.2%	81.4%
At age 75	56.5%	69.0%	59.2%	73.3%
At age 85	66.7%	81.2%	69.4%	85.0%
At age 95	82.4%	93.2%	85.8%	98.6%

Specimen annual improvement rates, dependent on calendar year, are:

Males	2017	2025	2035	2045	2055	2065
55	1.76%	1.46%	2.52%	2.50%	2.50%	2.50%
65	1.53%	2.10%	1.99%	2.50%	2.50%	2.50%
75	2.74%	1.69%	2.27%	2.41%	2.50%	2.50%
85	2.73%	2.33%	2.11%	2.46%	2.50%	2.50%
95	1.58%	1.89%	1.76%	1.73%	1.79%	1.79%

Females	2017	2025	2035	2045	2055	2065
55	1.97%	1.83%	2.23%	2.25%	2.25%	2.25%
65	1.77%	2.20%	2.05%	2.25%	2.25%	2.25%
75	2.42%	2.11%	2.26%	2.22%	2.25%	2.25%
85	2.60%	2.33%	2.20%	2.25%	2.25%	2.25%
95	1.44%	1.69%	1.62%	1.60%	1.61%	1.61%

The expectation of life at age 65 for current ages 45 and 55 under the current (and previous year) valuation assumptions for are:

Age	Current Year		Previous Year	
	Males	Females	Males	Females
45	29.87	29.99	28.39	29.10
55	28.03	28.40	26.87	27.64

(5) Morbidity Basis

Not applicable

(6) Expense Basis

The following table shows the gross attributable expenses per policy.

Product Group	Per Policy Expense	
	Current Valuation	Previous Valuation
	£	£
Annuity (400)	29.64	28.35
All other policies	62.87	60.12

The expenses on life business are netted down for tax at 20%.

There are no Zillmer adjustments for the policies to which the above expenses apply.

The life company entered into a new MSA with Pearl Group Management Services (PGMS) with effect from 1 September 2010. The MSA specifies fee inflation is RPIX +1.0% at 1 January each year.

For the current valuation the investment expense assumptions have been updated to allow for the impact of a new investment fee scale agreed with the asset manager. The base fees are as follows:

	Current valuation	Previous valuation
UWP Bond 4 & Lifestyle Bond	0.146%	0.101%
Other Conventional With-Profits and UWP Business	0.18%	0.126%
Expenses for Annuity	0.084%	0.084%

The investment expenses for life fund business should be netted down for policyholder tax at 20%.

In addition to the base fees, there is an explicit additional services fee which is allowed for as a provision of £0.1m. Previous to the 31st of December 2011 valuation these additional services had been allowed for implicitly within the investment expense assumption. There is also a performance fee payable to the asset manager. This is not allowed for in the valuation basis because no over or under investment performance is assumed in the valuation interest basis.

(7) Unit Growth Rates And Expense Inflation

There are no unit growth rate assumptions on the residual linked business as the reserve held is the face value of the units. Future expenses are assumed to increase at 3.12% p.a.

(8) Future Bonus Rates

For conventional with-profits business there is no allowance for future bonuses.

For accumulating with-profits business the assumed reversionary bonus rates are:

Product	2016	2017	2018+
UWP Bond (pre August 2000)	4.00%	0.67%	0.00%
UWP Bond (post August 2000)	3.50%	0.58%	0.00%
Lifestyle Bond	3.50%	1.00%	0.00%
Profit Plus Fund	0.10%	0.02%	0.00%

UWP Pensions	3.50%	0.58%	0.00%
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and for the UK With Profits Bonds (pre 1997) the rates are:

Tranche	2016	2017	2018+
1	3.50%	1.50%	0.00%
2a	4.00%	2.00%	0.00%
2b	4.00%	2.00%	0.00%
3a	3.50%	1.50%	0.00%
3b	4.50%	2.50%	0.50%
4	3.25%	1.25%	0.00%
5	3.50%	1.50%	0.00%
6	3.00%	1.00%	0.00%
6a	2.00%	0.00%	0.00%
7	4.00%	2.00%	0.00%
8	3.75%	1.75%	0.00%
8a	3.75%	1.75%	0.00%
8b	3.25%	1.25%	0.00%
9	3.00%	1.00%	0.00%
10	2.50%	0.50%	0.00%

(9) Persistency Assumptions

It is assumed that there are no lapses or surrenders and no policies are made paid-up after the valuation date.

(10) Other Material Assumptions

Not applicable

(11) Allowance for Derivatives

The assets described in Form 13 contain derivative contracts. These derivative contracts are to manage asset exposure and reduce risk and are appropriately matched. The derivatives do not directly impact the long term insurance liabilities.

(12) Effect on Reserves of Changes in INSPRU Valuation Rules

There have been no changes in valuation methodology arising from changes in INSPRU valuation rules effective from 31 December 2006.

5. OPTIONS AND GUARANTEES

(1) Guaranteed Annuity Rate Options

For contracts with benefits expressed as cash but which have a guaranteed minimum annuity rate the reserve was calculated assuming that the benefit at maturity was the higher of:

- (i) the cash amount, and
- (ii) the intrinsic value of the guaranteed annuity, using mortality rates appropriate for deferred annuities and the valuation interest rate as shown for that contract (but subject to a maximum of the re-investment rate), plus time value (using stochastic modelling).

It is assumed that:

- (a) The expenses of payment are 3.00% of the value of the annuity
- (b) 100% of policyholders exercise the guaranteed annuity option and:
- (c) that the percentage of cash sum which will be used to purchase the annuity on guaranteed terms will be:
 - 30% for Convent Scheme contracts
 - 95% for Retirement Plans and Personal Retirement Policies (post 1978)
 - For Personal Retirement Policies issued between 1971 and 1978, where the policy only provides for a proportion of the benefit to be taken on guaranteed terms, the assumed proportion is in accordance with the policy conditions

Phoenix With-Profits Fund

Product Name	Basic Reserve £m	Spread of outstanding durations Years	Guarantee Reserve £m	Guaranteed Annuity Rate (Male at 65)	Increments	Form of annuity	Retirement Ages
Personal Retirement Plan (Pre 1978)	12.1	0 to 11	7.8	10.74%	No	Level – Single Life Twice annually in arrears No guarantee period	60 to 75
Personal Retirement Plan (Post 1978)	218.4	0 to 31	129.1	9.00%	No	Level – Single Life Annually in arrears No guarantee period	60 to 75
Personal Retirement Plan (Post 1988)	131.3	0 to 37	70.3	9.00%	No	Level – Single Life Annually in arrears No guarantee period	50 (*) to 75
Personal Retirement Plan (Eire)	26.6	0 to 24	18.1	9.25%	No	Level – Single Life Monthly in advance Five year guarantee period	50 to 75
Retirement Plan	118.7	0 to 26	107.7	11.11%	No	Level – Single Life Monthly in advance Five year guarantee period	50 (*) to 75
Convent Schemes	7.4	0 to 16	1.4	10.04%	Yes (**)	Level – Single Life Monthly in advance No guarantee period	60 to 70
Philips Scheme	8.7	0 to 25	5.5	10.00%	Yes (**)	Level – Single Life Monthly in advance Five year guarantee period	60 to 65

(*)From age 55 for retirements from 2011.

(**) There is no guaranteed annuity rate for increments.

(2) Guaranteed Surrender and Unit-linked Maturity ValuesUniflex

- (a) For Uniflex policies (endowment-type policies maturing at age 65, included in Endowment assurance in Form 51) the basis for calculating surrender values on the 10th or any subsequent anniversary of the commencement of the policy is guaranteed.

The guaranteed surrender value available at the 10th or any subsequent policy anniversary is

$$[\text{Basic Sum Assured} + \text{Reversionary Bonus}] \times t / n$$

where t = duration at the policy anniversary (in years)
 n = original policy term (in years)

- (b)

(i) Product Name	Uniflex Endowment Assurances
(ii) Basic Reserve	£22.3m
(iii) Spread of Outstanding Durations	0 to 23
(iv) Guarantee Reserve	£0.1m
(v) Guaranteed Amount	£21.6m
(vi) MVR Free Conditions	MVRs do not apply
(vii) In Force Premiums	£0.3m
(viii) Increments	No

UWP Bond

- (a) There is a “money back” guarantee on full surrender on the 10th policy anniversary for bonds commencing from August 2000 onwards.

The policy reserve is not less than the value of the benefits at the 10th policy anniversary calculated on the assumptions in Paragraph 4.

Phoenix With-Profits Fund

(b)

(i) Product Name	UWP Bond Version 4	Lifestyle Bond
(ii) Basic Reserve	£35.7m	£22.3m
(iii) Spread of Outstanding Durations	0 to 2 years for guarantee	0 to 1 years for guarantee
(iv) Guarantee Reserve	£0.0m	£0.0m
(v) Guaranteed Amount	£35.7m	£22.3m
(vi) MVR Free Conditions	On full surrender on the 10th policy anniversary the surrender value will be at least the original amount invested less any partial or regular withdrawals. There is no MVR on death or on regular withdrawals within certain limits	On full surrender on the 10th policy anniversary the surrender value will be at least the original amount invested less any partial or regular withdrawals. There is no MVR on death or on regular withdrawals within certain limits
(vi) In Force Premiums	N/A	N/A
(vii) Increments	Yes	Yes

Personal Retirement Policy / Personal Retirement Plan

- (a) Policyholders may elect to retire at ages other than the retirement age selected at outset, on a guaranteed cash option basis, which varies with the actual retirement age. The ages that can be selected depends on the product.

(i) Product Name	Personal Retirement Policy (Pre 1978)	Personal Retirement Policy (Post 1978)	Personal Retirement Plan (Post 1988)
(ii) Basic Reserve (*)	£19.9m	£347.3m	£200.2m
(iii) Spread of Outstanding Durations	0 to 11	0 to 31	0 to 37
(iv) Guarantee Reserve (**)	£0.0m	£0.0m	£0.0m
(v) Guaranteed Amount	N/A	N/A	N/A
(vi) MVR Free	N/A	N/A	N/A
(vi) In Force Premiums	£0m	£1.2m	£1m
(vii) Increments	No	No	No

(*) The basic reserve above includes the guaranteed annuity reserve.

(**) The reserves established exceed the value of the liabilities if an alternative retirement date is selected.

Unitised With-Profits Pensions

The following products within the unitised with-profits pensions range have a unitised with-profits option:

- Executive Pension Plan
- Company Pension Scheme
- Company Additional Pension Scheme
- Individual Personal Pension Plan
- Group Personal Pension Plan
- Personal Additional Pension Plan

(a) Provided certain conditions apply, the policyholder can elect to take early retirement before the selected retirement age without penalty.

(b)

(i) Product Name	UWP Pensions
(ii) Basic Reserve	£101.2m
(iii) Spread of Outstanding Durations	0 to 34 years
(iv) Guarantee Reserve	£4.8m
(v) Guaranteed Amount	£97.1m
(vi) MVR Free Conditions	MVRs do not apply on retirement within 3 years of the selected retirement date, provided there has been a regular investment in the UWP Fund for at least 5 years, on death and ill health early
(vi) In Force Premiums	£0.9m
(vii) Increments	Yes – existing policies and new members to existing plans in the case of group schemes

(3) Guaranteed Insurability Options

Various endowments purchased in connection with a mortgage include options to effect additional cover in certain circumstances without requiring additional evidence of health. Take-up of this option has been extremely low and no additional reserve is held.

Some of the term assurance policies include options to convert to other policies without requiring further evidence of health. Take-up of this option has been extremely low and no additional reserve is held. The sum assured under the policies is less than £1bn.

(4) Other Guarantees and Options

None.

6. EXPENSE RESERVES

(1) Aggregate Expense Loadings

The aggregate amount of expense contributions loadings, grossed up for taxation where appropriate, expected to arising arise during the 12 months following the valuation date from explicit and implicit margins reserves made in the valuation basis are to meet expenses in fulfilling contracts in force at the valuation date is £11.3m. This is composed of the following elements:

	£m
Explicit allowances for investment expenses	0.26
Explicit allowances for other maintenance expenses	7.4
Implicit allowances	3.6
Non-attributable expenses	-

(2) Implicit Allowances

The implicit allowance has been calculated by applying the basic rate of the investment manager's fees to the reserves. This is funded by the margin between the risk-adjusted yield on the assets and the valuation rate of interest.

(3) Form 43 Comparison

Of the aggregate amount in paragraph 6 (1), £17.5m would be reported on line 14 of Form 43. The table below shows the difference between the amount in paragraph 6 (1) and that reported on line 14 of Form 43.

	F43.14	table 6(1)	Difference
Homogeneous risk group	(a)	(b)	(a)-(b)
	£m	£m	
All products	17.5	13.7	3.8
Total	17.5	13.7	3.8

The expense loadings in table 6 (1) are based on a smaller book of business due to the run-off of this closed fund than in form 43 line 14, though this is partially offset by the inclusion of an additional year's inflation compared to Form 43 line 14. Additionally, Form 43 Line 14 includes investment management performance related fees and transaction expenses of £6.8m which are not included in table 6(1).

(4) New Business Expense Overrun

Since the company is closed to new business, except for contractual increments, it does not expect to incur any material strain in writing new business so no additional reserve is required.

(5) Maintenance Expense Overrun

Expense reserves in accordance with paragraph 6 (1) are considered to be sufficient to meet the expenses likely to be incurred in the future in fulfilling the existing contracts.

The expense assumptions allow for the standard fees payable under a management services agreement plus a prudent allowance for costs that are not covered by these fees.

An allowance has been made for redundancy costs in respect of redundancies following compensation review exercises. The company is not liable for redundancy costs in general due to its outsourcing arrangement with Resolution Pearl Group Management Services.

(6) Non-attributable Expense Reserves

The non-attributable expense reserve is the cost of certain planned projects of a non-recurring nature that are not covered by the standard fee under the management services agreement.

7. MISMATCHING RESERVES**(1) Analysis of Reserves by Currency**

The mathematical reserves (other than liabilities for property linked benefits) after distribution of surplus comprise:

Currency	Mathematical Reserves	Backed by assets
	£m	£m
Sterling (£)	2,849	2,849

Other currencies	121	121
Total	2,969	2,969

(2) Other Currency Exposures

See table in paragraph 7 (1).

(3) Currency Mismatching Reserve

The liabilities in currencies other than sterling are matched by assets in the same currency. The currency mismatching reserve is therefore nil.

(4) Most Onerous Scenario Under INSPRU 3.1.16(R)

Not applicable

(5) Most Onerous Scenario Under INSPRU 3.1.23(R)

Not applicable

(6) Resilience Capital Requirement

Not applicable

(7) Additional Reserves Arising From INSPRU 1.1.34(2)(R)

No further reserve is required for mismatching as investments are closely matched to the liabilities.

8. OTHER SPECIAL RESERVES

The special reserves exceeding the lesser of £10m and 0.1% of total mathematical reserves are:

Description	Reserve
	£m
Data	7.4
Litigation	4.4
Future Projects	4.5
Reassurer Default	8.2
Outsourcer Expenses Risk Transfer	9.0

Data contingency reserve

Data contingency reserves for additional liabilities which may arise in connection with data errors affecting the long-term business and is calculated having regard to past experience.

Outsourcer Expenses Risk Transfer

This provision is held as part of an outsourcer enterprise risk transfer to offset an accounting prepayment asset held to cover the transfer of risk payments made to Diligenta

Reinsurer Default

This is a provision for counterparty risk from reinsurance arrangements. This is generally recalculated during the valuation period based on regulatory reserves less collateral assets. The valuation rates are based on the collateral assets and are therefore consistent to those we would obtain if we recaptured the business.

9. REINSURANCE

(1) Facultative reinsurance

- (a) No premiums were payable on a facultative basis to a reinsurer that was unauthorised to carry on insurance business in the UK.
- (b) No such premiums were payable to a connected company reinsurer that was unauthorised to carry on insurance business in the UK.

(2) Reinsurance Treaties

The required details of reinsurance treaties in force at the valuation date are set out below.

(d) Munich Re:

- (e) Certain term assurances are 100% reinsured on original terms.
- (f) The premiums payable by the insurer during the year are £10.6m.
- (g) There are no deposit back arrangements.
- (h) The treaty is closed to new business.
- (i) There are no undischarged obligations.
- (j) The amount of mathematical reserves ceded under the treaty at the valuation date was £129.2m.
- (k) New business only arises from incremental policies or the exercising of options under existing contracts. Where such business is unit-linked then all of the business is reinsured and the Company's retention is nil.
- (l) The reinsurer is authorised to carry on insurance business in the UK.
- (m) The reinsurer is not a connected company of the insurer.
- (n) No provision has been established for credit risk for any reassurances with other companies in The Phoenix group.
- (o) No provision has been made under any of the treaties for any liability of the company to refund any amount of reinsurance commission in the event of the lapse or surrender of the contracts. Where such a liability exists, then the refund of commission will be more than offset by the return of the premium from the reinsurer.
- (p) The treaty is not a financing arrangement.

(d) Guardian Financial Services:

- (e) 100% of the annuity benefits arising on a specified block of immediate annuities.
- (f) Premiums were not paid by the company under this treaty during the year
- (g) There are no deposit back arrangements
- (h) The treaty is closed to new business
- (i) There are no undischarged obligations
- (j) The amount of mathematical reserves ceded under the treaties at the valuation date was £563.9m
- (k) There is no retention under the treaty
- (l) The reinsurer is authorised to carry on insurance business in UK
- (m) The reinsurer is not a connected company of the insurer

Phoenix With-Profits Fund

- (n) There are no material contingencies, such as credit risk or legal risk, to which the treaty is subject. The assets backing the reinsured liabilities are held in a custodian account with appropriate security arrangements in place
- (o) No provision has been made under any of the treaties for any liability of the insurer to refund any of the amounts of reinsurance commission in the event of lapses or surrender of the contracts. Where such a liability exists, then the refund of the commission will be more than offset by the return of premium from the reinsurer
- (p) This is not a financing reinsurance treaty

10. REVERSIONARY (OR ANNUAL) BONUS

For policies entitled to participate, reversionary bonuses (except when otherwise specified) were allotted at the following rates.

(1) Conventional With-Profits Policies

The mathematical reserves and reversionary bonus rates are as follows:

Bonus Series	Math reserves	Reversionary Bonus Rate for Current Year	Reversionary Bonus Rate for Previous Year	Total g'tee bonus for current year
	£m	%	%	%
UK Life (excluding Uniflex)	351.2	2.5/2.5	2/2	0.00
Uniflex Endowment Assurances	25.3	2.5/2.5	2/2	0.00
Convent Schemes	3.4	5.00	3.00	5.00
Eire Life	3.9	2.5/2.5	2/2	0.00
UK Pensions	503.0	3/3	2.5/2.5	0.00
Eire Pensions	67.0	3/3	2.5/2.5	0.00

(*) The first rate applies to the sum assured and the second rate to the attaching bonus.

(2) Accumulating With-Profits Policies (except With Profit Bonds)

The mathematical reserves and reversionary bonus rates are as follows:

Bonus Series	Math reserves	Reversionary Bonus Rate for Current Year	Reversionary Bonus Rate for Previous Year	Total g'tee bonus for current year
	£m	%	%	%
UWP Pensions	85.0	3.50	1.50	0.00
Profit Plus Fund	451.4	0.10	0.10	0.00
PlusPlan	151.4	0.10	0.10	0.00

Phoenix With-Profits Fund

(3) UK With Profits Bond (pre 1997)

The mathematical reserves and reversionary bonus rates are as follows:

Bonus Series	Math reserves	Reversionary Bonus Rate for Current Year	Reversionary Bonus Rate for Previous Year	Total g'tee bonus for current year
	£m	%	%	%
1	6.7	3.50	5.50	3.50
2a	3.2	4.00	5.25	4.00
3a	9.3	3.50	6.00	3.50
4	6.7	3.25	5.25	3.25
5	4.7	3.50	4.50	3.50
6	2.9	3.00	5.50	3.00
6a	4.7	2.00	4.50	2.00
8	5.9	3.75	6.00	3.75
8a	1.4	3.75	5.75	3.75
8b	1.4	3.25	6.00	3.25
9	3.8	3.00	5.00	3.00
10	11.8	2.50	4.75	2.50
TOTAL	62.3			

(4) Unitised With-Profits Bonds

The mathematical reserves and reversionary bonus rates are as follows:

Bonus Series	Math reserves	Reversionary Bonus Rate for Current Year	Reversionary Bonus Rate for Previous Year	Total g'tee bonus for current year
	£m	%	%	%
2	21.4	2.50	0.50	0.50
3	58.3	2.50	0.50	0.50
4	40.5	1.50	1.00	1.00
Lifestyle	3.8	3.50	1.00	1.00
TOTAL	124.0			

For unitised with-profits life policies, the reversionary bonus is added daily in the form of growth of the unit price. Within a bonus series, bonus rates do not vary.

90% With-Profits Fund

3. DISCRETIONARY CHARGES AND BENEFITS**(1) Application of Market Value Reduction**

During the year, market value reductions were applied to the ex-SLUK unitised with-profits pension policies as described below:

Month	MVR
Jan-15	0.0%
Feb-15	0.0%
Mar-15	0.0%
Apr-15	0.0%
May-15	0.0%
Jun-15	0.0%
Jul-15	0.0%
Aug-15	0.0%
Sep-15	0.0%
Oct-15	3.5%
Nov-15	3.5%
Dec-15	4.0%

The market value reduction is a percentage of units applied in addition to any final bonus.

(2) Premiums on Reviewable Protection Policies

Not applicable

(3) Non-profit Deposit Administration

Not applicable

(4) Service Charges on Linked Policies

Not applicable

(5) Benefit Charges on Linked Policies

Not applicable

(6) Accumulating With-Profits Charges

Not applicable

(7) Unit Pricing of Internal Linked Funds

Not applicable

(8) Tax Deductions From Internal Linked Funds

Not applicable

(9) Tax Provisions for Internal Linked Funds

Not applicable

(10) Discounts on Unit Purchases

Not applicable

4. VALUATION BASIS

(1) Valuation Methods

The valuation methods used to calculate the mathematical reserves for each significant product group are described below. Unless otherwise stated, a prospective valuation method has been used and all policies are valued individually.

Conventional Business

All main classes of conventional business are valued using a gross premium method. The mathematical reserves were calculated as the value of future benefits and expenses less the value of future expected office premiums. No allowance for future lapses is made.

Unitised Business

The mathematical reserve for all unitised contracts linked to units in the unitised with-profits fund has been calculated as the higher of (i) and (ii) below:

- (i) The minimum of (a) and (b) below:
- (a) Face value of units, which is the number of units including attaching bonus units allocated up to the valuation date. This is the full value guaranteed at maturity, guarantee date, death, selected retirement age or on withdrawals under the regular withdrawal scheme;
- (b) Asset Share (unless the contract has a guaranteed Market Value Adjustment free date, in which case Face value of units is taken as the minimum).
- (ii) A prospective value calculated by discounting projected future cashflows and allowing for future expenses.

Negative reserves have been included for some contracts.

(2) Valuation Interest rates

The interest rates used for life business in the fund were as follows:

Product Group	Current Valuation	Previous Valuation
Life		
Conventional whole life withprofits OB	2.10%	1.84%
Conventional whole life withprofits IB	2.10%	1.84%
Conventional endowment withprofits OB savings	1.66%	1.35%
Conventional endowment withprofits OB target cash	1.57%	1.26%
Conventional endowment withprofits IB	1.78%	1.50%
Conventional deferred annuity withprofits	2.55%	2.46%
Regular premium nonprofit WL/EA OB	1.78%	1.53%
Nonprofit IB	1.90%	1.67%
Pension		
Conventional whole life withprofits IB	1.71%	1.46%
Conventional endowment withprofits IB	2.02%	1.75%
Nonprofit IB	2.41%	2.18%
Individual pensions UWP	2.72%	2.49%
DWP National Insurance rebates UWP	2.71%	2.43%

(3) Risk Adjustments

The yields on assets were reduced for risk as follows:

Equities

The risk adjusted yield on equities is determined by INSPRU 3.1.37R as the sum of the dividend yield and the earnings yield, divided by two unless the dividend yield is greater than the earnings yield. If the dividend yield is greater than the earnings yield then the risk adjusted yield is taken to be the dividend yield.

To allow for unreasonably high yields, a cap is applied to the dividend yield and earnings yield which is the lower of 25% or twice the annualised 15 year gilt yield.

Property

The risk adjusted yield on property is determined by INSPRU 3.1.36R as the ratio of the rental income arising from the property over the previous twelve months to the market value of the property.

Due to potential issues with the timing of rental income, a cap is applied of the contracted income arising from the property over the previous twelve months.

To allow for unreasonably high yields, a cap is applied to the resulting yield which is the greater of 10% or twice the annualised 15 year gilt yield.

Fixed Interest

a) Approved Securities

The risk adjusted yield on UK Government and other approved fixed interest securities is determined by INSPRU 3.1.39R as the annualised gross redemption yield. Allowance is made for credit risk as set out for Other Securities.

b) Other Securities

The risk adjusted yield on other fixed interest securities is determined by INSPRU 3.1.39R as the annualised gross redemption yield less a credit risk margin (haircut) which is applied on an individual stock by stock basis.

The investment managers obtain the agency ratings of all stocks and then recommend a rating for haircut purposes which will either be one of the agency ratings or a lower rating if they consider that more appropriate (taking into account such factors as current spread).

This rating is then used to derive a haircut from a table of average default rates. For stocks other than bank subordinated debt i.e. standard haircut, this is prudently based on double the historical default experience (1920 - 2013), net of an allowance for 37% recovery.

The average default rates are based on:

Rating	Standard (non-subordinated) Debt		
	5 year	10 year	20 year
AAA	4.0	10.0	10.3
AA	20.6	30.3	35.2
A	34.4	45.3	49.2
BBB	72.7	82.8	84.5
BB	246.1	250.8	234.1
B	586.8	532.7	440.3

Sovereign, Sub-Sovereign, Regional or Supranational bonds with a rating of A and below are treated in the same way as standard haircut while AAA rated bonds assume no haircut and AA rated bonds in this category assume a third of the standard haircut.

Bonds rated CCC and below are taken as having zero yield.

For bank subordinated debt, the haircut is based on the Senior Rating of the issuing entities (rather than the rating of the sub-debt itself) whilst using a nil recovery assumption. However, if this results in a lower aggregate haircut compared to the standard haircut, the standard haircut is used instead.

Variable Interest

The risk adjusted yield on variable interest securities is the real yield. To allow for unreasonably high yields, a cap is applied to the yield which is the real yield of the FTSE Actuaries UK Index-Linked Gilts Over 5 Years Index. This cap applies to both approved and non-approved variable interest securities.

(4) Mortality Basis

The mortality tables used for each product group are shown in the following table:

Product Group	Current Valuation	Previous Valuation
Ex-SLUK OB	71.5% AM92 ult Females as above -3yrs	71.5% AM92 ult Females as above -3yrs
Ex-SLUK UWP	82.5% AM92 ult Females as above -3yrs	82.5% AM92 ult Females as above -3yrs
Ex-SLUK IB	28% ELT15(M) Females as above	28% ELT15(M) Females as above
Ex-BULA	99% AM92 ult 121% AF92 ult	99% AM92 ult 121% AF92 ult

Note that for all the above business, no additional mortality has been incorporated within the valuation and no separate reserve has been determined in respect of AIDS.

No other reserves for possible detrimental changes in mortality or morbidity rates have been made.

(5) Morbidity Basis

There are no significant groups of products where morbidity assumptions are used.

(6) Expense Basis

The per-policy expenses are shown in the table below.

Type of Business	Current Valuation	Previous Valuation
	£	£
Ex-SLUK OB Regular Premium Business	63.23	63.67
Ex-SLUK OB Paid Up Business	31.61	31.83
Ex-SLUK IB Business	0.48	0.38
Ex-BULA RP With-Profits & UWP Individual Pensions	65.77	65.61
Ex-BULA RP With-Profits & UWP Other	41.16	41.15
Ex-BULA SP/PUP With-Profits & UWP Other	20.58	20.57

For the current valuation the investment expense assumptions agreed with the assets manager are as follows:

Investment Expenses	Current valuation	Previous valuation
	%	%
Life	0.14	0.08
Pension	0.17	0.10

The investment expenses for life fund business have been netted down for policyholder tax at 20%.

In addition to the base fees, there is an explicit additional services fee which is allowed for as a provision of £0.2m. There is also a performance fee payable to the asset manager. This is not allowed for in the valuation basis because no over or under investment performance is assumed in the valuation interest basis.

(7) Unit Growth Rates and Expense Inflation

There are no unit growth rate assumptions as there is no linked business.

All conventional business is valued on a net premium basis and expenses on unitised business are met by the Non Profit Fund so there are no expense inflation assumptions.

(8) Future Bonus Rates

No future bonuses are assumed in the mathematical reserves for conventional life business.

(9) Persistency Assumptions

It is assumed that there are no lapses or surrenders and no policies are made paid-up after the valuation date.

(10) Other Material Assumptions

At this valuation, it has been assumed that a proportion of in force Industrial Branch whole of life policies at each age will never result in a claim, because death has already occurred and no claim has been made. The write-off factors applied to allow for this are based on an investigation carried out during 2013, and reserves have been released as a result.

(11) Allowance for Derivatives

Not applicable, as holdings are negligible.

(12) Effects of Basis Changes

There have been no changes in valuation methodology arising from changes in INSPRU valuation rules effective from 31 December 2006.

5. OPTIONS AND GUARANTEES

(1) Guaranteed Annuity Rate Options

There are no significant groups of business with guaranteed annuity rate options.

(2) Guaranteed Surrender and Unit-linked Maturity Values

Not applicable

(3) Guaranteed Insurability Options

Not applicable

(4) Other Guarantees and Options

For ex-SLUK unitised with-profits pension policies, there is a guarantee that the unit price will increase at not less than 4%p.a. This has been valued by assuming regular futures regular bonus additions in the calculation described in section 4(1).

6. EXPENSE RESERVES**(1) Aggregate Expense Loadings**

The aggregate amount of expense loadings, grossed up for taxation where appropriate, expected to arise during the 12 months after the valuation date from implicit and explicit reserves made in the valuation to meet expenses in fulfilling contracts in force at the valuation date is £0.4m. This is composed of the following elements.

	£m
Explicit allowances for investment expenses	0.0
Explicit allowances for other maintenance expenses	0.0
Implicit allowances	0.4

(2) Implicit Allowances

The implicit allowance for investment expenses has been calculated by applying the rate of the investment manager's fees to the reserves. This is funded by the margin between the risk-adjusted yield on the assets and the valuation rate of interest.

(3) Form 43 Comparison

The maintenance expenses in paragraph 6 (1) (£0.37m - rounded to £0.4m) differ from line 14 of Form 43 (£0.469m - rounded to £0.5m). The main factors contributing to the difference are:

- investment expenses on surplus
- expense run-off
- performance related investment fees.

(4) New Business Expense Overrun

Since the company is closed to new business, except for contractual increments, it does not expect to incur any material strain in writing new business so no additional reserve is required.

(5) Maintenance Expense Overrun

Expense reserves in accordance with paragraph 6 (1) are considered to be sufficient to meet the expenses likely to be incurred in the future in fulfilling the existing contracts.

The expense assumptions allow for the fees payable under a management services agreement plus a prudent allowance for costs that are not covered by standard fees payable under the agreement.

No allowance has been made for redundancy costs (as these will be met by the service provider), or for any costs of terminating the management services agreement (as the service provider does not have the option to terminate the contract).

(6) Non-attributable expenses

Not applicable – all expenses are treated as attributable.

7. MISMATCHING RESERVES**(1) Analysis of Reserves by Currency**

Currency	Mathematical Reserves	Backed by assets
	£m	£m
Sterling (£)	54.1	54.1
Other currencies	0.7	0.7
Total	54.8	54.8

(2) Other Currency Exposures

Liabilities totalling £0.67m have not been analysed. The proportion of these liabilities which are matched by assets in the same currency is 0%.

(3) Currency Mismatching Reserve

No currency mismatching reserve is necessary.

(4) Most Onerous Scenario Under INSPRU 3.1.16(R)

Not applicable

(5) Most Onerous Scenario Under INSPRU 3.1.23(R)

There are no significant territories outside the United Kingdom.

(6) Resilience Capital Requirement

Not applicable

(7) Additional Reserves Arising From INSPRU 1.1.34(2)(R)

No reserve is required for mismatching as investments are closely matched to the liabilities.

8. OTHER SPECIAL RESERVES

The special reserves exceeding the lesser of £10m and 0.1% of total mathematical reserves are:

Description	Reserve £m
Litigation Contingency Reserve	0.10
Solvency II	0.12
Asset Management Services	0.16

9. REINSURANCE**(1) Facultative Treaties**

- (a) No premiums were payable on a facultative basis to a reinsurer that was unauthorised to carry on insurance business in the UK.
- (b) No premiums were payable to a connected company reinsurer that was unauthorised to carry on insurance business in the UK.

(2) Reinsurance Treaties

Not applicable

10. REVERSIONARY (OR ANNUAL) BONUS

The reversionary bonus rates have been as follows:

Bonus Series	Math reserves	Reversionary Bonus Rate for Current Year	Reversionary Bonus Rate for Previous year	Total g'tee bonus for current year
	£m	%SA / %RB	%SA / %RB	%
Ex-SLUK OB (conventional)				
Series A	0.1	4.2% / 0%	3.7% / 0%	0.00%
Series B	0.1	3.8% / 3.8%	3.3% / 3.3%	0.00%
Series C	0.2	3.8% / 3.8%	3.3% / 3.3%	0.00%
Stamford	0.0	4% / 0%	3.5% / 0%	0.00%
Blackburn	0.01	5.9% / 0%	5.15% / 0%	0.00%
Pioneer Life Simple	0.00	6.3% / 0%	5.55% / 0%	0.00%
Pioneer Life Double	0.00	12.6% / 0%	11.1% / 0%	0.00%
Pioneer Life Compound	0.00	5.3% / 5.3%	4.85% / 4.85%	0.00%
Ex-SLUK IB				
Pioneer Mutual	2.0	17% / 0%	15% / 0%	0.00%
Stamford with periodic cash payments	4.9	6.25% / 0%	5.25% / 0%	0.00%
All others	4.6	12.5% / 0%	10.5% / 0%	0.00%
Ex-BULA				
Life	0.6	0% / 0%	0.5% / 1.5%	0.00%
Pensions		0% / 0%	0.25% / 0.25%	0.00%

Swiss Life UWP Pensions		Reversionary Bonus Rate for Current Year	Reversionary Bonus Rate for Previous year	Total g'tee bonus for current year
guaranteed bonus	35.1	4.00%	4.00%	4.00%
in addition to guaranteed bonus	0.3	0.00%	0.00%	0%

For all bonus series, the first rate applies to the basic sum assured or annuity and the second rate to the attaching bonus.

For unitised with-profits policies, the reversionary bonus is added daily in the form of growth of the unit price.

100% With-Profits Fund

3. DISCRETIONARY CHARGES AND BENEFITS

(1) Application of Market Value Reduction

Not applicable as there is no unitised with-profits business in the With-Profit Fund.

(2) Premiums on Reviewable Protection Policies

Not applicable

(3) Non-profit Deposit Administration

Not applicable

(4) Service Charges on Linked Policies

Not applicable

(5) Benefit Charges on Linked Policies

Not applicable

(6) Accumulating With-Profits Charges

Not applicable

(7) Unit Pricing of Internal Linked Funds

Not applicable

(8) Tax Deductions From Internal Linked Funds

Not applicable

(9) Tax Provisions for Internal Linked Funds

Not applicable

(10) Discounts on Unit Purchases

Not applicable

4. VALUATION BASIS

(1) Valuation Methods

The valuation methods used to calculate the mathematical reserves for each significant product group are described below. Unless otherwise stated, a prospective valuation method has been used and all policies are valued individually.

Conventional Business

All main classes of conventional business are valued using a gross premium method. The mathematical reserves were calculated as the value of future benefits and expenses less the value of future expected office premiums. No allowance for future lapses is made.

(2) Valuation Interest Rates

The interest rates used for life business in the fund were as follows:

Product Group	Current Valuation	Previous Valuation
Life	2.00%	2.00%

There is no pensions business in the fund.

(3) Risk Adjustments

The yields on assets were reduced for risk as follows:

Equities

The risk adjusted yield on equities is determined by INSPRU 3.1.37R as the sum of the dividend yield and the earnings yield, divided by two unless the dividend yield is greater than the earnings yield. If the dividend yield is greater than the earnings yield then the risk adjusted yield is taken to be the dividend yield.

To allow for unreasonably high yields, a cap is applied to the dividend yield and earnings yield which is the lower of 25% or twice the annualised 15 year gilt yield.

Property

The risk adjusted yield on property is determined by INSPRU 3.1.36R as the ratio of the rental income arising from the property over the previous twelve months to the market value of the property.

Due to potential issues with the timing of rental income, a cap is applied of the contracted income arising from the property over the previous twelve months.

To allow for unreasonably high yields, a cap is applied to the resulting yield which is the greater of 10% or twice the annualised 15 year gilt yield.

Fixed Interest

a) Approved Securities

The risk adjusted yield on UK Government and other approved fixed interest securities is determined by INSPRU 3.1.39R as the annualised gross redemption yield. Allowance is made for credit risk as set out for Other Securities.

b) Other Securities

The risk adjusted yield on other fixed interest securities is determined by INSPRU 3.1.39R as the annualised gross redemption yield less a credit risk margin (haircut) which is applied on an individual stock by stock basis.

The investment managers obtain the agency ratings of all stocks and then recommend a rating for haircut purposes which will either be one of the agency ratings or a lower rating if they consider that more appropriate (taking into account such factors as current spread).

This rating is then used to derive a haircut from a table of average default rates. For stocks other than bank subordinated debt i.e. standard haircut, this is prudently based on double the historical default experience (1920 - 2013), net of an allowance for 37% recovery.

The average default rates are based on:

Credit Rating	Standard		
	Term		
	5 Yr	10 Yr	20 Yr
AAA	4.0	10.0	10.3
AA	20.6	30.3	35.2
A	34.4	45.3	49.2
BBB	72.7	82.8	84.5
BB	246.1	250.8	234.1
B	586.8	532.7	440.3

Sovereign, Sub-Sovereign, Regional or Supranational bonds with a rating of A and below are treated in the same way as standard haircut while AAA rated bonds assume no haircut and AA rated bonds in this category assume a third of the standard haircut.

Bonds rated CCC and below are taken as having zero yield.

For bank subordinated debt, the haircut is based on the Senior Rating of the issuing entities (rather than the rating of the sub-debt itself) whilst using a nil recovery assumption. However, if this results in a lower aggregate haircut compared to the standard haircut, the standard haircut is used instead.

Variable Interest

The risk adjusted yield on variable interest securities is the real yield. To allow for unreasonably high yields, a cap is applied to the yield which is the real yield of the FTSE Actuaries UK Index-Linked Gilts Over 5 Years Index. This cap applies to both approved and non-approved variable interest securities.

(4) Mortality Basis

Policies originally written in PAL

The mortality tables used for each product group are shown in the following table:

Product Group	Current Valuation	Previous Valuation
Whole Life and Endowment	85.0% AM92	85.0% AM92
	116.0% AF92	116.0% AF92

Policies originally written in SLUK

Product Group	Current Valuation	Previous Valuation
Whole Life and Endowment	77.0% AM92	77.0% AM92
	Females as above -3yrs	Females as above -3yrs
Deferred Annuities	82.5% IMA92	82.5% IMA92
	Females as above -3yrs	Females as above -3yrs

Allowance for mortality improvements

Mortality improvement rates for valuing the post-vesting element of the deferred annuities are as follows and are based on the GMI Medium Cohort projection basis:

(%)	2017	2027	2037	2047	2057	2067
40	1.86%	2.25%	2.25%	2.25%	2.25%	2.25%
50	1.72%	1.99%	2.25%	2.25%	2.25%	2.25%
60	1.89%	1.87%	2.14%	2.25%	2.25%	2.25%
70	2.25%	2.19%	2.10%	2.24%	2.25%	2.25%
80	2.44%	2.35%	2.23%	2.24%	2.25%	2.25%
90	1.72%	2.04%	1.97%	1.93%	1.93%	1.93%
100	1.29%	1.29%	1.29%	1.29%	1.29%	1.29%

Allowance for Disease

No allowance has been made for any possible detrimental impact of significant changes in the incidence of disease or developments in medical science on the mortality or morbidity experience of the SLUK business in the Fund.

No explicit allowance is made for AIDS.

(5) Morbidity Basis

Not applicable

(6) Expense Basis

The following table shows the gross attributable expenses per policy.

Product Group	Per Policy Expense	
	Current Valuation	Previous Valuation
	£	£
Ex-Phoenix Assurances	108.43	78.84
Ex-Swiss Life UK	161.50	155.50

The expenses on life business are netted down for tax at 20%.

For the current valuation the investment expense assumptions have been updated to allow for the impact of a new investment fee scale agreed with the asset manager. The base fees are as follows:

Business Group	Investment Expense (gross of tax)	
	Current Valuation	Previous Valuation
	%	%
Life	0.14%	0.13%

The investment expenses for life fund business should be netted down for policyholder tax at 20%.

There is also a performance overlay to the base fee which allows for increased fees when the investment performance exceeds a specified target, and for fee reductions when investment performance falls short of a specified target. No allowance is made for this in the investment expense assumption because the long-term projections do not allow for any over or under performance in investment return. Instead, the impact of any performance overlay during the year will be allowed for implicitly in the investment variance in the analysis of movement.

(7) Unit Growth Rates And Expense Inflation

There are no unit growth rate assumptions as there is no linked business.

The expense inflation assumptions are as follows:

Product Group	Expense Inflation per annum	
	Current Valuation	Previous Valuation
	%	%
Ex-Phoenix Assurances	3.12%	3.11%
Ex-Swiss Life UK	3.12%	3.11%

(8) Future Bonus Rates

No future bonuses are assumed in the mathematical reserves for conventional life business.

(9) Persistency Assumptions

It is assumed that there are no lapses or surrenders and no policies are made paid-up after the valuation date.

(10) Other Material Assumptions

There are no other material basis assumptions.

(11) Allowance for Derivatives

Not applicable, as holdings are negligible.

(12) Effects of Basis Changes

There have been no changes in valuation methodology arising from changes in INSPRU valuation rules effective from 31 December 2006.

5. OPTIONS AND GUARANTEES

(1) Guaranteed Annuity Rate Options

Not applicable

(2) Guaranteed Surrender and Unit-linked Maturity Values

Not applicable

(3) Guaranteed Insurability Options

Not applicable

(4) Other Guarantees and Options

Not applicable

6. EXPENSE RESERVES**(1) Aggregate Expense Loadings**

The aggregate amount of expense loadings, grossed up for taxation where appropriate, expected to arise during the 12 months after the valuation date from implicit and explicit reserves made in the valuation to meet expenses in fulfilling contracts in force at the valuation date is £0.2m. This is composed of the following elements.

	£m
Explicit allowances for investment expenses	0.0
Explicit allowances for other maintenance expenses	0.1
Implicit allowances	0.1

(2) Implicit Allowances

The implicit allowance for investment expenses has been calculated by applying the rate of the investment manager's fees to the reserves. This is funded by the margin between the risk-adjusted yield on the assets and the valuation rate of interest.

(3) Form 43 Comparison

Of the aggregate amount in paragraph 6 (1), £0.26m would be reported on line 14 of Form 43. The table below shows the difference between the amount in paragraph 6 (1) and that reported on line 14 of Form 43. As can be seen, the difference is immaterial.

	F43.14	Table 6(1)	Difference
Homogeneous risk group	[a] £m	[b] £m	[a]-[b] £m
All products	0.26	0.20	0.06
Total	0.26	0.20	0.06

(4) New Business Expense Overrun

Since the company is closed to new business, except for contractual increments, it does not expect to incur any material strain in writing new business so no additional reserve is required.

(5) Maintenance Expense Overrun

Expense reserves in accordance with paragraph 6 (1) are considered to be sufficient to meet the expenses likely to be incurred in the future in fulfilling the existing contracts.

The expense assumptions allow for the fees payable under a management services agreement plus a prudent allowance for costs that are not covered by standard fees payable under the agreement.

No allowance has been made for redundancy costs (as these will be met by the service provider), or for any costs of terminating the management services agreement (as the service provider does not have the option to terminate the contract).

(6) Non-attributable expenses

Not applicable – all expenses are treated as attributable.

7. MISMATCHING RESERVES**(1) Analysis of Reserves by Currency**

The mathematical reserves (other than liabilities for property linked benefits) after distribution of surplus comprise:

Currency	Mathematical Reserves	Backed by assets
	£m	£m
Sterling (£)	15.2	15.2
Other currencies	1.7	1.7
Total	16.9	16.9

(2) Other Currency Exposures

See table in paragraph 7 (1).

(3) Currency Mismatching Reserve

The liabilities in currencies other than sterling are matched by assets in the same currency. The currency mismatching reserve is therefore nil.

(4) Most Onerous Scenario Under INSPRU 3.1.16(R)

Not applicable

(5) Most Onerous Scenario Under INSPRU 3.1.23(R)

There are no significant territories outside the United Kingdom.

(6) Resilience Capital Requirement

Not applicable

(7) Additional Reserves Arising From INSPRU 1.1.34(2)(R)

No reserve is required for mismatching as investments are closely matched to the liabilities.

8. OTHER SPECIAL RESERVES

The special reserves exceeding the lesser of £10m and 0.1% of total mathematical reserves are:

Description	Reserve £m
Litigation	0.10
Solvency II	0.02
Sale of Ignis to Standard life (Project Alloy)	0.04
Asset Management Services	0.17
Solvency II additional investment data	0.03

9. REINSURANCE**(1) Facultative Reinsurance**

- (a) No premiums were payable on a facultative basis to a reinsurer that was unauthorised to carry on insurance business in the UK.
- (b) No premiums were payable to a connected company reinsurer that was unauthorised to carry on insurance business in the UK.

(2) Reinsurance Treaties

Not applicable

10. REVERSIONARY (OR ANNUAL) BONUS

The reversionary bonus rates have been as follows:

Bonus Series	Mathematical Reserves	Reversionary Bonus Rate for Current Year	Reversionary Bonus Rate for Previous Year	Total g'tee bonus for current year
	£m	%	%	%
Life Assurance* (Ex-Swiss Life UK)	2.8	3.0	3.0	0.0
Deferred Annuity* (Ex-Swiss Life UK)	0.7	4.5	4.5	0.0
Whole life & Endowment** (Ex-Phoenix Assurance)	13.7	5 / 8	5 / 8	0.0

The above bonus rates, where marked (*), apply to both the sum assured and the attaching bonus. For bonus series marked (**) the first rate applies to the sum assured and the second rate applies to the attaching bonus.

SAL With-Profits Fund

3. DISCRETIONARY CHARGES AND BENEFITS**(1) Application of Market Value Reduction**

The Company reserves the right to apply a Market Value Reduction (MVR) to policies that invest in the Unitised With Profits (UWP) Fund.

Mortgage Savings Plan, Regular Savings Plan and Universal Protection Plan

Separate MVRs are calculated for each year of entry. No MVRs were applied to policies or increments during 2015.

Unitised With-Profit Bonds

These policies were written between June 1996 and December 1998.

Separate MVRs are calculated for each month of entry. No MVRs were applied during 2015.

UWP Group Pensions

Separate MVRs are calculated for each quarter year of entry. No MVRs were applied during the first two quarters of 2015. MVRs only applied for Group Pensions in the third quarter for those commencing between 1 January 2015 to 30 June 2015 and in the fourth quarter for those commencing between 1 October 2014 to 30 September 2015.

Executive Pension Plan, Company Pension Scheme, Company Additional Pension Scheme, Individual Personal Pension Plan, Group Personal Pension Plan & Personal Additional Pension Plan

Separate MVRs are calculated for each year of entry. No MVRs were applied to policies or increments during 2015.

(2) Premiums on Reviewable Protection Policies

There were no changes to premium rates on reviewable non-linked protection policies since the previous valuation.

(3) Non-profit Deposit Administration

There are no non-profit deposit administration policies.

(4) Service Charges on Linked Policies

The policy charges for the following linked contracts have changed since the previous valuation:

Product	Previous Policy Charge	New Policy Charge	Percentage Increase
	£	£	
Universal Protection Plan	4.20	4.37	4.05%
Mortgage Savings Plan and Regular Savings Plan	4.94	5.14	4.05%

For Individual Personal Pension Plan, Group Personal Pension Plan, Company Pension Scheme & Company Additional Pension Scheme the monthly policy charges changed as follows:

Contribution Type	Previous Policy Charge	New Policy Charge	Percentage Increase
	£	£	
Regular premium and increments	0.00	0.00	n/a
Paid-up policies and policies on premium holidays (other than for Group Personal Pension Plan)	2.45	2.55	4.08%
Paid-up policies and policies on premium holidays for Group Personal Pension Plan	0.00	0.00	n/a
Single premium stand alone contracts issued before 16 October 1995	6.80	7.05	3.68%
Single premium stand alone contracts issued between 16 October 1995 and 20 September 1998	2.70	2.80	3.70%
Single premium stand alone contracts issued between 21 September 1998 and 9 April 2000	4.85	5.05	4.12%
Single premium stand alone contracts issued after 9 April 2000	4.30	4.45	3.49%

For Personal Additional Pension Plan the monthly policy charges changed as follows:

Contribution Type	Previous Policy Charge	New Policy Charge	Percentage Increase
	£	£	
Regular premium policies issued before 29 January 1996	6.90	7.15	3.62%
Regular premium policies issued between 29 January 1996 and 9 April 2000	6.60	6.90	4.55%
Regular premium policies issued after 9 April 2000	4.40	4.60	4.55%
Paid-up policies and policies on premium holidays	2.45	2.55	4.08%
Single premium stand alone contracts issued before 16 October 1995	6.80	7.05	3.68%
Single premium stand alone contracts issued between 16 October 1995 and 20 September 1998	2.70	2.80	3.70%
Single premium stand alone contracts issued between 21st September 1998 and 9 April 2000	4.85	5.05	4.12%
Single premium stand alone contracts issued after 9 April 2000	4.30	4.45	3.49%

For Executive Pension Plan the monthly policy charges changed as follows:

Contribution Type	Previous Policy Charge	New Policy Charge	Percentage Increase
	£	£	
Regular premium policies issued before 29 January 1996	6.90	7.15	3.62%
Regular premium policies issued after 29 January 1996	6.60	6.90	4.55%
Paid-up policies and policies on premium holidays	2.45	2.55	4.08%
Single premium stand alone contracts issued before 16 October 1995	6.80	7.05	3.68%
Single premium stand alone contracts issued between 16 October 1995 and 20 September 1998	2.70	2.80	3.70%
Single premium stand alone contracts issued after 20 September 1998	4.85	5.05	4.12%

(5) Benefit Charges on Linked Policies

There were no changes to benefit charges on linked policies since the previous valuation.

(6) Accumulating With-Profits Charges

When determining terminal bonus or MVR's, expenses are notionally charged to the specimen policy asset shares in respect of Unitised with-profit bonds.

The maintenance expense allowance for the period 1 January 2015 to 31 December 2015 was £69.04. This compares with £65.75 for the period 1 January 2014 to 31 December 2014.

Investment expenses were charged according to the fee structure in following table between the current and the previous valuation.

Investment expenses (<u>net</u> of 20% Policyholder tax on Life Fund business)	Current valuation	Previous valuation
Conventional Life & UWP Bond	0.085%	0.087%
Conventional Pensions PE non-Libra policies & Conventional Pensions DA	0.109%	0.109%
Conventional Pensions PE Libra policies	0.145%	0.145%
UWP Group Pensions	0.140%	0.140%
Life Non Profit business	0.064%	0.064%
Pensions Non Profit business	0.080%	0.080%

(7) Unit Pricing of Internal Linked Funds

There are no changes in methods or assumptions since the previous valuation.

Immediate Annuity Fund

Policyholder benefits consist of an annual annuity equal to the unit price multiplied by the number of units allocated to their policy. The unit price is calculated quarterly as the value of the fund, divided by the actuarial value of the units in issue.

The fund is closed to new business so no units are being created. Annuity payments and other expense are debited to the fund. Units are cancelled (and thus disregarded from the unit price calculation) when benefits stop being payable due to the death of the annuitant.

The assets of the fund mainly comprise shares in the UK Commercial Property Trust and money market funds. These assets are valued on a bid basis when determining the fund value.

(8) Tax Deductions From Internal Linked Funds

There is no deduction for tax within the Immediate Annuity Fund.

(9) Tax Provisions for Internal Linked Funds

There is no provision for tax within the Immediate Annuity Fund.

(10) Discounts on Unit Purchases

No commission is payable by the managers of F&C UK Equity OEIC on the purchase of units by the company. This OEIC backs the Family Fund and Equity Plan products of which only Equity Plan continues to purchase units.

4. VALUATION BASIS

(1) Valuation Methods

The valuation methods used to calculate the mathematical reserves for each significant product group are described below. Unless otherwise stated, a prospective valuation method has been used and all policies are valued individually.

Conventional Business

All main classes of conventional business are valued using a gross premium method. The mathematical reserves were calculated as the value of future benefits and expenses less the value of future expected office premiums. Allowance for future lapses is made.

The mathematical reserves for with-profits annuity business is the value of projected future cashflows allowing for future annuity payments, future expenses, shareholder profit and loss transfers and tax on future declared investment return distributions.

Unitised Business

The mathematical reserve for all unitised contracts linked to units in the unitised with-profits fund has been calculated as the higher of (i) and (ii) below:

- (i) The minimum of (a) and (b) below:

- (a) Face value of units, which is the number of units including attaching bonus units allocated up to the valuation date. This is the full value guaranteed at maturity, guarantee date, death, selected retirement age or on withdrawals under the regular withdrawal scheme;
- (b) Asset Share (unless the contract has a guaranteed Market Value Adjustment free date, in which case Face value of units is taken as the minimum).

(ii) A prospective value calculated by discounting projected future cashflows and allowing for future expenses.

Exceptions:

- (a) Negative reserves may have been included and some contracts of may insurance have been treated as an asset.

Calculation Notes

Where annuity benefits are payable to any spouse that may exist at the date of death of the annuitant, we assume that 90% are married with the female 3 years younger than the male life.

(2) Valuation Interest Rates

The valuation interest rates used are as follows:

	Current Valuation	Previous Valuation
Life Business		
With-Profits Endowment Assurances	0.92%	0.82%
Other With-Profits Assurances	1.00%	0.82%
UWP Bond	2.64%	2.40%
Non-Profit Endowment Assurances	2.85%	2.56%
Other Non-Profits Assurances	2.90%	2.60%
Annuities in payment (new GAF)	2.33%	2.10%
Annuities in payment (old GAF)	1.57%	1.40%
Monies on Deposit	3.60%	3.60%
RPI Linked Annuities in payment (net)	0.72%	0.49%
PHI		
Claims In Payment	1.85%	1.55%
Other	1.85%	1.55%
	Current Valuation	Previous Valuation
Pensions Business		
With Profits Pure Endowment & With Profits Deferred Annuities – Regular premiums		
	2.10%	2.04%
With Profits Pure Endowment & With Profits Deferred Annuities – Single premiums and paid-ups:		
Initial rate	2.10%	2.04%
Reinvestment rate	2.10%	2.04%
Annuities in Payment	1.95%	1.93%

RPI Linked Annuities in payment	1.72%	1.49%
RPI Linked Deferred Annuities	1.72%	1.49%
Group UWP	2.32%	2.06%
Non-Profit Assurances	2.90%	2.60%
Non-Profit Deferred Annuities		
Pre Vesting	2.08%	1.89%
Post Vesting	2.08%	1.89%
Monies on Deposit	4.50%	4.50%

The valuation interest rate for immediate and deferred pension annuity business is calculated based on the waiver granted by the Financial Services Authority, under section 148 of the Financial Services and Markets Act 2000. Under this waiver a company is allowed to calculate the valuation rate of interest using the internal rate of return on assets backing the annuity liabilities instead of using the arithmetic mean of the gross redemption yields on each asset weighted by their market values. Details of this waiver are covered in the Notes to Appendix 9.3.

The methodology for setting the valuation interest rate for the index linked annuities does not utilise the waiver, i.e. the portfolio yield is the arithmetic mean of the gross redemption yield on each asset weighted by its market value.

(3) Risk Adjustments

The yields on assets were reduced for risk as follows:

Equities

The risk adjusted yield on equities is determined by INSPRU 3.1.37R as the sum of the dividend yield and the earnings yield, divided by two unless the dividend yield is greater than the earnings yield. If the dividend yield is greater than the earnings yield then the risk adjusted yield is taken to be the dividend yield.

To allow for unreasonably high yields, a cap is applied to the dividend yield and earnings yield which is the lower of 25% or twice the annualised 15 year gilt yield.

Property

The risk adjusted yield on property is determined by INSPRU 3.1.36R as the ratio of the rental income arising from the property over the previous twelve months to the market value of the property.

Due to potential issues with the timing of rental income, a cap is applied of the contracted income arising from the property over the previous twelve months.

To allow for unreasonably high yields, a cap is applied to the resulting yield which is the greater of 10% or twice the annualised 15 year gilt yield.

Fixed Interest

a) Approved Securities

The risk adjusted yield on UK Government and other approved fixed interest securities is determined by INSPRU 3.1.39R as the annualised gross redemption yield. Allowance is made for credit risk as set out for Other Securities.

b) Other Securities

The risk adjusted yield on other fixed interest securities is determined by INSPRU 3.1.39R as the annualised gross redemption yield less a credit risk margin (haircut) which is applied on an individual stock by stock basis.

The investment managers obtain the agency ratings of all stocks and then recommend a rating for haircut purposes which will either be one of the agency ratings or a lower rating if they consider that more appropriate (taking into account such factors as current spread).

This rating is then used to derive a haircut from a table of average default rates. For stocks other than bank subordinated debt i.e. standard haircut, this is prudently based on double the historical default experience (1920 - 2013), net of an allowance for 37% recovery.

The average default rates are based on:

Credit Rating	Standard		
	Term		
	5	10	20
AAA	4.0	10.0	5.2
AA	20.6	30.3	17.6
A	34.4	45.3	24.6
BBB	72.7	82.8	42.2
BB	246.1	250.8	117.0
B	586.8	532.7	220.1

Sovereign, Sub-Sovereign, Regional or Supranational bonds with a rating of A and below are treated in the same way as standard haircut while AAA rated bonds assume no haircut and AA rated bonds in this category assume a third of the standard haircut.

Bonds rated CCC and below are taken as having zero yield.

For bank subordinated debt, the haircut is based on the Senior Rating of the issuing entities (rather than the rating of the sub-debt itself) whilst using a nil recovery assumption. However, if this results in a lower aggregate haircut compared to the standard haircut, the standard haircut is used instead.

Variable Interest

The risk adjusted yield on variable interest securities is the real yield. To allow for unreasonably high yields, a cap is applied to the yield which is the real yield of the FTSE Actuaries UK Index-Linked Gilts Over 5 Years Index. This cap applies to both approved and non-approved variable interest securities.

(4) Mortality Basis

The valuation mortality bases (on ultimate rates) are as follows:

Product Group	Current Valuation	Previous Valuation
Endowment and Whole of Life Assurances	81% AM92	81% AM92
	110% AF92	110% AF92
Term Assurance - aggregate	95% TM92	95% TM92
	116% TF92	116% TF92
Term Assurance - non-smoker	79% TM92	79% TM92
	95% TF92	95% TF92
Term Assurance - smoker	200% TM92	200% TM92
	237% TF92	237% TF92

Pensions pre-vesting and pension term assurances	52.6% AM92 59.3% AF92	52.6% AM92 59.3% AF92
Life Annuities in Payment	Modified IM80 c2010 Modified IF80 c2010	Modified IM80 c2010 Modified IF80 c2010
Pensions post vesting	90.2% PCMA00 90.2% PCFA00	90.2% PCMA00 90.2% PCFA00
Pensions immediate annuities	90.2% PCMA00 90.2% PCFA00	90.2% PCMA00 90.2% PCFA00

Life annuities currently in payment

The mortality basis for the current (previous) year is:

Males: 77.7% (77.7%) of IM80 (c=2010) improving at 1.5% (1.5%) p.a.
 Females: 79.0% (79.0%) of IF80 (c=2010) improving at 1.25% (1.25%) p.a.

The expectation of life under the current and previous valuation assumptions for sample ages are:

Life Annuities

Age	Current Year		Previous Year	
	Males	Females	Males	Females
65	22.45	24.09	22.32	24.22
75	14.17	15.51	14.08	15.65

Pension annuities currently in payment

Specimen percentages of the base tables used for the current and previous years valuations are:

Pension Annuities

		Current valuation		Previous valuation	
		Male	Female	Male	Female
at age	65	64.0%	71.6%	65.9%	72.2%
at age	75	59.6%	65.7%	60.8%	65.0%
at age	85	70.4%	77.2%	71.2%	75.3%
at age	95	87.0%	88.6%	88.0%	87.4%

Specimen annual improvement rates for the current valuation, dependent on calendar year, are:

Males	2017	2025	2035	2045	2055	2065
65	1.53%	2.10%	1.99%	2.50%	2.50%	2.50%
75	2.74%	1.69%	2.27%	2.41%	2.50%	2.50%
85	2.73%	2.33%	2.11%	2.46%	2.50%	2.50%
95	1.58%	1.89%	1.76%	1.73%	1.79%	1.79%

Females	2017	2025	2035	2045	2055	2065
65	1.77%	2.20%	2.05%	2.25%	2.25%	2.25%
75	2.42%	2.11%	2.26%	2.22%	2.25%	2.25%
85	2.60%	2.33%	2.20%	2.25%	2.25%	2.25%
95	1.44%	1.69%	1.62%	1.60%	1.61%	1.61%

The expectation of life under the current and previous valuation assumptions for sample ages are:

Pension Annuities

Age	Current Year		Previous Year	
	Males	Females	Males	Females
65	25.71	27.20	25.13	27.13
75	15.85	17.18	15.52	17.21

Deferred pension contracts (post vesting) including Guaranteed Annuity Options

Sample percentages of the base tables used for the current year and previous year valuations are:

Pension deferred Annuities

		Current valuation		Previous valuation	
		Male	Female	Male	Female
at age	55	72.7%	79.4%	75.8%	79.7%
at age	65	64.0%	71.6%	65.9%	72.2%
at age	75	59.6%	65.7%	60.8%	65.0%
at age	85	70.4%	77.2%	71.2%	75.3%
at age	95	87.0%	88.6%	88.0%	87.4%

Specimen annual improvement rates, dependent on calendar year, are:

Males	2017	2025	2035	2045	2055	2065
55	1.76%	1.46%	2.52%	2.50%	2.50%	2.50%
65	1.53%	2.10%	1.99%	2.50%	2.50%	2.50%
75	2.74%	1.69%	2.27%	2.41%	2.50%	2.50%
85	2.73%	2.33%	2.11%	2.46%	2.50%	2.50%
95	1.58%	1.89%	1.76%	1.73%	1.79%	1.79%

Females	2017	2025	2035	2045	2055	2065
55	1.97%	1.83%	2.23%	2.25%	2.25%	2.25%
65	1.77%	2.20%	2.05%	2.25%	2.25%	2.25%
75	2.42%	2.11%	2.26%	2.22%	2.25%	2.25%
85	2.60%	2.33%	2.20%	2.25%	2.25%	2.25%
95	1.44%	1.69%	1.62%	1.60%	1.61%	1.61%

The expectation of life at age 65 for current ages 45 and 55 under the current (and previous) valuation assumptions are:

Pension deferred annuities

	Current Age	Expectation of life from Age	Current Year		Previous Year	
			Males	Females	Males	Females
Deferred annuities	45	65	29.37	30.41	28.17	30.09
	55	65	27.53	28.83	26.64	28.64

(5) Morbidity Basis

For Individual Permanent Health Insurance the assumed inception & recovery rates are based on modified CMIR12. The percentages of CMIR12 for sample inception & recovery rates, based on a 12 month deferred period, are as follows:

Percentages of inception rates for the modified CMIR12 table at current year and previous valuation.

Inception rates

Age	Table	Current Year		Previous Year	
		Male	Female	Male	Female
25	CMIR12	89.00%	150.00%	89.00%	150.00%
35	CMIR12	89.00%	150.00%	89.00%	150.00%
45	CMIR12	37.00%	62.00%	37.00%	62.00%
55	CMIR12	48.00%	81.00%	48.00%	81.00%

Recovery rates expressed as a percentage of CMIR12 for all durations.

Recovery rates all durations

Age	Table	Current Year		Previous Year	
		Male	Female	Male	Female
25	CMIR12	23.00%	23.00%	23.00%	23.00%
35	CMIR12	23.00%	23.00%	23.00%	23.00%
45	CMIR12	23.00%	23.00%	23.00%	23.00%
55	CMIR12	23.00%	23.00%	23.00%	23.00%

Mortality for Individual Permanent Health Insurance has remained unchanged from the previous valuation at 76% TM92 for males and 76% TF92 for females.

(6) Expenses

The following table shows the gross attributable expenses per policy.

Product Group	Per Policy Expense	
	YE15	YE14
	£	£
Annuity	32.06	31.37
All other classes	67.95	66.50

The expenses on life business are netted down for tax at 20%.

There are no Zillmer adjustments for the policies to which the above expenses apply.

The life company entered into a new MSA with Pearl Group Management Services (PGMS) with effect from 1 September 2010. The MSA specifies fee inflation is RPIX +1.0% at 1 January each year.

For the current valuation the investment expense assumptions have been updated to allow for the impact of a new investment fee scale agreed with the asset manager. The base fees are as follows:

Investment expenses (net of 20% Policyholder tax on Life Fund business)	Current valuation	Previous valuation
Conventional Life & UWP Bond	0.113%	0.087%
Conventional Pensions PE non-Libra policies & Conventional Pensions DA	0.141%	0.109%

Conventional Pensions PE Libra policies	0.170%	0.145%
UWP Group Pensions	0.140%	0.140%
Life Non Profit business	0.064%	0.064%
Pensions Non Profit business	0.080%	0.080%

The investment expenses for life fund business should be netted down for policyholder tax at 20%.

In addition to the base fees, there is an explicit additional services fee which is allowed for as a provision of £2.4m. At the previous valuation this provision was £3.6m. There is also a performance fee payable to the asset manager. This is not allowed for in the valuation basis because no over or under investment performance is assumed in the valuation interest basis.

(7) Unit Growth Rates And Inflation Assumptions

The growth rates used to accumulate unit values are weighted averages of prudent expected returns on the classes of assets (equity, property, approved fixed interest, unapproved fixed interest, and cash) in the unit funds.

The assumption in relation to future levels of expense inflation is 3.12% p.a. at the current valuation compared to 3.11% p.a. at the previous valuation.

(8) Future Bonus Rates

For conventional with-profits business there is no allowance for future bonuses.

For accumulating with-profits business the assumed reversionary bonus rates are:

Product	2015 p.a	2016 p.a	2017& later p.a
Bonds	0.50%	0.08%	0.00%
Other life	0.50%	0.08%	0.00%
UWP Group pensions	3.00%	0.33%	0.00%
Other pensions	1.00%	0.17%	0.00%

(9) Persistency Assumptions

The Company anticipates voluntary premium discontinuances on the with-profits life and pension contracts specified in the table below; no voluntary discontinuances are assumed for other products.

Initial discontinuance rates are in accordance with the tables below and are assumed to reduce linearly to 5% of the initial rate at maturity/retirement.

For with-profits life products (excluding whole life) and with-profits pension products initial rates of discontinuance are:

Initial Surrender Rates (%)

Product		Average surrender / paid-up rate for the policy years			
		1-5	6-10	11-15	16-20
CWP savings endowment	Surrender	-	2.1%	1.1%	1.1%
CWP target cash endowment	Surrender	-	2.8%	2.5%	2.5%
CWP Executive Pension	Pup	1.1%	1.1%	1.1%	1.1%
CWP Executive Pension	Surrender	1.1%	1.1%	1.1%	1.1%
CWP Personal pension - regular premium	Pup	1.1%	1.1%	1.1%	1.1%
CWP Personal pension regular premium	Surrender	1.1%	1.1%	1.1%	1.1%
CWP Personal pension single premium	Surrender	1.1%	1.1%	1.1%	1.1%

Policies becoming paid-up after the valuation date are assumed not to subsequently surrender.

For pension policies surrendering within 15 years of normal retirement date a proportion of surrenders are deemed to be early retirements with associated guaranteed annuity option entitlements. The proportion of surrenders assumed to be early retirements is 100% at normal retirement decreasing linearly to 0% 15 years prior to normal retirement.

(10) Other Material Assumptions

Not applicable.

(11) Allowance for Derivatives

We hold a number of Swaption contracts to hedge against interest rate falls impacting the guaranteed annuity option reserves. Further details are provided in section 5 below.

We hold a number of Spreadlock contacts to assist in managing the risk of variation in the spreads on the Swap contacts that are held. These contacts do not directly impact the long term insurance liabilities.

(12) Effect of Basis Changes

There have been no changes in valuation methodology arising from changes in INSPRU valuation rules effective from 31 December 2006.

5. OPTIONS AND GUARANTEES

(1) Guaranteed Annuity Rate Options

For contracts with benefits expressed as cash but which have a guaranteed minimum annuity rate the reserve was calculated assuming that the benefit at maturity was the higher of:

- (iii) the cash amount, and
- (iv) the intrinsic value of the guaranteed annuity, using mortality rates appropriate for deferred annuities and the valuation interest rate as shown for that contract (but subject to a maximum of the re-investment rate), plus time value (using stochastic modelling).

It is assumed that:

- (a) The expenses of payment are 1.82% of the the value of the annuity
- (b) 100% of policyholders exercise the guaranteed annuity option and
- (c) that the initial percentage of cash sum which will be used to purchase the annuity on guaranteed terms will be:
 - 85% for Pension Reserve contracts:
 - 85% for Personal Pension Scheme protected rights contracts:
 - 85% for Additional Pension Plan contracts:
 - 83% for Executive Benefits Plan and Retirement Security Plan:
 - 85% for Personal Pension Plan and Personal Pension Scheme contracts:
 - 85% for Transfer Plan: and

These initial proportions are assumed to increase linearly to 95% over 20 years

SAL With-Profits Fund

(b)

(i) Product Name	(ii) Basic Reserve £m	(iii) Spread of outstanding durations (yrs)	(iv) Guarantee Reserve £m	(v) Guaranteed Annuity Rate (Male at 65)	(vi) Increments	(vii) Form of annuity ²	(viii) Retirement Ages
Additional Pension Plan	4.5	0 to 40	2.2	10.0% 8.1% 8.1% 6.2%	Yes ¹	Level - single life Esc 3% - single life Level - 60% spouse Esc 3% - 60% spouse	Ages 50 to 75
Executive Benefit Plan	61.4	0 to 38	32.2	10.0% 7.6% 8.1% 5.6%	Yes ¹	Level - single life Esc 3% - single life Level - 60% spouse Esc 3% - 60% spouse	Ages 50 to 75
Retirement Security Plan	59.7	0 to 40	29.4	10.0% 8.1% 8.1% 6.2%	Yes ¹	Level - single life Esc 3% - single life Level - 60% spouse Esc 3% - 60% spouse	Ages 50 to 75
Transfer Plan	128.4	0 to 33	40.1	10.0% 8.1% 8.1% 6.2%	Yes ¹	Level - single life Esc 3% - single life Level - 60% spouse Esc 3% - 60% spouse	Ages 50 to 75
PPP81	161.9	0 to 30	62.6	10.0% 8.1% 8.1% 6.2%	Yes ¹	Level - single life Esc 3% - single life Level - 60% spouse Esc 3% - 60% spouse	Ages 50 to 75
Fowler	263.6	0 to 42	71.1	10.0% 8.1% 8.1% 6.2%	Yes ¹	Level - single life Esc 3% - single life Level - 60% spouse Esc 3% - 60% spouse	Ages 50 to 75
Fowler (DSS)	573.7	0 to 34	61.8	10.0% 8.1% 8.3% 6.4%	Yes ¹	Level - single life Esc 3% - single life Level - 50% spouse Esc 3% - 50% spouse	Ages 60 to 75
Pensions Reserve	9.7	0 to 31	3.2	10.0% 8.1%	Yes ¹	Level - single life Level - 60% spouse	Ages 50 to 75

¹ Benefits secured by increments commencing after 1 December 1998, DSS payments received after 30 June 1999 or on payments received on Transfer Plan after 31 July 1999 do not include a guaranteed annuity option.

² Annuity is payable monthly in advance and guaranteed for 5 years. The forms of annuity represent the various forms assumed in the reserving calculation. Not all forms are necessarily contractual obligations and may represent a concession by the Company.

(2) Guaranteed Surrender and Unit-linked Maturity ValuesUWP Bond

Policies established on the administration system after 29 September 1997 are wholly reassured with PLL Phoenix With-Profits Fund and the required disclosure for these policies may be found in the Returns of that Fund.

Executive Pension Plan, Company Pension Scheme, Company Additional Pension Scheme, Individual Personal Pension Plan, Group Personal Pension Plan & Personal Additional Pension Plan

UWP benefits secured are wholly reassured with PLL Phoenix With-Profits Fund and the required disclosure may be found in the Returns of that Fund.

Guaranteed Unit-Linked Maturity Values

In respect of business retained by the Fund there are no guaranteed unit-linked maturity values.

(3) Guaranteed Insurability Options

Various endowments purchased in connection with a mortgage include options to effect additional cover in certain circumstances without requiring additional evidence of health. Take-up of this option has been extremely low and no additional reserve is held.

Some of the term assurance policies include options to convert to other policies without requiring further evidence of health. Take-up of this option has been extremely low and no additional reserve is held. The sum assured under the policies is less than £1bn.

(4) Other Guarantees and Options

None.

6. EXPENSE RESERVES**(1) Aggregate Expense Loadings**

The aggregate amount of expense contributions arising during the 12 months following the valuation date from explicit and implicit margins made in the valuation are:

Homogeneous risk group	Implicit allowances	Explicit allowances (investment)	Explicit allowances (other)	Non-attributable expenses	Total
	£m	£m	£m	£m	£m
All products	2.7	0.3	6.7	0.7	10.3
All expenses attributable	2.7	0.3	6.7	n/a	9.7
Total	2.7	0.3	6.7	0.7	10.3

(2) Implicit Allowances

The implicit allowances above are in respect of investment management expenses. They are based on the rate of investment fees payable to the investment manager applied to the amount of reserves. This implicit allowance is met by the difference between the risk-adjusted yield on the assets and the valuation rate of interest.

(3) Form 43 Comparison

The total amount of maintenance expenses shown in 6 (1) is different from the total shown in line 14 of Form 43:

	F43.14	table 6(1)	Difference
Homogeneous risk group	(a) £m	(b) £m	(b) - (a)
All products	12.2	10.3	-1.9
Total	12.2	10.3	-1.9

The expense loadings in table 6 (1) are based on a smaller book of business due to the run-off of this closed fund than in form 43 line 14, though this is partially offset by the inclusion of an additional year's inflation compared to Form 43 line 14. Additionally, Form 43 Line 14 includes performance related investment fees of £6.1m which is not included in table 6(1).

(4) New Business Expense Overrun

Since the company is closed to new business, except for contractual increments, it does not expect to incur any material strain in writing new business so no additional reserve is required.

(5) Maintenance Expense Overrun

Expense reserves in accordance with 6(1) are considered to be sufficient to meet the expenses likely to be incurred in the future in fulfilling the existing contracts.

The expense assumptions allow for the standard fees payable under a management services agreement plus a prudent allowance for costs that are not covered by these fees.

No costs of terminating the management services agreement have been allowed for because the contract is not cancellable by the services provider.

(6) Non-attributable expenses

The non-attributable expense reserve is the expected cost of certain planned projects of a non-recurring nature that are not covered by the standard fee under the management services agreement.

7. MISMATCHING RESERVES**(1) Analysis of Reserves by Currency**

The mathematical reserves (other than liabilities for property linked benefits) after distribution of surplus comprise:

Currency	Mathematical Reserves	Percentage matched in same currency
	£m	
Sterling (£)	3,204.4	100%
Other	28.4	100%
Total	3,232.8	

(2) Other Currency Exposures

See table in paragraph 7 (1).

(3) Currency Mismatching Reserve

The liabilities in currencies other than sterling are matched by assets in the same currency. The currency mismatching reserve is therefore nil.

(4) Most Onerous Scenario Under INSPRU 3.1.16(R)

Not applicable.

(5) Most Onerous Scenario Under INSPRU 3.1.23(R)

Not applicable.

(6) Resilience Capital Requirement

Not applicable.

(7) Additional Reserves Arising From INSPRU 1.1.34(2)(R)

No further reserve is required for mismatching as investments are closely matched to the liabilities.

8. OTHER SPECIAL RESERVES

The special reserves exceeding 0.1% of the mathematical reserves (i.e. £4.2m) are:

Description	Reserve
	£m
Data Contingency Reserve	9.2
Litigation Reserves	5.5
Project & Other Costs	5.6
Outsourcer Expenses Risk Transfer	8.1
Reassurer Default	4.5

Data

The data contingency reserve covers additional liabilities which may arise in connection with data errors affecting the long-term business and is calculated having regard to past experience.

Outsourcer Expenses Risk Transfer

This provision is held as part of an outsourcer enterprise risk transfer to offset an accounting prepayment asset held to cover the transfer of risk payments made to Diligenta

9. REINSURANCE

(1) Unauthorised Reinsurers

- (a) No premiums were payable on a facultative basis to a reinsurer that was unauthorised to carry on insurance business in the UK.
- (b) No premiums were payable to a connected company reinsurer that was unauthorised to carry on insurance business in the UK.

(2) Reinsurance Treaties

The required details of reinsurance treaties in force at the valuation date are below.

- (g) Not applicable since there are no deposit back arrangements under any of the treaties.
- (h) All treaties are open to new business, other than those marked with an asterisk.
New business only arises from incremental policies or the exercising of options under existing contracts.
- (i) There are no undischarged obligations.
- (j) Reinsurance ceded external reserves total £927.4m.
This total has not been split between the respective reinsurers.
- (n) Credit risk arises from a possible failure of the reinsurer to meet its obligations. For reinsurers that are not connected companies the risk is not deemed material. No provision has been made for credit risk in respect of reassurances with other companies in the Phoenix group.

Legal risks arise from disputes regarding the operation of the treaties. Provision for any associated costs is by way of the litigation provision described in 8 above.

The assets backing the reinsured liabilities are held in a custodian account with appropriate security arrangements in place

- (o) No provision has been made under any of the treaties for any liability of the company to refund any amount of reinsurance commission in the event of the lapse or surrender of the contracts. Where such a liability exists, then the refund of commission will be more than offset by the return of the premium from the reinsurer.
- (p) There is a financing arrangement in place to provide support to the long-term fund. The details of the arrangement are described fully in note 1508.

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(d) Name of Reinsurer	(e) Type of Business	Type of Reinsurance	Ceded Reserves	(f) Premiums £000s	(l) Authorised in UK	(m) Connected to Company
SCOR	Individual Life Assurance	2nd Surplus	45,180	0.7	No	No
*Munich Reinsurance	Individual Life Assurance	1st Surplus (Risk Premium)	169,427	1.5	Yes	No
Hannover Re	Individual Life Assurance	2nd Surplus	90,361	2.7	Yes	No
Swiss Reinsurance	Individual Life Assurance	1st Surplus (Risk Premium)	508,281	33.6	Yes	No
GE Frankona	Individual Life Assurance	1st Surplus (Risk Premium)	169,427	3.2	Yes	No
*Pacific Life Re Limited	Individual Life Assurance	2nd Surplus (Risk Premium)	22,590	1.7	Yes	No
Guardian Financial Services	Pensions Annuities	1st Surplus (Risk Premium)	926,436,508	0.0	Yes	No

10. REVERSIONARY (OR ANNUAL) BONUS

(1) Details of Bonus Rates

The following rates of reversionary bonus, which are independent of age and original term of the contract, were declared on the valuation date:

Bonus Series	Math reserves	Reversionary Bonus Rate for Current Year	Reversionary Bonus Rate for Previous year	Total g'tee bonus for current year
	£m	%	%	%
Category 1 Contracts	2,147	0.05/0.05	0.05/0.05	0.05/0.05
Category 2 Contracts	261	0.10/0.10	0.10/0.10	0.10/0.10
UWP Group Pensions	9	3.00	2.00	0.00
UWP life ¹	18	1.50	0.50	0.00

¹ The Fund also writes unitised with-profits business which is wholly reassured to PLL Phoenix With-Profits Fund. The reversionary bonuses applying to these contracts are fully described in the Returns of that Fund.

Category 1 contracts are:

- Additional Pension Plan
- Executive Benefit Plan
- Jersey Prosperity Plan
- Pension Reserve
- Personal Pension Plan
- Retirement Security Plan
- Transfer Plan

Category 2 contracts are all other contracts entitled to participate in profits excluding unitised with-profits contracts.

(2) Unitised with-profits business unit price increases

For unitised with-profits life policies, the reversionary bonus is added daily in the form of growth of the unit price. For business retained by the Fund the reversionary bonus rate was 1.5% throughout 2015.

(3) Super compound bonus

The table in 10 (1) shows bonus rates expressed as X%/Y% where X% is the bonus rate applied to the sum assured and Y% is the bonus rate applied to the attaching bonuses.

(4) Bonus series

Within a bonus series bonus rates do not vary.

Scottish Mutual With-Profits Fund

3. DISCRETIONARY CHARGES AND BENEFITS

(1) Application of Market Value Reduction

The firm has the right to apply Smoothing Reductions to its Smoothed Investment Funds and market value reductions to the various series of with-profits units.

Market value reductions may be applied to unitised with-profits and smoothed return business for non-protected exits such as surrenders, transfers and early or late retirements. Market value reductions may not be applied for protected exits which generally include death, maturity, surrender at a guarantee date and retirement at the selected retirement date.

During 2015 market value reductions were applied. A summary for the main business types follows.

Regular Premium

Date	Life		Pensions		
	Series I & II RP	Series III RP	Series I & II RP	Series III RP	Series VII RP
Jan-2015	N/A	N/A	N/A	N/A	N/A
Feb-2015	N/A	N/A	N/A	N/A	N/A
Mar-2015	N/A	N/A	N/A	N/A	N/A
Apr-2015	N/A	N/A	N/A	N/A	N/A
May-2015	N/A	N/A	N/A	N/A	N/A
Jun-2015	N/A	N/A	N/A	N/A	N/A
Jul-2015	N/A	N/A	N/A	N/A	N/A
Aug-2015	N/A	N/A	N/A	N/A	N/A
Sep-2015	Business written in: Jan 1987 - Dec 2015	Business written in: Jan 1993 - Dec 2015	Business written in: Jan 1985 - Dec 2015	Business written in: Jan 1993 - Dec 2015	Business written in: Jan 2001 - Dec 2015
Oct-2015	Business written in: Jan 1987 - Dec 2015	Business written in: Jan 1993 - Dec 2015	Business written in: Jan 1985 - Dec 2015	Business written in: Jan 1993 - Dec 2015	Business written in: Jan 2001 - Dec 2015
Nov-2015	Business written in: Jan 1987 - Dec 2015	Business written in: Jan 1993 - Dec 2015	Business written in: Jan 1985 - Dec 2015	Business written in: Jan 1993 - Dec 2015	Business written in: Jan 2001 - Dec 2015
Dec-2015	Business written in: Jan 1987 - Dec 2015	Business written in: Jan 1993 - Dec 2015	Business written in: Jan 1985 - Dec 2015	Business written in: Jan 1993 - Dec 2015	Business written in: Jan 2001 - Dec 2015

Single Premium

Date	Life			Pensions	
	Series III SP	Series IV SP	Series I & II SP	Series III SP	Series VII SP
Jan-2015	N/A	N/A	N/A	N/A	N/A
Feb-2015	N/A	N/A	N/A	N/A	N/A
Mar-2015	N/A	N/A	N/A	N/A	N/A
Apr-2015	N/A	N/A	N/A	N/A	N/A
May-2015	N/A	N/A	N/A	N/A	N/A
Jun-2015	N/A	N/A	N/A	N/A	N/A
Jul-2015	N/A	N/A	N/A	N/A	N/A
Aug-2015	N/A	N/A	N/A	N/A	N/A
Sep-2015	Business written in: Jan 1994 - Dec 2015	N/A	Business written in: Jan 1985 - Dec 2015	Business written in: Jan 1993 - Dec 2015	Business written in: Jan 2001 - Dec 2015
Oct-2015	Business written in: Jan 1994 - Dec 2015	N/A	Business written in: Jan 1985 - Dec 2015	Business written in: Jan 1993 - Dec 2015	Business written in: Jan 2001 - Dec 2015
Nov-2015	Business written in: Jan 1994 - Dec 2015	N/A	Business written in: Jan 1985 - Dec 2015	Business written in: Jan 1993 - Dec 2015	Business written in: Jan 2001 - Dec 2015
Dec-2015	Business written in: Jan 1994 - Dec 2015	N/A	Business written in: Jan 1985 - Dec 2015	Business written in: Jan 1993 - Dec 2015	Business written in: Jan 2001 - Dec 2015

(2) Premiums on Reviewable Protection Policies

There are no reviewable protection policies.

(3) Non-profit Deposit Administration

Transactions on non-profit deposit administration business has totalled £5.8m since the previous valuation.

(4) Service Charges on Linked Policies

Policy fees on unit linked contracts were increased by varying different percentages during 2015.

(5) Benefit Charges on Linked Policies

There have been no changes to benefit charges on linked policies since the previous valuation.

(6) Accumulating With-Profits Charges

There has been no changes to charges on accumulating with-profits policies since the previous valuation.

(7) Unit Pricing of Internal Linked Funds

Not applicable.

(8) Tax Deductions From Internal Linked Funds

Not applicable.

(9) Tax Provisions for Internal Linked Funds

Not applicable.

Discounts on Unit Purchases

Not applicable.

4. VALUATION BASIS

(1) Valuation Methods

The valuation methods used to calculate the mathematical reserves for each significant product group are described below. Unless otherwise stated, a prospective valuation method has been used and all policies are valued individually.

Conventional Business

All main classes of conventional business are valued using a gross premium method. The mathematical reserves were calculated as the value of future benefits and expenses less the value of future expected office premiums. No allowance for future lapses is made.

The mathematical reserves for with-profits annuity business is the value of projected future cashflows allowing for future annuity payments, future expenses, shareholder profit and loss transfers and tax on future declared investment return distributions.

Unitised Business

The mathematical reserve for all unitised contracts linked to units in the unitised with-profits fund has been calculated as the higher of (i) and (ii) below:

(i) The minimum of (a) and (b) below:

(a) Face value of units, which is the number of units including attaching bonus units allocated up to the valuation date. This is the full value guaranteed at maturity, guarantee date, death, selected retirement age or on withdrawals under the regular withdrawal scheme;

(b) Asset Share (unless the contract has a guaranteed Market Value Adjustment free date, in which case Face value of units is taken as the minimum).

(i) A prospective value calculated by discounting projected future cashflows and allowing for future expenses.

Exceptions:

(a) Negative reserves may have been included and some contracts of may insurance have been treated as an asset.

(2) Valuation Interest rates

The valuation interest rates used were as follows:

PRA Code	Life/Pensions	Product	YE15	Previous Valuation
100	Life	Conventional whole life withprofits OB - BLAGAB	1.40%	1.23%
120	Life	Conventional endowment withprofits OB savings - BLAGAB	1.63%	1.42%
165	Life	Conventional deferred annuity withprofits - BLAGAB	2.46%	2.20%
165	Pensions	Conventional deferred annuity withprofits - GRB	2.32%	2.20%
175	Pensions	Group conventional deferred annuity withprofits - GRB	1.95%	1.79%
200	Pensions	Annuity withprofits (CPA) - GRB	1.61%	2.48%
205	Life	Miscellaneous conventional withprofits - BLAGAB	1.62%	1.36%
205	Pensions	Miscellaneous conventional withprofits - GRB	1.88%	1.69%
500	Life	Life UWP single premium - BLAGAB	1.59%	1.39%
500	Pensions	Life UWP single premium - GRB	2.04%	1.82%
505	Life	Life UWP whole life regular premium - BLAGAB	1.58%	1.42%
510	Life	Life UWP endowment regular premium savings - BLAGAB	1.62%	1.42%
525	Pensions	Individual pensions UWP - GRB	1.86%	1.58%
535	Pensions	Group money purchase pensions UWP - GRB	0.89%	0.76%
565	Pensions	DWP National Insurance rebates UWP - GRB	0.88%	1.62%
570	Pensions	Income drawdown UWP - GRB	0.94%	0.81%
571	Pensions	Trustee investment plan UWP - GRB	1.32%	1.23%

(3) Risk Adjustments

The yields on assets were reduced for risk as follows:

Equities

The risk adjusted yield on equities is determined by INSPRU 3.1.37R as the sum of the dividend yield and the earnings yield, divided by two unless the dividend yield is greater than the earnings yield. If the dividend yield is greater than the earnings yield then the risk adjusted yield is taken to be the dividend yield.

To allow for unreasonably high yields, a cap is applied to the dividend yield and earnings yield which is the lower of 25% or twice the annualised 15 year gilt yield.

Property

The risk adjusted yield on property is determined by INSPRU 3.1.36R as the ratio of the rental income arising from the property over the previous twelve months to the market value of the property.

Due to potential issues with the timing of rental income, a cap is applied of the contracted income arising from the property over the previous twelve months.

To allow for unreasonably high yields, a cap is applied to the resulting yield which is the greater of 10% or twice the annualised 15 year gilt yield.

Fixed Interest

a) Approved Securities

The risk adjusted yield on UK Government and other approved fixed interest securities is determined by INSPRU 3.1.39R as the annualised gross redemption yield. Allowance is made for credit risk as set out for Other Securities.

b) Other Securities

The risk adjusted yield on other fixed interest securities is determined by INSPRU 3.1.39R as the annualised gross redemption yield less a credit risk margin (haircut) which is applied on an individual stock by stock basis.

The investment managers obtain the agency ratings of all stocks and then recommend a rating for haircut purposes which will either be one of the agency ratings or a lower rating if they consider that more appropriate (taking into account such factors as current spread).

This rating is then used to derive a haircut from a table of average default rates. For stocks other than bank subordinated debt i.e. standard haircut, this is prudently based on double the historical default experience (1920 - 2013), net of an allowance for 37% recovery.

The average default rates are based on:

Credit Rating	Standard Term		
	5 Yr	10 Yr	20 Yr
AAA	4.0	10.0	5.2
AA	20.6	30.3	17.6
A	34.4	45.3	24.6
BBB	72.7	82.8	42.2
BB	246.1	250.8	117.0
B	586.8	532.7	220.1

Sovereign, Sub-Sovereign, Regional or Supranational bonds with a rating of A and below are treated in the same way as standard haircut while AAA rated bonds assume no haircut and AA rated bonds in this category assume a third of the standard haircut.

Bonds rated CCC and below are taken as having zero yield.

For bank subordinated debt, the haircut is based on the Senior Rating of the issuing entities (rather than the rating of the sub-debt itself) whilst using a nil recovery assumption. However, if this results in a lower aggregate haircut compared to the standard haircut, the standard haircut is used instead.

Variable Interest

The risk adjusted yield on variable interest securities is the real yield. To allow for unreasonably high yields, a cap is applied to the yield which is the real yield of the FTSE Actuaries UK Index-Linked Gilts Over 5 Years Index. This cap applies to both approved and non-approved variable interest securities.

(4) Mortality Basis

The mortality assumptions for the current (and previous) valuation are:

Product Group		Current Valuation	Previous Valuation
CWP life assurances	non- smoker	61% AM92 ult1 72% AF92 ult	61% AM92 ult1 72% AF92 ult
	smoker	105% AM92 ult1 116% AF92 ult	105% AM92 ult1 116% AF92 ult
CWP pensions assurances (individual and group)		72% AM92 ult 66% AF92 ult	72% AM92 ult 66% AF92 ult
Deferred annuities (in deferment) (individual and group)		72% AM92 ult 66% AF92 ult	72% AM92 ult 66% AF92 ult
Immediate and deferred pensions annuities in payment		Modified PMA00 Modified PFA00	Modified PMA00 Modified PFA00

Unitised life business	77% AM80 ult1 77% AF80 ult	77% AM80 ult1 77% AF80 ult
Unitised pensions business	77% AM80 ult 77% AF80 ult	77% AM80 ult 77% AF80 ult

Pension annuities currently in payment.

Percentages of the life tables used under the current (and previous year) valuation assumptions at sample ages are:

Age	Current Year		Previous Year	
	Male	Female	Male	Female
At age 65	107.5%	90.0%	102.1%	95.0%
At age 75	107.5%	90.0%	102.1%	95.0%

Improvement factors for future calendar years assumed in the current valuation at sample ages are:

Males	2017	2027	2037	2047	2057	2067
60	2.34%	1.38%	2.54%	2.50%	2.50%	2.50%
70	2.67%	2.22%	2.00%	2.50%	2.50%	2.50%
80	2.15%	2.46%	2.37%	2.45%	2.50%	2.50%
90	2.14%	2.07%	2.14%	2.13%	2.14%	2.14%
100	1.43%	1.43%	1.43%	1.43%	1.43%	1.43%

Females	2017	2027	2037	2047	2057	2067
60	1.89%	1.87%	2.14%	2.25%	2.25%	2.25%
70	2.25%	2.19%	2.10%	2.24%	2.25%	2.25%
80	2.44%	2.35%	2.23%	2.24%	2.25%	2.25%
90	1.72%	2.04%	1.97%	1.93%	1.93%	1.93%
100	1.29%	1.29%	1.29%	1.29%	1.29%	1.29%

The expectation of life under the current (and previous year) valuation assumptions for sample ages are:

Age	Current Year		Previous Year	
	Males	Females	Males	Females
65	24.6	27.9	24.3	27.3
75	14.9	17.8	14.8	17.4

Deferred pension contracts (post vesting) including guaranteed annuity options.

Percentages of the life tables used under the current (and previous year) valuation assumptions for deferred annuities at a sample age are:

Age	Current Year		Previous Year	
	Male	Female	Male	Female
At age 45	107.5%	90.0%	102.1%	95.0%
At age 55	107.5%	90.0%	102.1%	95.0%

Improvement factors for future calendar years assumed in the current valuation at sample ages are:

Male

Males	2017	2027	2037	2047	2057	2067
40	2.76%	2.50%	2.50%	2.50%	2.50%	2.50%
50	1.12%	2.59%	2.50%	2.50%	2.50%	2.50%
60	2.34%	1.38%	2.54%	2.50%	2.50%	2.50%
70	2.67%	2.22%	2.00%	2.50%	2.50%	2.50%
80	2.15%	2.46%	2.37%	2.45%	2.50%	2.50%

Female

Females	2017	2027	2037	2047	2057	2067
40	1.86%	2.25%	2.25%	2.25%	2.25%	2.25%
50	1.72%	1.99%	2.25%	2.25%	2.25%	2.25%
60	1.89%	1.87%	2.14%	2.25%	2.25%	2.25%
70	2.25%	2.19%	2.10%	2.24%	2.25%	2.25%
80	2.44%	2.35%	2.23%	2.24%	2.25%	2.25%

The expectation of life at age 65 for current ages 45 and 55 under the current (and previous year) valuation assumptions are:

Age	Current Year		Previous Year	
	Males	Females	Males	Females
45	28.3	31.1	27.3	30.3
55	26.4	29.5	25.8	28.9

(5) Morbidity Basis

Not applicable.

(6) Expense Basis

The following table shows the gross attributable expenses per policy

Product Group		Per Policy Expense	
		YE15 £ p.a.	YE14 £ p.a.
Conventional business			
CWP savings endowment (120/125)	Premium-paying	46.92	54.15
	Paid-up	33.36	37.90
CWP pensions (155/165)	Premium-paying	59.56	69.85
	Paid-up	41.69	48.90
Unitised business			
UWP bond (500)		35.93	41.38
UWP savings endowment (510)	Premium-paying	50.15	48.22
	Paid-up	35.16	33.75
UWP regular premium pension (525/545)	Premium-paying	58.94	57.12
	Paid-up	41.17	39.34
UWP group regular premium pension (535)	Premium-paying	58.66	57.12
	Paid-up	40.75	39.99
UWP single premium pension (525/545)		41.17	39.34
UWP group single premium pension (535)		40.75	39.99

The expenses on life business are netted down for tax at 20%.

The renewal commission rate payable is 2.50% for applicable business.

For the current valuation the investment expense assumptions have been updated to allow for the impact of a new investment fee scale agreed with the asset manager. The base fees are as follows:

Investment expense (gross of tax)	Current valuation	Previous valuation
CWP Life	0.144%	0.167%
CWP Pension	0.149%	0.132%

The investment expenses for life fund business should be netted down for policyholder tax at 20%.

In addition to the base fees, there is an explicit additional services fee which is allowed for as a provision of £0.1m. There is also a performance fee payable to the asset manager. This is not allowed for in the valuation basis because no over or under investment performance is assumed in the valuation interest basis.

(7) Unit Growth Rates and Expense Inflation

There are no unit growth rate assumptions as there is no linked business.

Future expenses are assumed to increase at 3.12% p.a.

(8) Future Bonus Rates

Assumed future bonus rates are 0% for all business, with the exception of unitised with-profits policies invested in the unit series where there is a guaranteed minimum bonus rate of 3% (life business) or 4% (pensions business). In these cases, the guaranteed bonus rates are used in the valuation.

These assumptions have not changed since the previous valuation.

(9) Persistency Assumptions

No allowance is made for lapses, except in the Bonus Reserve Valuation calculations for the With Profits Bonds as shown:

Product		Average Lapse/Surrender Rate for the Policy Years			
		1 - 5	6 - 10	11 - 15	16 - 20
UWP With Profit Investment Bond	Surrender	26.0%	30.8%	15.0%	15.0%
UWP Select With Profits Bond	Surrender	26.0%	30.8%	15.0%	15.0%
UWP With Profit Investment Bonds	Partial withdrawals	4.6%	6.8%	7.6%	7.6%
UWP Select With Profits Bond	Partial withdrawals	4.6%	6.8%	7.6%	7.6%
UWP With Profits Bond	Partial withdrawals	4.6%	6.8%	7.6%	7.6%

(10) Other Material Assumptions

There are no changes in methods and assumptions since the previous valuation other than those already discussed.

(11) Allowance for Derivatives

The assets described in Form 13 contain derivative contracts. These derivative contracts are to manage asset exposure and reduce risk and are appropriately matched. There are no changes in methods and assumptions since the previous valuation.

(12) Effects of Basis Changes

Not applicable.

5. OPTIONS AND GUARANTEES

(1) Guaranteed annuity rate options

For contracts with benefits expressed as cash but which have a guaranteed minimum annuity rate the reserve was calculated assuming that the benefit at maturity was the higher of:

- (v) the cash amount, and
- (vi) the intrinsic value of the guaranteed annuity, using mortality rates appropriate for deferred annuities and the valuation interest rate as shown for that contract (but subject to a maximum of the re-investment rate), plus time value (using stochastic modelling).

It is assumed that:

- (a) The expenses of payment are a fixed percentage (0.1%) of the value of the annuity
- (b) 100% of policyholders exercise the guaranteed annuity option and that the initial percentage of cash sum which will be used to purchase the annuity on guaranteed terms will be 85%.
- (c) These initial proportions are assumed to increase linearly to 95% over 20 years.

A distribution of retirement ages has been assumed for these contracts.

Product	Basic Reserve	O/S Duration	Gtee Reserve	GAO Rate (male age 65)	Incrs Yes/No	Annuity Form	Ret. Ages
	£m	years	£m				
Self Employed (S226)	219.8	24.0	183.0	11.00%	Yes	*	50-75 (with few exceptions)

(2) Guaranteed surrender and unit-linked maturity values

The Flexible Endowment contract is written as a with profit endowment assurance maturing on the policy anniversary prior to the sixty-fifth birthday. There are guaranteed early maturity values available from the tenth policy anniversary. The contracts are valued as endowment assurances to the earliest guaranteed option date.

Product	Basic Reserve	O/S Duration	Gtee Reserve	Gtee Amount	MVA-free conditions	In-force premiums	Incrs Yes/No
	£m	years	£m	£m		£m	
Flexible Endowment	2.58	30.9	4.1	8.7	n/a	0.2	No

(3) Guaranteed insurability options

There are no guaranteed insurability options.

(4) Other guarantees and options

Some classes of deferred annuity have a cash option. The reserve for these policies is calculated in the same way as for cash contracts with guaranteed annuity options, as described in paragraph 5.(1). For Self Employed (S226) Personal Pensions and Master policy plans, the take-up rate assumed for the cash option is:

15% for plans maturing immediately at the valuation date
 5% for plans maturing 20 years after the valuation date
 Interpolated linearly between these limits for intermediate maturity dates

For Individual Pension Arrangements, the take-up rate assumed for the cash option is:

10% for plans maturing immediately at the valuation date
 5% for plans maturing 20 years after the valuation date
 Interpolated linearly between these limits for intermediate maturity dates

The vesting date is taken to be Normal Retirement Age for Individual Pension Arrangements and Master policy plans; for Self Employed (S226) Personal Pensions the distribution of retirements with age is the same as that shown in paragraph 5 (1).

The total reserves on these contracts, after allowing for the cash option which reduces the reserve from that which would be required if only the deferred annuity was valued, are:

Deferred Annuity Contract	Total Mathematical Reserves	Mathematical Reserves if No Option	Reduction to Mathematical Reserves in Respect of Option
	£m	£m	£m
Self Employed (S226) Personal Pensions	4.1	4.3	0.2
Individual Pension Arrangements	109.2	117.0	7.8
Masterpolicy plans	216.5	231.2	14.7

6. EXPENSES

(1) Aggregate Expense Loadings

The aggregate gross of taxation amount available in the next 12 months, arising from margins in the valuation basis, to meet ongoing expenses from existing business is £12.25m. This is composed of explicit allowance of £9.72m for non-investment maintenance expenses and £2.54m for investment expenses.

(2) Implicit Allowances

There is an implicit allowance in the valuation basis for investment expenses. For conventional with-profits life business the allowance is 0.144% p.a. and for conventional with-profits pensions business the allowance is 0.149% p.a.

(3) Form 43 Comparison

The maintenance expenses shown at line 14 of Form 43 are £14.0m. This includes £1.8m investment management expenses and £12.2m in administrative expenses.

(4) New Business Expense Overrun

The company is no longer writing new business and so there is no requirement for a new business expense overrun reserve

(5) Maintenance Expense Overrun

The company has already closed to new business and the expense assumptions set out in paragraph 4.6 take account of this fact. There is thus no requirement for an additional expense overrun reserve allowing for future closure to new business.

(6) Non-attributable Expenses

Not applicable.

7. MISMATCHING RETURNS

(1) Analysis of Reserves by Currency

The reserves held by currency and the assets backing them are as follows:

Currency	Mathematical Reserves	Backed by Assets
	£m	£m
Sterling (£)	2,003.2	2,003.2
Euro (€)	5.2	5.2
Other currencies	0.0	0.0
Total	2,008.5	2,008.5

(2) Other Currency Exposures

No information required.

(3) Currency Mismatching Reserve

No reserve is held for currency mismatching. Any non-sterling-denominated assets are held within the fund as part of the diversified portfolio of investments. The discretionary nature of the payouts on with profit policies is such that they can vary with the returns on the assets and so there is no need to hold an additional reserve for currency mismatching.

(4) Most Onerous Scenario Under INSPRU 3.1.16(R)

Not applicable.

(5) Most Onerous Scenario Under INSPRU 3.1.23(R)

Not applicable.

(6) Resilience Capital Requirement

Not applicable.

(7) Additional Reserves Arising From INSPRU 1.1.34(2)(R)

No further reserve arises from the test on assets in INSPRU 1.1.34(2)(R). The liabilities are analysed by duration and the investment strategy is chosen appropriately so that there is no significant mismatch between assets and liabilities.

8. OTHER SPECIAL RESERVES

The following special reserves exceed the lesser of £10m and 0.1% of total mathematical reserves (£1.0m).

Data Provision	5.1
Future Litigation Costs	3.1
Project and Other Costs	3.1

A Data contingency reserve of £5.1 was held for additional liabilities which may arise in connection with data errors affecting the long-term business.

9. REINSURANCE

(1) Facultative Reinsurance

No reinsurance is ceded on a facultative basis to a reinsurer who is not authorised to carry on business in the UK.

(2) Reinsurance Treaties

There are no reinsurance treaties with reinsurance premiums and ceded reserves above the de minimis limits.

10. REVERSIONARY (OR ANNUAL) BONUS

The following table shows the modelled reserves, excluding provisions and non-policy related reserves, for the with profit business along with the reversionary bonus for the current (and previous) years:

Bonus Series	Gross Mathematical Reserves £m	Reversionary Bonus Rate (Current Year)	Reversionary Bonus Rate (Previous Year)	Total Guaranteed Bonus Rate (Current Year)
Conventional Business				
Conventional life assurance and general annuity business	38.60	0.0%	0.0%	0.0%
Conventional pension business	1106.72	0.0%	0.0%	0.0%
Unitised Business				
Unitised Life Series I	1.43	3.0%	3.0%	3.0%
Unitised Life Series II	0.78	3.0%	3.0%	3.0%
Unitised Life Series III	149.48	4.0%	0.0%	0.0%
Unitised Pensions Series I	155.80	4.0%	4.0%	4.0%
Unitised Pensions Series II	177.63	4.0%	4.0%	4.0%
Unitised Pensions Series III	147.04	4.5%	0.0%	0.0%
Unitised Pensions Series VII	0.16	6.0%	0.0%	0.0%
Unitised International Series I – £	0.92	3.5%	0.0%	0.0%
Unitised International Series I – \$	0.50	2.5%	0.0%	0.0%
Unitised International Series I – Euro	3.81	2.0%	0.0%	0.0%
With Profit Annuity	223.8	5.0%	0.0%	0.0%

SPI With-Profits Fund

3. DISCRETIONARY CHARGES AND BENEFITS

(1) Application of Market Value Reduction

For the UK business written in the with-profits fund, market value reductions applied were as follows:

Date	UK Life With-Profits Funds	UK Pensions With-Profits Funds
From 1 January 2015 to 31 January 2015	No MVA applied to this business.	No MVA applied to this business.
From 1 February 2015 to 28 February 2015	No MVA applied to this business.	No MVA applied to this business.
From 1 March 2015 to 31 March 2015	No MVA applied to this business.	No MVA applied to this business.
From 1 April 2015 to 30 April 2015	No MVA applied to this business.	No MVA applied to this business.
From 1 May 2015 to 31 May 2015	No MVA applied to this business.	No MVA applied to this business.
From 1 June 2015 to 30 June 2015	No MVA applied to this business.	No MVA applied to this business.
From 1 July 2015 to 31 July 2015	No MVA applied to this business.	Business written in calendar years 1987, 1991, and 1999.
From 1 August 2015 to 31 August 2015	No MVA applied to this business.	Business written in calendar years 1987, 1991, and 1999.
From 1 September 2015 to 30 September 2015	Business written in calendar years from 1992 -2014.	Business written in calendar years 1987, 1991,1993, 1996-2008, and 2010 -2013.
From 1 October 2015 to 31 October 2015	Business written in calendar years from 1992 -2014.	Business written in calendar years from 1986 -2014.
From 1 November 2015 to 30 November 2015	Business written in calendar years from 1992 -2014.	Business written in calendar years from 1986 -2014.
From 1 December 2015 to 31 December 2015	Business written in calendar years from 1992 -2014.	Business written in calendar years from 1986 -2014.

For the Irish business written in the with-profits fund, market value reductions applied were as follows:

Date	Irish Life With-Profits	Irish Pensions With-Profits Funds
From 1 January 2015 to 31 January 2015	No MVA applied to this business.	No MVA applied to this business.
From 1 February 2015 to 28 February 2015	No MVA applied to this business.	No MVA applied to this business.
From 1 March 2015 to 31 March 2015	No MVA applied to this business.	No MVA applied to this business.
From 1 April 2015 to 30 April 2015	No MVA applied to this business.	No MVA applied to this business.
From 1 May 2015 to 31 May 2015	No MVA applied to this business.	No MVA applied to this business.
From 1 June 2015 to 30 June 2015	No MVA applied to this business.	No MVA applied to this business.
From 1 July 2015 to 31 July 2015	No MVA applied to this business.	No MVA applied to this business.
From 1 August 2015 to 31 August 2015	No MVA applied to this business.	No MVA applied to this business.
From 1 September 2015 to 30 September 2015	No MVA applied to this business.	No MVA applied to this business.
From 1 October 2015 to 31 October 2015	No MVA applied to this business.	Business written in calendar years 1996 - 1999 and 2012-2014.
From 1 November 2015 to 30 November 2015	Business written in calendar years 2012 - 2014.	Business written in calendar years 1996 - 2000, 2003, 2007, and 2012-2014.
From 1 December 2015 to 31 December 2015	No MVA applied to this business.	Business written in calendar years 1996 - 1999.

(2) Premiums on Reviewable Protection Policies

Not applicable.

(3) Non-profit Deposit Administration

Not applicable.

(4) Service Charges on Linked Policies

Not applicable.

(5) Benefit Charges on Linked Policies

Not applicable.

(6) Accumulating With-Profits Charges

There were no changes to charges applied to accumulating with-profits policies.

(7) Unit Pricing of Internal Linked Funds

Not applicable.

(8) Tax Deductions From Internal Linked Funds

Not applicable.

(9) Tax Provisions for Internal Linked Funds

Not applicable.

(10) Discounts on Unit Purchases

Not applicable.

4. VALUATION BASIS

(1) Valuation Methods

The valuation methods used to calculate the mathematical reserves for each significant product group are described below. Unless otherwise stated, a prospective valuation method has been used and all policies are valued individually.

Conventional Business

All main classes of conventional business are valued using a gross premium method. The mathematical reserves were calculated as the value of future benefits and expenses less the value of future expected office premiums. No allowance for future lapses is made.

Unitised Business

The mathematical reserve for all unitised contracts linked to units in the unitised with-profits fund has been calculated as the higher of (i) and (ii) below:

(i) The minimum of (a) and (b) below:

(a) Face value of units, which is the number of units including attaching bonus units allocated up to the valuation date. This is the full value guaranteed at maturity, guarantee date, death, selected retirement age or on withdrawals under the regular withdrawal scheme;

(b) Asset Share (unless the contract has a guaranteed Market Value Adjustment free date, in which case Face value of units is taken as the minimum).

(ii) A prospective value calculated by discounting projected future cashflows and allowing for future expenses.

Exceptions:

(a) Negative reserves may have been included and some contracts of may insurance have been treated as an asset.

(2) Valuation Interest rates

The valuation interest rates used were as follows:

UK Valn Interest Rates

Life/Pensions	Product	Current Valuation	Previous Valuation
Life	Conventional whole life withprofits OB - BLAGAB	1.81%	1.56%
Life	Conventional whole life withprofits OB - BLAGAB	2.08%	1.87%
Life	Conventional deferred annuity withprofits - BLAGAB	2.68%	2.42%
Pensions	Conventional deferred annuity withprofits - GRB	1.51%	1.72%
Life	Regular premium nonprofit WL/EA OB - BLAGAB	1.64%	1.38%
Life	Single premium nonprofit WL/EA OB - BLAGAB	1.16%	1.00%
Pensions	Single premium nonprofit WL/EA OB - GRB	1.16%	1.00%
Life	Deferred annuity nonprofit - BLAGAB	1.92%	1.92%
Pensions	Deferred annuity nonprofit - GRB	2.63%	2.60%
Life	Life UWP single premium - BLAGAB	1.39%	1.11%
Life	Life UWP whole life regular premium - BLAGAB	1.46%	1.30%
Life	Life UWP endowment regular premium savings - BLAGAB	1.34%	1.11%
Pensions	Individual pensions UWP - GRB	1.35%	1.75%
Pensions	Index linked deferred annuity - GRB	1.43%	1.20%

Irish Valn Interest Rates

Life/Pensions	Product	Current Valuation	Previous Valuation
Pensions	Conventional whole life withprofits OB - GRB	1.53%	1.30%
Pensions	Conventional endowment withprofits OB savings - GRB	1.17%	0.95%
Pensions	Conventional deferred annuity withprofits - GRB	1.41%	1.31%
Pensions	Regular premium nonprofit WL/EA OB - GRB	0.00%	0.00%
Pensions	Life UWP single premium - GRB	1.00%	0.72%
Pensions	Life UWP endowment regular premium savings - GRB	1.00%	0.72%
Pensions	Individual pensions UWP - GRB	0.47%	0.40%

Note: the valuation interest rates are shown net of tax for with-profits life business and non-profit life term assurance business but gross of tax for all other business.

(3) Risk Adjustments

The yields on assets were reduced for risk as follows:

Equities

The risk adjusted yield on equities is determined by INSPRU 3.1.37R as the sum of the dividend yield and the earnings yield, divided by two unless the dividend yield is greater than the earnings yield. If the dividend yield is greater than the earnings yield then the risk adjusted yield is taken to be the dividend yield.

To allow for unreasonably high yields, a cap is applied to the dividend yield and earnings yield which is the lower of 25% or twice the annualised 15 year gilt yield.

Property

The risk adjusted yield on property is determined by INSPRU 3.1.36R as the ratio of the rental income arising from the property over the previous twelve months to the market value of the property.

Due to potential issues with the timing of rental income, a cap is applied of the contracted income arising from the property over the previous twelve months.

To allow for unreasonably high yields, a cap is applied to the resulting yield which is the greater of 10% or twice the annualised 15 year gilt yield.

Fixed Interest

a) Approved Securities

The risk adjusted yield on UK Government and other approved fixed interest securities is determined by INSPRU 3.1.39R as the annualised gross redemption yield. Allowance is made for credit risk as set out for Other Securities.

b) Other Securities

The risk adjusted yield on other fixed interest securities is determined by INSPRU 3.1.39R as the annualised gross redemption yield less a credit risk margin (haircut) which is applied on an individual stock by stock basis.

The investment managers obtain the agency ratings of all stocks and then recommend a rating for haircut purposes which will either be one of the agency ratings or a lower rating if they consider that more appropriate (taking into account such factors as current spread).

This rating is then used to derive a haircut from a table of average default rates. For stocks other than bank subordinated debt i.e. standard haircut, this is prudently based on double the historical default experience (1920 - 2013), net of an allowance for 37% recovery.

The average default rates are based on:

Credit Rating	Standard		
	Term		
	5 Yr	10 Yr	20 Yr
AAA	4.0	10.0	5.2
AA	20.6	30.3	17.6
A	34.4	45.3	24.6
BBB	72.7	82.8	42.2
BB	246.1	250.8	117.0
B	586.8	532.7	220.1

Sovereign, Sub-Sovereign, Regional or Supranational bonds with a rating of A and below are treated in the same way as standard haircut while AAA rated bonds assume no haircut and AA rated bonds in this category assume a third of the standard haircut.

Bonds rated CCC and below are taken as having zero yield.

For bank subordinated debt, the haircut is based on the Senior Rating of the issuing entities (rather than the rating of the sub-debt itself) whilst using a nil recovery assumption. However, if this results in a lower aggregate haircut compared to the standard haircut, the standard haircut is used instead.

Variable Interest

The risk adjusted yield on variable interest securities is the real yield. To allow for unreasonably high yields, a cap is applied to the yield which is the real yield of the FTSE Actuaries UK Index-Linked Gilts Over 5 Years Index. This cap applies to both approved and non-approved variable interest securities.

(4) Mortality Basis

The mortality tables used for each product group are shown in the following table:

Product Group		Current Valuation	Previous Valuation
Conventional endowment assurance (UK and overseas)	non-smoker	70% AM92 ult1 88% AF92 ult	70% AM92 ult1 88% AF92 ult
	smoker	141% AM92 ult1 176% AF92 ult	141% AM92 ult1 176% AF92 ult
	smoker status unknown	88% AM92 ult1 110% AF92 ult	88% AM92 ult1 110% AF92 ult
Conventional whole life assurances other than Bonus Mortgage Plan (UK and overseas)		Modified TM92 ult1 Modified TF92 ult	Modified TM92 ult1 Modified TF92 ult
Bonus Mortgage Plan		88% AM92 ult1 110% AF92 ult	88% AM92 ult1 110% AF92 ult
Conventional Capital Options and With-Profit Bond (overseas)		Nil Mortality	Nil Mortality
Conventional term assurance (UK and overseas)		Modified TM92 sel1 Modified TF92 sel	Modified TM92 sel1 Modified TF92 sel
Unitised assurances other than Flexible Mortgage Plan (UK and overseas)	non-smoker	70% AM92 ult1 88% AF92 ult	70% AM92 ult1 88% AF92 ult
	smoker	141% AM92 ult1 176% AF92 ult	141% AM92 ult1 176% AF92 ult
Flexible Mortgage Plan (UK)		Modified TM92 ult1 Modified TF92 ult	Modified TM92 ult1 Modified TF92 ult
Conventional deferred annuities (in deferment)	Overseas (group & individual)	Nil Mortality	Nil Mortality
	UK (individual)	Nil Mortality	Nil Mortality
	UK (group)	88% AM92 ult 110% AF92 ult	88% AM92 ult 110% AF92 ult
Simplified Pensions Investment Plan (in deferment)	UK and overseas	Nil Mortality	Nil Mortality
Linked deferred annuities (in deferment) and group pensions	Overseas	Nil Mortality	Nil Mortality
Deferred annuities in payment	UK and overseas, group and individual	Modified PMA00 Modified PFA00	Modified PMA00 Modified PFA00

¹ AIDS 33% R6A (peak) for males only

Assurance contracts using modified tables

Where the mortality assumptions are based on the TM92/TF92 tables, age-related percentages are used. Select rates are used for conventional term assurance and ultimate rates for conventional whole life assurance and the Flexible Mortgage Plan. Sample mortality rates per 1000 lives are as follows:

Conventional term assurance – current year

Sample rates per 1000 for term assurance (current year)

Age	Male non-smoker	Male smoker	Female non-smoker	Female smoker
25	0.408	0.729	0.185	0.280
35	0.438	0.719	0.287	0.486
45	0.990	1.720	0.715	1.343
55	2.549	6.481	1.873	3.864

Conventional term assurance – previous year

Sample rates per 1000 for term assurance (previous year)

Age	Male non-smoker	Male smoker	Female non-smoker	Female smoker
25	0.408	0.729	0.185	0.280
35	0.438	0.719	0.287	0.486
45	0.990	1.720	0.715	1.343
55	2.549	6.481	1.873	3.864

Conventional whole life assurance other than Bonus Mortgage Plan – current year

Sample rates per 1000 for whole of life assurance (current year)

Age	Male non-smoker	Male smoker	Female non-smoker	Female smoker
25	0.421	0.421	0.218	0.218
35	0.444	0.444	0.348	0.348
45	1.025	1.025	0.892	0.892
55	2.917	2.917	2.406	2.406

Conventional whole life assurance other than Bonus Mortgage Plan – previous year

Sample rates per 1000 for whole of life assurance (previous year)

Age	Male non-smoker	Male smoker	Female non-smoker	Female smoker
25	0.421	0.421	0.218	0.218
35	0.444	0.444	0.348	0.348
45	1.025	1.025	0.892	0.892
55	2.917	2.917	2.406	2.406

Unitised Flexible Mortgage Plan – current year

Sample rates per 1000 for Unitised Flexible Mortgage Plan (current year)

Age	Male non-smoker	Male smoker	Female non-smoker	Female smoker
25	0.503	0.500	0.244	0.391
35	0.539	0.495	0.378	0.680
45	1.190	1.221	0.942	1.877
55	3.116	4.485	2.468	5.401

Unitised Flexible Mortgage Plan – previous year

Sample rates per 1000 for Unitised Flexible Mortgage Plan (previous year)

Age	Male non-smoker	Male smoker	Female non-smoker	Female smoker
25	0.503	0.500	0.244	0.391
35	0.539	0.495	0.378	0.680
45	1.190	1.221	0.942	1.877
55	3.116	4.485	2.468	5.401

Deferred pension contracts (post vesting) including guaranteed annuity options.

Sample percentages of the base tables used for the current year (and previous year) valuation are:

	Current Year		Previous Year	
	Male	Female	Male	Female
At age 55	107.5%	90.0%	102.1%	90.3%
At age 65	107.5%	90.0%	102.1%	90.3%
At age 75	107.5%	90.0%	102.1%	90.3%
At age 85	107.5%	90.0%	102.1%	90.3%
At age 95	107.5%	90.0%	102.1%	90.3%

Specimen annual improvement rates, dependent on calendar year, are:

Males	2017	2027	2037	2047	2057	2067
55	1.76%	1.88%	2.50%	2.50%	2.50%	2.50%
65	1.53%	1.77%	2.23%	2.50%	2.50%	2.50%
75	2.74%	1.66%	2.17%	2.47%	2.50%	2.50%
85	2.73%	2.57%	2.13%	2.47%	2.50%	2.50%
95	1.58%	1.89%	1.80%	1.75%	1.79%	1.79%

Females	2017	2027	2037	2047	2057	2067
55	1.97%	1.86%	2.25%	2.25%	2.25%	2.25%
65	1.77%	2.18%	2.08%	2.25%	2.25%	2.25%
75	2.42%	2.08%	2.23%	2.23%	2.25%	2.25%
85	2.60%	2.39%	2.18%	2.25%	2.25%	2.25%
95	1.44%	1.71%	1.63%	1.60%	1.61%	1.61%

The expectation of life at age 65 for current ages 45 and 55 under the current (and previous year) valuation assumptions are:

	Current Year	Previous Year
--	--------------	---------------

Age	Males	Females	Males	Females
45	28.0	28.0	27.3	30.3
55	28.0	28.0	25.8	28.9

No other reserves for possible detrimental changes in mortality rates have been made.

(5) Morbidity Basis

All morbidity assumptions are based on the reinsurer's rates for the relevant contract. Sample morbidity rates per 1000 lives are as follows.

Sample rates per 1000 for Flexible Mortgage Plan - SCI (current year)

Age	Male non-smoker	Male smoker	Female non-smoker	Female smoker
25	0.633	0.721	0.493	0.610
35	0.889	1.389	1.188	2.020
45	2.021	4.262	2.476	5.882
55	7.055	12.986	6.505	13.120

Sample rates per 1000 for Flexible Mortgage Plan - SCI (previous year)

Age	Male non-smoker	Male smoker	Female non-smoker	Female smoker
25	0.633	0.721	0.493	0.610
35	0.889	1.389	1.188	2.020
45	2.021	4.262	2.476	5.882
55	7.055	12.986	6.505	13.120

No allowance was made for future deterioration in mortality, critical illness or TPD.

(6) Expense Basis

The following table shows the gross attributable expenses per policy:

Product Group	Per Policy Expense			
	Current Valuation		Previous Valuation	
	UK (£)	Ireland (€)	UK (£)	Ireland (€)
Conventional With-Profits Business				
CWP savings endowment (120)				
- premium-paying	40.47	105.70	41.78	65.30
-single premium / paid-up	28.31	105.70	29.25	65.30
CWP pensions (165)				
- premium-paying	77.69	105.70	80.23	65.30
-single premium / paid-up	77.69	105.70	80.23	65.30
Unitised With-Profits Business				
UWP savings endowment (510)				
- premium-paying	40.47	N/A	80.23	N/A
-single premium / paid-up	28.31	N/A	80.23	N/A
UWP pension (525)				
- premium-paying	77.69	105.70	80.23	65.30
-single premium / paid-up	77.69	105.70	80.23	65.30

The expenses on life business are netted down for tax at 20%.

Investment Expense (Gross of Tax)	Current valuation	Previous valuation
Type of Business		
Conventional With-Profits (CWP)		
UK CWP Life	0.140%	0.140%
UK CWP Pensions	0.140%	0.140%
UK NP	0.080%	0.080%
IRE CWP Life	0.140%	0.140%
IRE CWP Pensions	0.140%	0.140%
IRE NP	0.105%	0.105%
Unitised With-Profits (UWP)		
UK UWP Life	0.177%	0.177%
UK UWP Pensions	0.142%	0.142%
IRE UWP Life	0.186%	0.186%
IRE UWP Pensions	0.169%	0.169%

The investment expenses for life fund business should be netted down for policyholder tax at 20%.

There is a performance fee payable to the asset manager. This is not allowed for in the valuation basis because no over or under investment performance is assumed in the valuation interest basis.

There are no Zillmer adjustments for the policies to which the above expenses apply.

(7) Unit Growth Rates And Expense Inflation

There are no unit growth rate assumptions as there is no linked business. Future expenses are assumed to increase at 3.12% p.a.

(8) Future Bonus Rates

Assumed future bonus rates are 0% for all business, with the exception of unitised with-profits policies invested in the unit series where there is a guaranteed minimum bonus rate of 3% (Series 1, life business), 0% (Series 2, life business), 4% (Series 1, pensions business) or 0% (Series 2, pensions business). In these cases, the guaranteed bonus rates are used in the valuation.

(9) Persistency Assumptions

It is assumed that there are no lapses or surrenders and no policies are made paid-up after the valuation date.

(10) Other Material Assumptions

There are no other material basis assumptions.

(11) Allowance for Derivatives

The assets described in Form 13 contain derivative contracts. These derivative contracts are to manage asset exposure and reduce risk and are appropriately matched.

(12) Effects of Basis Changes

There have been no changes in valuation methodology arising from changes in INSPRU valuation rules effective from 31 December 2006.

5. OPTIONS AND GUARANTEES

(1) Guaranteed Annuity Rate Options

Guaranteed annuity rate options are included on the following contracts:

- Conventional pension pure endowments
- Simplified Pension Investment Funding Plan
- Select Executive and Personal Retirement Plans written in the Republic of Ireland prior to October 1998

For contracts with benefits expressed as cash but which have a guaranteed minimum annuity rate the reserve was calculated assuming that the benefit at maturity was the higher of:

- the cash amount, and
- the intrinsic value of the guaranteed annuity, using mortality rates appropriate for deferred annuities and the valuation interest rate as shown for that contract (but subject to a maximum of the re-investment rate), plus time value (using stochastic modelling).

It is assumed that:

- The total reserve is based on the annuity take-up rate assumptions set out below. These assumptions take account of the guaranteed terms for escalating annuities, which are more onerous than those for level annuities.

Contract	Cash option	Level annuity	Escalating annuity
Conventional pure endowments	20%	40%	40%
Simplified Pension Investment Funding	0%	0%	100%

- The reserves based on these assumptions are subject to a minimum of 95% of the reserves that would be held based on assumptions of 100% level annuities for conventional pure endowments and 100% escalating annuities for Simplified Pension Investment Funding Plan.
- The Select Executive and Personal Retirement Plans assume 100% of policyholders exercise the guaranteed annuity option.

The total reserves on these contracts are:

Product	Basic Reserve	O/S Duration	Gtee Reserve	GAO Rate (male aged 65)	Incrs Yes/No	Ann. Form	Ret. Ages
	£m	years	£m				
Conventional Pension Pure Endowments	56.6	0 - 30	58.8	11.1% / 4.6% (UK) 11.1% / 9.1% / 4.6% (Ireland)	Yes	*	50-75
Simplified Pension Investment Funding Plan	33.5	0 - 12	12.0	10.0% / 4.5%	Yes	*	50-75

Select Executive & Personal Retirement Plan	11.6	0 - 39	7.7	9.1%	Yes, but guaranteed annuity rates do not apply.	*	60-70
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* Sample guaranteed annuity rates are provided based on single life, level annuities paid monthly in advance and guaranteed for 5 years. Other options are available. For the Simplified Pension Investment Funding Plan, the basis of the annuity is decided at scheme level; for the other plans, policyholders may choose a different basis, e.g. with spouse's annuity, escalating payments or different payment frequency.

For Conventional Pensions, the guaranteed annuity rates were reduced in July 1999 in the UK and in both March and October 1998 in the Republic of Ireland. For the Simplified Pension Investment Funding plan, the guaranteed annuity rates were reduced in June 1999. The sample rates shown above are those applicable before and after these reductions.

(2) Guaranteed Surrender and Unit-linked Maturity Values

Additional reserves are held for the following guarantees. The additional reserves are deemed sufficient to cover the additional liability arising under the most onerous of the guarantee option dates in each case.

- Certain conventional endowment assurances (Selected Period Investment and Step-up Investment Plan) are written to mature on the policy anniversary before the 65th birthday but offer guaranteed early maturity values on each policy anniversary from the tenth onwards.
- UK Early Option Mortgage plans (with-profit endowment assurances) offer guaranteed early maturity options on any of the last five policy anniversaries.
- Irish Options Plus Endowment Plans (with-profit endowment assurances) offer guaranteed early maturity options on each policy anniversary from years 5 or 10 onwards.
- Irish Capital Options plans (with-profit endowment assurances) were available for terms of between 10 and 30 years (subject to a maximum age at expiry of 85) but with guaranteed early maturity options available on each policy anniversary from the fifth anniversary onwards.
- Irish Bonus Mortgage Plans offer guaranteed early maturity options on each policy anniversary from year 10 onwards.
- Certain conventional deferred annuities were written to retirement ages of 70 or 75 but with guaranteed early retirement factors from age 60.

No additional reserve is required for the following guarantees:

- UK Capital Investment Bonds investing in the Series I With-Profits Life Fund guarantee that no MVA will be applied on quinquennial policy anniversaries. There has been no new business since 1997 and so this business falls outside the commencement period for which MVAs apply.
- Irish With-Profits Bonds sold after March 1999 have a surrender value guarantee of a return of premium on the fifth policy anniversary. The amount of basic reserve held is greater than total premium in force, and so no additional reserve is required.

Product	Basic	O/S	Gtee	Gtee	MVA-free	In-force	Incrs
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	Reserve	Duration	Reserve	Amount	conditions	premiums	Yes/No
	£m	years	£m	£m		£m	
Selected Period Investment	49.1	0 - 32	1.1	40.2	n/a	1.7	No
Step-up Investment Plan	38.6	0 - 32	1.7	56.2	n/a	2.7	No
UK Early Option Mortgage Plans	18.9	0 - 21	0.4	38.1	n/a	2.3	No
Irish Options Plus Endowment Plan	6.6	0 - 33	0.0	6.2	n/a	0.2	No
Irish Capital Options	9.2	0 - 18	0.2	16.3	n/a	0.9	No
Irish Bonus Mortgage Plan	3.1	0 - 21	0.0	4.9	n/a	0.3	No
Deferred annuities (SEDA)	204.2	0 - 45	0.1	14.0	n/a	1.8	No
UK Capital Investment Bonds	30.8	0 - 72	0.0	35.3	On quinquennial anniversaries	0.0	No
Irish With-Profits Bonds	1.1	0 - 77	0.0	1.5	n/a	0.0	No

(3) Guaranteed Insurability Options

Not applicable

(4) Other Guarantees and Options

Not applicable.

6. EXPENSE RESERVES

(1) Aggregate Expense Loadings

The aggregate amount of expense loadings, grossed up for taxation where appropriate, expected to arise during the twelve months after the valuation date from implicit and explicit reserves made in the valuation to meet expenses in fulfilling contracts in force at the valuation date is £7.99m. This is composed of the following elements:

	£m
Explicit allowances for investment expenses	0.00
Explicit allowances for other maintenance expenses	6.48
Implicit allowances for investment expenses	1.51

(2) Implicit Allowances

The implicit allowance for investment expenses has been calculated as a reduction in the valuation interest rate, which is the rate of the investment manager's fees. The expense by class of business is shown in the table above under paragraph 4 section (6) Expense Basis.

(3) Form 43 Comparison

The table below shows the difference between the amount in paragraph 6 (1) and that reported on line 14 of Form 43.

	F43.14	Table 6(1)	Difference
	(a) £m	(b) £m	(a) - (b) £m
Maintenance expenses	6.48	6.48	0.00
Investment management expenses	2.30	1.51	0.79
Total	8.78	7.99	0.79

The expense loadings in Table 6 (1) are based on a smaller book of business due to the run-off of this closed fund than in Form 43 line 14, though this is partly offset by the inclusion of an additional year's inflation compared to Form 43 line 14. Additionally the following differences exist between the two:

- Form 43 includes a services fees cost of £0.47m as part of the maintenance expense which is not included in Table 6 (1)

(4) New Business Expense Overrun

Since the company is closed to new business, except for contractual increments, it does not expect to incur any material strain in writing new business so no additional reserve is required.

(5) Maintenance Expense Overrun

Expense reserves in accordance with paragraph 6 (1) are considered to be sufficient to meet the expenses likely to be incurred in the future in fulfilling the existing contracts.

The expense assumptions allow for the fees payable under a management services agreement plus a prudent allowance for costs that are not covered by standard fees payable under the agreement.

No allowance has been made for redundancy costs (as these will be met by the service provider), or for any costs of terminating the management services agreement (as the service provider does not have the option to terminate the contract).

(6) Non-attributable expenses

Not applicable – all expenses are treated as attributable.

7. MISMATCHING RESERVES**(1) Analysis of Reserves by Currency**

	Matching Assets			
	Mathematical Reserves	Same Currency	Other Currency	Mismatching Percentage
Currency	£m	£m	£m	£m
Sterling (£)	1,160.9	1,160.9	195.5	17%
Euro (€)	329.4	260	69.8	21%

(2) Other Currency Exposures

Not applicable

(3) Currency Mismatching Reserve

No currency mismatching reserve is necessary.

(4) Most Onerous Scenario Under INSPRU 3.1.16(R)

Not applicable

(5) Most Onerous Scenario Under INSPRU 3.1.23(R)

Not applicable

(6) Resilience Capital Requirement

Not applicable

(7) Additional Reserves Arising From INSPRU 1.1.34(2)(R)

No reserve is required for mismatching. Liabilities are analysed by duration and the investment strategy is chosen appropriately so that there is no significant mismatch between assets and liabilities.

8. OTHER SPECIAL RESERVES

The following special reserves exceed the lesser of £10m and 0.1% of total mathematical reserves (£1.0m).

Data Provision	4.4
Future Litigation Costs	2.6
Project and Other Costs	2.7

9. REINSURANCE**(1) Facultative Reinsurance**

- (a) No premiums were payable on a facultative basis to a reinsurer that was unauthorised to carry on insurance business in the UK.
- (b) No premiums were payable to a connected company reinsurer that was unauthorised to carry on insurance business in the UK.

(2) Reinsurance Treaties

Not applicable

10. REVERSIONARY (OR ANNUAL) BONUS

The reversionary bonus rates have been as follows:

Bonus series	Mathematical reserves £m	Reversionary bonus rate (current year)	Reversionary bonus rate (previous year)	Total guaranteed bonus rate (current year)
Conventional business				
UK Conventional assurances (life)	365.7	3.00%	1.50%	0.00%
Irish Conventional assurances (life)	53.6	3.00%	3.00%	0.00%
Conventional individual deferred annuities and pure endowments (pensions)	461.6	3.00%	1.50%	0.00%
Unitised Business				
Unitised Life Series I	40.7	5.00%	5.00%	3.00%
Unitised Life Series II	23.5	5.50%	2.00%	0.00%
Irish Unitised Life Fund	1.5	3.50%	1.00%	0.00%
Unitised Pensions Series I	302.6	4.00%	4.00%	4.00%
Unitised Pensions Series II	128.9	5.50%	2.00%	0.00%
Irish Unitised Pensions Series I	15.8	4.00%	4.00%	4.00%
Irish Unitised Pensions Series II & III	21.5	4.00%	1.00%	0.00%
Simplified Pension Investment Funding Plan Tranche 4	1.8	6.00%	6.00%	6.00%
Simplified Pension Investment Funding Plan Tranche 5	7.6	5.25%	5.25%	5.25%
Simplified Pension Investment Funding Plan Tranche 6	8.8	4.50%	4.50%	4.50%
Simplified Pension Investment Funding Plan Tranche 7	20.4	3.00%	4.00%	3.00%
Simplified Pension Investment Funding Plan Tranche 8	10.4	3.00%	5.00%	0.50%

For unitised with-profits policies, the reversionary bonus is added daily in the form of growth of the unit price.

NPI With-Profits Fund

As part of the transfer of NPIL to PLL on 1st January 2012 a new NPI WP fund was created. NPIL held predominantly non-profit business but the unit-linked business had a unitised with-profit (UWP) option and this business transferred to NPI WP.

The UWP business is wholly reinsured to Phoenix Life Assurance Limited (the former Pearl Assurance Limited), including associated expenses and charges; the NPI With-Profits fund therefore has no net assets. Asset shares and any bonuses paid by the NPI WP fund are determined by the reinsurer. As a consequence the NPI With-Profits fund does not require the appointment of a With-Profits Actuary. Further to this it is also not the intention to complete a separate Appendix 9.4 for the NPI With-Profits fund, instead relevant questions have been addressed in Appendix 9.4 of the Non Profit Fund.

Non Profit Fund

3. DISCRETIONARY CHARGES AND BENEFITS

(1) Application of Market Value Reduction

Policies previously written in PLL, Alba, Century, BULA, SMA, SPL, BRS, BA

Not applicable.

Policies previously written in NPIL

Market value reductions ("MVRs") were applied on NPIL business as follows:

Product	Premium Investment Date	Period applied
Portfolio Bond Series 1	01/07/1999 to 30/09/2000	01/01/2015 - 31/12/2015
	01/10/2000 to 31/12/2000	01/01/2015 - 31/05/2015 and 01/07/2015 - 31/12/2015
	01/01/2001 to 31/03/2001	01/01/2015 - 31/01/2015 and 01/10/2015 - 31/10/2015
	01/01/2015 to 31/03/2015	01/10/2015-30/11/2015
	01/04/2015 to 30/06/2015	01/10/2015 - 31/12/2015
	01/07/2015 to 30/09/2015	01/11/2015 - 30/11/2015
NPIL UWP Portfolio Bonds 1b and 2	01/01/2000 to 31/03/2000	01/01/2015 - 31/05/2015 and 01/07/2015 - 31/12/2015
	01/04/2000 to 30/09/2000	01/01/2015 - 28/02/2015 and 01/09/2015 - 31/12/2015
	01/10/2000 to 31/12/2000	01/10/2015 - 30/11/2015
	01/01/2015 to 30/06/2015	01/10/2015 - 31/10/2015
NPIL UWP Portfolio Bonds 3	01/10/2000 to 31/12/2000	01/01/2015 - 28/02/2015 and 01/09/2015 - 31/12/2015
	01/01/2001 to 31/03/2001	01/10/2015 - 30/11/2015
	01/01/2015 to 31/03/2015	01/10/2015 - 31/10/2015
	01/04/2015 to 30/06/2015	01/10/2015 - 30/11/2015
NPIL UWP Pensions	01/01/2000 to 30/06/2000	01/01/2015 - 31/05/2015 and 01/07/2015 - 31/12/2015
	01/07/2000 to 30/09/2000	01/01/2015 - 31/12/2015
	01/10/2000 to 31/12/2000	01/01/2015 - 28/02/2015 and 01/10/2015 - 30/11/2015
	01/01/2015 to 31/03/2015	01/08/2015 - 30/08/2015 and 01/10/2015 - 30/11/2015
	01/04/2015 to 30/06/2015	01/10/2015 - 31/12/2015
	01/07/2015 to 30/09/2015	01/11/2015 - 30/11/2015
NPIL Socially Responsible Bond	01/01/2015 to 31/03/2015	01/10/2015 - 31/12/2015
	01/04/2015 to 30/06/2015	01/10/2015 - 31/12/2015
	01/07/2015 to 30/09/2015	01/11/2015 - 30/11/2015
NPIL Socially Responsible Pensions	01/10/2014 to 31/12/2014	01/11/2015 - 30/11/2015
	01/01/2015 to 31/03/2015	01/10/2015 - 31/12/2015
	01/04/2015 to 30/06/2015	01/10/2015 - 31/12/2015
	01/07/2015 to 30/09/2015	01/11/2015 - 31/12/2015

(2) Premiums on Reviewable Protection Policies

The following table shows the changes to premiums on non-linked reviewable protection policies since the previous valuation date.

Previous Company	Product	No of Policies	Annual Premium (£000s)	Range of increase	
				From (%)	To (%)
BULA	Mortgage Cover Plan	374	131	-6%	0%
Century	Ex-NAL Critical Illness Plan	5,260	1,235	-10%	0%

The following table shows the reviewable protection policies where there were no changes to premiums since the previous valuation.

Previous Company	Product	No of policies	Annual premium in (£000s)
BA	Decreasing term assurance	369	71
BA	Level Term assurance with critical illness	173	31
BA	Critical illness	780	159
BA	Pensions term assurance	2,532	403
BULA	Life Cover Plan	140	42
BULA	Total Cover Plan	300	149

The following table shows the yearly renewable term assurance policies where there were no changes to underlying premium rates since the previous valuation.

Previous Company	Product	No of policies	Annual premium in (£000s)
PLL	Progressive Protection Plan	4,132	18,824
PLL	Flexible Mortgage Plan	851	354

(3) Non-profit deposit administration contracts

Policies previously written in PAL

The Pension Plan for the Self-Employed (PPSE) is a deferred annuity contract approved under section 226 of the Income and Corporation Taxes Act 1970.

The Executive Pension Plan (EPP) is designed for treatment as an exempt approved scheme as defined in the Finance Act 1970.

The Voluntary Pension Plan (VPP) provides additional benefits at retirement for members of approved company pension schemes through voluntary contributions of the member.

Under these contracts premiums for retirement benefits are paid into a Pension Account, interest being declared monthly in advance and compounded annually.

The interest rates applied during the valuation year were as follows:

Month	Interest Rate %p.a.
January	3.19%
February	3.19%
March	3.18%
April	3.17%
May	3.15%
June	3.14%
July	3.12%
August	3.11%
September	3.09%
October	3.07%
November	3.06%
December	3.04%

Policies previously written in SLUK

The interest rate applied during 2015 on deposit administration contracts previously written in SLUK was 0.55%.

Policies previously written in Century

Non profit Deposit Administration

This is a group deposit administration policy approved under Chapter I, Part XIV of the Income and Corporation Taxes Act 1988.

For premium paying schemes the account accumulates with credited interest additions which are the greater of:

- a) A guaranteed minimum rate of interest of 4% per annum throughout the term of the policy increased by 1.5%; and
- b) A basic credited rate increased by 1.5%.

For paid-up policies, the credited rate is reduced by 2% and the addition and guaranteed minimum cease to apply.

The basic rates declared depend on the month in which the end of the policy year falls. The rates declared in the period covered by this return are 0.00% p.a. for each month.

The Pensions 2000 Range (First Series)

This range consists of four varieties of one underlying group contract capable of exempt approval under Chapter I, Part XIV of the Income and Corporation Taxes Act 1988.

For premium paying schemes the interest additions made to the accounts are the greater of:

- (a) A guaranteed minimum rate of interest of 4% per annum throughout the term of the policy. The guaranteed rate is increased for schemes where the level of annual premium exceeds certain thresholds. These thresholds vary according to the year in which the policy was effected, and are increased from year to year in line with the increase in the Retail Price Index over the period between commencement and renewal dates; and
- (b) A credited rate. This rate is increased as described above.

For paid-up policies the credited rate is reduced by 2% and the threshold increases and guaranteed minimum cease to apply.

The basic rates declared depend on the month in which the end of the policy year falls. The rates declared in the period covered by this return are 0.00% p.a. for each month.

For pooled funded arrangements the base thresholds (i.e. before increasing in line with the Retail Price Index) are generally as follows:

Annual premium	Additional Interest
£4,999 or less	Nil
£5,000 to £9,999	0.50%
£10,000 to £49,999	1.00%
£50,000 or over	1.50%

For the money purchase arrangements additional interest is credited at the following rates:

Annual premium	Additional Interest
£9,999 or less	Nil
£10,000 to £49,999	0.50%
£50,000 or over	1.00%

This scale of thresholds applies to each of the first five policy years of a scheme. In subsequent years the threshold levels are indexed in line with the Retail Price Index.

Century Group Deposit Administration

These are group pension contracts designed to secure approval under Finance Act 1970 as exempt approved arrangements. Benefits are based on the accumulated premiums after provision for administration charges and with the addition of annual dividends, which are linked to the yield on the Unit Linked Century/OMLA Money Pension Fund. There are also guaranteed deferred and immediate annuity rates for the conversion of funds into annuities. Separate life assurance and widows reversionary annuities may be included on a non-profit basis.

Century Personal Pension Plans - pre April 1980

These are deferred annuity contracts approved under Section 226 of the Income and Corporation Taxes Act 1970. Benefits are based on the accumulated premiums after deduction of an annual administration charge and with the addition of annual dividends, which are linked to the yield on the Unit Linked Century/OMLA Money Pension Fund. Separate life assurance may be included on a non-profit basis. There are also guaranteed immediate annuity rates for the conversion of funds into annuities at retirement.

Century Personal Pension Plans - post April 1980

These are deferred annuity contracts approved under Section 226 of the Income and Corporation Taxes Act 1970. Benefits are based on the accumulated premiums after deduction of an annual administration charge and with the addition of annual dividends, which are linked to the yield on the Unit Linked Century/OMLA Money Pension Fund. Regular premiums paid during the first two years of the contract ("Initial Premiums") receive dividends at a lower rate than other premiums. Separate life assurance may be included on a non-profit basis. Dividends are guaranteed to be not less than 4% per annum (1% per annum on Initial Premiums). There are also guaranteed immediate annuity rates for the conversion of funds into annuities at retirement.

Century Capital Pension Plans

These are individual pension contracts designed to secure approval under the Finance Act 1970 as exempt approved arrangements. Benefits are based on the accumulated premiums after deduction of an annual administration charge and with the addition of annual dividends, which are linked to the yield on the Unit Linked Century/OMLA Money Pension Fund. Regular premiums paid during the first year of the contract ("Initial Premiums") receive dividends at a lower rate than other premiums. Life Assurance and widows reversionary annuities may be included on a non-profit basis. There remains an absolute guarantee that bonuses will average at least 4.5% and 1.5% per annum. There are also guaranteed immediate annuity rates for the conversion of funds into annuities at retirement.

Century Executive Pension Plans

These are individual pension contracts designed to secure approval under the Finance Act 1970 as exempt approved arrangements. Benefits are based on the accumulated premiums after deduction of an annual administration charge and with the addition of annual dividends, which are linked to the yield on the Unit Linked Century/OMLA Money Pension Fund. Regular premiums paid during the first two years' of the contract ("Initial Premiums") receive dividends at a lower rate than other premiums. Life Assurance and widows reversionary annuities may be included on a non-profit basis. There are also guaranteed immediate annuity rates for the conversion of funds into annuities at retirement.

Policies previously written in Alba, BULA, BRS, BA, SMA, SPL and NPIL

There are no deposit administration policies in force.

(4) Service Charges on Linked Policies**Policies previously written in PLL, Alba, Century, BULA, SMA, SPL and NPIL**

The following table shows the range of changes to policy fees on unit-linked contracts during 2015:

Ex-Company	Minimum % increase	Maximum % increase
PLL	0.00%	3.85%
Alba	0.00%	0.00%
Century	0.00%	3.54%
BULA	1.79%	4.17%
SMA	3.39%	4.30%
SPL	0.00%	1.92%
NPIL	0.60%	2.40%

Policies previously written in BRS

There are no linked policies with service charges.

Policies previously written in BA

There are no linked policies in force.

(5) Benefit Charges on Linked Policies

There were no changes to benefit charges on linked policies in the period.

(6) Accumulating With Profits Charges

There were no changes to the unit management charges or notional charges on accumulating with profit policies and linked business during the year.

(7) Unit Pricing of Internal Linked Funds**Policies previously written in PLL**(a) Method used for cancellation and creation of units

All units are allocated to policies at the offer price calculated at the first valuation subsequent to the decision to allocate units. For non-Group units the fund is credited with an amount equal to the number of units allocated multiplied by the creation price or cancellation price (depending on whether the assets of the fund are being valued on a creation basis or cancellation basis respectively).

For Group units the fund is credited with an amount equal to the number of units allocated multiplied by the offer price.

All units are de-allocated from policies at the bid price calculated at the first valuation subsequent to the decision to de-allocate units. For non-Group units the fund is debited with an amount equal to the number of units so de-allocated multiplied by the creation price or cancellation price (depending on whether the assets of the fund are being valued on a creation basis or cancellation basis respectively). For Group units the fund is debited with an amount equal to the number of units de-allocated multiplied by the bid price.

Method used to determine prices of non-Group units in internal linked funds (except units in the Old Building Society Fund)

Prices of non-Group units in internal linked funds are calculated periodically thus:

- (i) The assets of the fund are valued at 8 a.m. on the valuation day using, where applicable, the latest available prices supplied by a recognised supplier. Income from the assets of the fund less any appropriate tax charge is credited to the fund. Allowance is made for accrued income less deductions for any tax charges, both actual and prospective, and any other appropriate deductions permitted by policy conditions which includes investment management expenses for certain products.

The assets of the fund are valued on a cancellation basis (i.e. the price at which assets would be sold) unless there is material new money into the fund on a pricing day. If this is the case, the assets are valued on a creation basis (i.e. the price at which the assets would be purchased) for that day only.

- (ii) The value determined in (i) is adjusted by an allowance for dealing costs representing dealing costs incurred in purchasing an identical portfolio if valued on a creation basis or dealing costs incurred in realising the portfolio if valued on a cancellation basis.
- (iii) Except for the Lifestyle Bond fund series and the Pensions Solutions fund series (for the range of pension products launched on 6 April 2001), a fund management charge is deducted from the fund at the applicable rate. The fund value for charging purposes may or may not include dealing costs adjustments and certain tax adjustments depending on policy conditions.
- (iv) The value of the fund thus determined divided by the number of units in issue represents the creation price (if assets are valued on a creation basis) or cancellation price (if assets are valued on a cancellation basis).
- (v) The offer price is calculated as the creation price or cancellation price, if the assets of the fund are valued on a creation basis and cancellation basis respectively, multiplied by A/B and rounded. The bid price is calculated as B% of the offer price and rounded, where:

A = 101 for all ULA and ULPF fund series except Money and Shield fund series
 = 100 for other fund series

B = varies between 94 and 100. 100 less B represents the bid/offer spread

- (vi) Prices in the Deposit and Money funds are guaranteed not to fall.

Method used to determine prices in the Old Building Society fund

The change in unit price of accumulation units is linked to the change in the lowest rate of interest used by Santander (previously Abbey National plc) for new repayment mortgages granted on owner-occupied private domestic premises. In the event that no such rate or more than one rate is used, the Company may use a rate that is in its opinion fair and reasonable. In the case of capital units only, an additional annual management charge, currently 3.5%, applies.

Method used to determine prices of Group units in internal linked funds

Prices of Group units in internal linked funds are calculated periodically thus:

- (i) The assets of the fund are valued on the last working day of the month at 8 a.m. using, where applicable, the latest available prices supplied by a recognised supplier. Income from the assets of the fund is credited to the fund. Allowance is made for accrued income, both actual and prospective, and any appropriate deductions permitted by policy conditions. Certain costs incurred are met by the fund, e.g. custodian's fees, stamp duty and other dealing costs. Investment management expenses are met by the Company.

The assets of the fund are valued on a cancellation basis (i.e. the price at which assets would be sold) or a creation basis (i.e. the price at which the assets would be purchased) depending on whether there is a net cancellation or creation of units at the valuation date.

- (ii) The value determined in (i) is adjusted by an allowance for dealing costs representing dealing costs incurred in purchasing an identical portfolio if valued on a creation basis or dealing costs incurred in realising the portfolio if valued on a cancellation basis.
- (iii) A fund management charge is deducted from the fund at the applicable rate.
- (iv) The value of the fund thus determined divided by the number of units in issue represents the creation price (if assets are valued on a creation basis) or cancellation price (if assets are valued on a cancellation basis).

There is no bid/offer spread. If the fund is valued on a cancellation basis the bid and offer prices are calculated as the rounded cancellation price. If the fund is valued on a creation basis the bid and offer prices are calculated as the rounded creation price.

Method used to determine prices of units in internal linked funds (SLUK, ex-OB Fund)

In pricing units in internal linked funds, investments are valued at the lowest available offer price or the highest available bid price with appropriate allowance for the expenses of purchase or sale. The decision to value on a bid or offer basis is based on whether the trend of the number of units in the fund is downwards or upwards. The valuation is used to determine the bid price, the offer price being determined by adding the bid/offer spread to the bid price. Units are created and cancelled at the bid price; they are allocated to policies at the offer price and redeemed at the bid price. The prices used are those in effect on the day following a decision to carry out a transaction, or on the day a transaction is effected. Pricing is normally carried out daily for those funds which are invested in equities. For other funds, pricing is normally carried out weekly, the prices applying to the following seven days.

(b) Different Pricing Bases

Other than the differences mentioned in (a), different pricing bases do not apply to different policies.

(c) Units in Collective Investment Schemes

Funds buy units in certain collective investment schemes operated by Phoenix Unit Trust managers Limited (PUTM) at the creation price and sell units at the cancellation price. The price used in the fund valuation is in the main from midnight the day before the valuation date, but may be adjusted to reflect market and currency movements from then until the valuation of the linked fund.

For other schemes, purchases are normally made at the offer price and sales at the bid price.

In addition, for fund series formerly in ULA and ULPF, Series 8, 9 and 10 units for funds formerly in SAPL and the Lifestyle Bond and Pensions Solutions fund series, any remaining unit trust or Open Ended Investment Company fund management charge net of any rebate is reimbursed by the Company to the internal linked fund.

Policies previously written in Alba

(a) Method used for cancellation and creation of units

For all contracts described in this section, unless otherwise stated, the following features apply:

- All unit purchases are subject to a charge (representing the bid-offer spread) of typically 5%.
- There is currently no charge for one switch between funds every year (though the company reserves the right to introduce such a charge at any time). Charges may be made for each switch after the first.

- (i) The price at which the company creates and liquidates units is on the bid price on the day in question.

(ii) Assets are valued at market values where they exist. The following rules apply:

Asset	Bid price	Offer Price
Cash	Face value	Face value
Internal linked Fund	Bid	Bid
Fixed interest	Bid minus dealing	Offer plus dealing
Internal unit trust	Cancellation	Creation
External unit trust	Bid	Offer
Equity	Bid minus dealing	Offer plus dealing
Property	Market value minus sale costs	Market value plus purchase costs

The funds, other than personal bond funds and self-managed pension funds, are invested primarily in collective investment schemes operated by PUTM. The price used in the fund valuation is in the main from midnight the day before the valuation date, but may be adjusted to reflect market and currency movements from then until the valuation of the linked fund.

Calculating bid and offer values of the units

The asset values used in the calculation of unit prices include an allowance for dealing costs of buying or selling the assets.

The initial charge incorporated into the calculation of maximum offer prices is fixed at 5/95 of the value of the Fund.

(iii) Basis of valuation of assets

Funds' unit movements are reviewed on a regular basis. If there are net purchases expected in the medium term then a fund would be valued on an offer basis, otherwise the fund would be valued on a bid basis.

(iv) Timing of asset valuation

Personal Bond Funds and Self-Managed Pension funds are valued using asset prices from the previous day's close. These are valued once a month or when needed for the purpose of unit transactions in the fund. All other funds are valued daily at noon.

(b) Different Pricing Bases

There are no differences applying to different policies.

(c) Collective Investment Schemes

This is covered in (a) above.

Policies previously written in Century

(a) Method used for cancellation and creation of units

The valuation price of a unit is calculated by dividing the market value of the relevant assets, including accruals for income and charges and after adjustment for accrued liability for tax on income and on realised and unrealised capital gains and losses, by the number of units in existence for the fund / type.

The creation price of a unit is obtained in the same way as the valuation price, having regard to the offer value of the investments plus the costs of acquisition. The cancellation price is similarly obtained having regard to the bid value of the investments less the costs of disposal.

If a fund has a net cash inflow and this is expected to remain so then the creation price will be used to allocate units to and, within limits, to de-allocate units from funds. Where a fund has a net cash outflow and is expected to remain so then the cancellation price will be used to de-allocate units from and, within limits, to allocate units to funds.

For funds priced on a bid (cancellation) basis, the published bid price is determined from the cancellation price. The offer price is then obtained by multiplying by $100/(100-\text{bid offer spread } \%)$.

For funds priced on an offer (creation) basis, the published offer price is determined from the creation price multiplied by $100/(100-\text{bid offer spread } \%)$. The published bid price is then $(100-\text{bid offer spread } \%)$ of the offer price.

Currently the published prices are rounded to the nearest tenth of a penny.

Valuations are carried out daily based on the previous night's closing market values of the investments. Some prices may be adjusted to reflect market and currency movements from the previous close until the valuation of the linked fund.

On any pricing day the net unit movements processed through the fund are done so using the last calculated bid price for the fund, normally the previous day's price.

For customer transactions, if a request to deal is received by post, then it is processed using the price on the day of receipt of the notification. If the notification is received by fax, then the following day's price is used.

(b) Different Pricing Bases

Except in very rare situations where a policyholder unit reduction is so large as to attract a dilution levy, at any one time the same pricing bases apply to different policies investing in the same internal linked funds.

(c) Collective Investment Schemes

Funds buy units in certain collective investment schemes operated by PUTM at the creation price and sell units at the cancellation price. The price used in the fund valuation is in the main from midnight the day before the valuation date, but may be adjusted to reflect market and currency movements from then until the valuation of the linked fund.

Where other collective investments are held, either the published offer price or the published bid price of the underlying unit trust is normally used, as appropriate. The price used in the fund valuation is in the main from midnight the day before the valuation date, but may be adjusted to reflect market and currency movements from then until the valuation of the linked fund.

Policies previously written in BA & BULA

(a) Method used for cancellation and creation of units

Ex-Unit Linked Fund: Other than Pensions Managed Fund business

Units are allocated to policies at the published offer price on the valuation date immediately following the date of receipt of the premium. On maturity, units are cancelled at the bid price on the valuation date immediately preceding the maturity date. On retirement, units are cancelled at the bid price on the last valuation date in the month of the selected retirement date. On death, critical illness, surrender, transfer, withdrawal, early retirement or other early termination, units are cancelled at the bid price on the valuation date following date of notification. Charges for mortality and terminal and critical illness cover, where applicable, are made by cancelling units at the bid price.

Units are only created in any linked fund if assets equivalent to such units are added simultaneously to the fund. Except for the purposes of meeting all expenses, charges and any tax liabilities or for reinvestment, assets are only withdrawn from any linked fund if units equivalent to such assets are simultaneously cancelled.

Currently unit prices are determined by valuing the assets of the linked funds weekly, normally on a Wednesday, the valuation date, using closing prices from the previous day. The day and frequency of such valuations may be amended after giving prior notice. The valuation takes account of all assets including uninvested cash. Stock exchange securities are valued using quoted prices. The value of

land and buildings, if any, is based on valuations prepared by independent valuers with due allowance for variations since such valuations. The values of other assets are determined after taking any advice from independent experts or valuers where appropriate.

The offer value of a linked fund is the value of the investments at the prices at which they might be purchased on the valuation date, increased by amounts to cover acquisition costs of these investments and for accrued investment income and reduced by amounts to cover provisions for capital gains tax where applicable, other taxes and levies and by the management charge. The offer price of a unit is the offer value divided by the number of units, multiplied by 100/95 and the result rounded to the nearest tenth of a penny. The published offer price may vary below this offer price.

The bid value of the linked fund is the value of the investments at prices at which they might be sold on the valuation date, increased by amounts for accrued investment income and reduced by amounts to cover realisation costs, provisions for capital gains tax where applicable, other taxes and levies and by the management charge. The bid price of a unit is the bid value of the fund divided by the number of units, rounded to the nearest tenth of a penny. The published bid price may vary above this bid price.

When the published prices are based on an offer basis, then the published offer price is the rounded offer price and the published bid price is 95% of the published offer price. When the published prices are based on a bid basis, then the published bid price is the rounded bid price and the published offer price is 100/95 times the published bid price. The offer basis is generally used for periods of net creation of units and a bid basis is generally used for periods of net cancellation of units. All funds are currently on a bid basis.

Ex-Unit Linked Fund: Stakeholder Pension

These funds are priced daily, on an offer basis if there are net creations that day or on a bid basis if there are net cancellations that day. They are single priced and there is no bid/offer spread.

The offer basis price is the value of the assets of the fund, based on the prices at which the underlying assets could be bought, increased by amounts to cover dealing costs and taxes, where applicable, divided by the number of units, then reduced by the equivalent of one day's management charge and then rounded to six decimal places.

The bid basis price is the value of the assets of the fund, based on the prices at which the underlying assets could be sold, decreased by amounts to cover dealing costs, divided by the number of units, then reduced by the equivalent of one day's management charge and then rounded to six decimal places.

Ex-Unit Linked Fund: Pensions Managed Fund Business

These funds are priced in a similar way as described above for Stakeholder Pension business. Investors can choose whether management charges are reflected in the price or are taken by unit cancellation. However, most schemes invested in these funds transferred to Standard Life products in December 2015 and only a cash fund and a managed fund now remain open.

Ex-Non-Profit Fund: Other than the Capital and Super Plan

Unit prices are determined weekly. Unit prices may be determined more frequently at the company's discretion.

Policyholders buy units at the next available published offer price following the day that premiums are paid. Units are bought from policyholders at the next bid price following an instruction to switch units and at the current bid price at the time of maturity or death. Unit charges are deducted at the latest bid price at the time the charge is made. On surrender, units are valued at the latest bid price following receipt of all necessary documentation.

Units in the internal linked funds are created or cancelled at the unrounded offer price to match the number of units allocated or deallocated from policies. When there is expected to be a net purchase of underlying assets over the medium term, the internal linked funds are valued on an offer basis. A bid basis is used when net sales are expected.

The offer value of a linked fund is the value of the investments at the prices at which they might be purchased on the valuation date, increased by amounts to cover acquisition costs of these investments and for accrued investment income and reduced by amounts to cover provisions for capital gains tax where applicable, other taxes and levies and by the management charge. The offer price of a unit is the offer value divided by the number of units, multiplied by 100/95 and the result rounded to the nearest tenth of a penny. The published offer price may vary below this offer price.

The bid value of the linked fund is the value of the investments at prices at which they might be sold on the valuation date, increased by amounts for accrued investment income and reduced by amounts to cover realisation costs, provisions for capital gains tax where applicable, other taxes and levies and by the management charge. The bid price of a unit is the bid value of the fund divided by the number of units, rounded to the nearest tenth of a penny. The published bid price may vary above this bid price.

On any pricing day, asset prices are normally taken from the previous day's closing values.

Within each fund, all policyholder units are valued using the same basis.

Ex-Non-Profit Fund: Capital and Super Plan

Unit prices are calculated on the 16th of each month based on closing prices on the 15th. Premiums are paid on the 15th of each month and policyholders purchase units at the offer price calculated on the 16th. On maturity or death, units are cancelled at the latest bid price. On surrender, units are cancelled at the latest bid price following receipt of all documentation. Super Plan units may be surrendered only on the 16th of each month. At the company's discretion Capital Plan units could be surrendered at the next available bid price.

The published Capital Offer price is the unrounded price multiplied by 1.025 rounded to the nearest tenth pence. The published Capital Bid price is calculated as the unrounded price rounded to the nearest tenth of a penny. The published Super Plan Offer price is the unrounded price multiplied by 1.035 rounded in the same way as the Capital price. The published Super Plan Bid price is calculated as the unrounded price rounded in the same way as the Capital price.

Unrounded prices are equal to the net asset value per internal unit for each unit fund. For each fund the asset value is the bid value of assets as at the close on the 15th of the month minus a provision for accrued realised and unrealised capital gains tax.

(b) Different Pricing Bases

The same pricing bases apply to different policies investing in the same internal linked funds.

(c) Collective Investment Schemes

Funds buy units in certain collective investment schemes operated by PUTM at the creation price and sell units at the cancellation price. The price used in the fund valuation is in the main from midnight the day before the valuation date, but may be adjusted to reflect market and currency movements from then until the valuation of the linked fund.

Where externally-managed collective investments are held, either the published offer price or the published bid price of the underlying unit trust is normally used, as appropriate. The price used in the fund valuation is in the main from midnight the day before the valuation date, but may be adjusted to reflect market and currency movements from then until the valuation of the linked fund.

Policies previously written in BRS

(a) Method used for cancellation and creation of units

For the Equity Release Plan there is a single unit in each individual internal linked fund. For the purpose of determining unit prices, properties in the funds are held at vacant possession open market value. Properties are independently valued at acquisition and at least once every three years thereafter. The internal linked funds are valued at least once in each calendar year on the basis of the

most recent valuation of the property adjusted using statistics for movements in house prices since the date of the last valuation.

(b) Different Pricing Bases

The same pricing basis is used for all policies at all times.

(c) Collective Investment Schemes

The units are not in collective investment schemes.

Policies previously written in SMA and SPL

(a) Method used for cancellation and creation of units

The pricing basis depends on whether the unit-linked fund is expanding or contracting.

The company reviews the pricing basis regularly. Most funds are priced on a contracting basis and in general each fund will be considered to be contracting unless there is evidence of material new money being paid into the fund and a likelihood that will continue over the medium term.

The Bare Price of the fund is the creation Price or cancellation Price, depending on which pricing basis is being used (see below for details).

Method used for allocation and de-allocation of units

The quoted offer price for a particular day is the Bare Price divided by (1 minus the initial charge) and rounded to the nearest 0.1p. The initial charge is typically 5%.

The quoted Bid Price equals the quoted Offer Price adjusted for the Bid-Offer Spread (usually equal to the Initial Charge) and rounded to the nearest 0.1p.

The prices used for transactions on a particular day are determined based on the asset position of the fund at 12pm on the previous working day. The timing of the transaction relative to the time at which the policyholder requested the trade varies by product and is defined in the policy conditions. We no longer accept faxed instructions.

Exceptional circumstances

Special bid and offer prices may be quoted for a material transaction or series of bid and offer prices may be quoted for a material transaction or series of transactions. "Material" means any one transaction or series of transactions which are of such a size that the company considers the basis of the pricing should change from creation to cancellation or vice versa to maintain equity between the transacting policyholders and remaining policyholders in the fund.

(b) Different Pricing Bases

The same pricing bases apply to different policies investing in the same internal linked funds.

(c) Collective Investment Schemes

The majority of the internal linked funds predominantly in unit trusts operated by PUTM. These collective investment schemes are valued using the creation or cancellation price for the collective investment scheme as appropriate for the net expansion or contraction of the linked fund. The price calculated for the collective investment scheme on a particular day is used in the valuation of the linked fund on the same day and is the price at which policyholder transactions in the linked fund on that working day are based.

Where funds are invested in externally-managed collective investment schemes, they are normally valued using either offer or bid prices as appropriate for the net expansion or contraction of the fund. If the collective scheme has a single price, rather than separate buying and selling prices, this single price is used to value the asset.

In all cases prices of collective investment schemes may be adjusted to reflect market and currency movements from their valuation point until the valuation of the linked fund.

Policies previously written in NPIL

(a) Method used for cancellation and creation of units

Units are of two main types. They are called initial and ordinary in NPIL and the corresponding types are capital and accumulation in PAUF and PAULP. LLLA has only accumulation units. The following method applies to all units.

- (i) The creation or cancellation of units in the internal linked funds is performed at un-rounded bid price values. This ensures that unit prices are unaffected by the creation or cancellation of units and that the interests of unit holders not taking part in a unit transaction are unaffected by that transaction
- (ii) Base prices are derived from the internal fund valuations, which are adjusted for fund specific charges. Increasing the base price by the bid-offer spread and rounding to the higher tenth of a penny gives the “offer price”. The “bid price” is the base price rounded to the lower tenth of a penny, except on certain PAUF and PAULP policies whose bid prices are rounded to the higher tenth of a penny. Units are allocated to policies at the offer price and cancelled at the bid price. Units are allocated to Stakeholder policies at bid price. Switches in and out of units within a policy are processed at bid prices.
- (iii) The asset values of the internal linked funds are calculated on a “bid” basis, as the expected cash flows are negative for all asset categories. The valuation includes the income since the last valuation and allowances for tax on income and realised and unrealised capital gains.
- (iv) The assets of the internal linked funds are valued at noon on each working day. If markets move significantly between noon and 4 pm, allowance for this market movement is made. This market adjustment is made automatically every day for LLLA business.

(b) Different Pricing Bases

During the financial year there was no time at which different pricing bases applied to different policies.

(c) Collective Investment Schemes

Other than the Multi Manager Pension Fund, the funds are invested in collective investment schemes operated and managed by Henderson. The majority of the Henderson assets are single priced OEICs and the published single price is used in the valuation. For dual-priced collectives, they are valued at offer price when a unit linked fund is expanding or bid price when it is contracting.

The time on each working day at which the assets in the internal linked funds are valued is the same as that at which the units in the underlying collective investment schemes are valued (except for the Henderson Diversified Growth Fund asset and the assets of the NPIL Multi Manager Pension Fund, where the most recent prices of the collective investment schemes are used.)

(8) Tax Deductions From Internal Linked Funds

This section is applicable to taxable life funds only. Pension funds may suffer tax to the extent that deductions cannot be reclaimed on underlying assets, although generally there would be no direct deductions in unit pricing.

Policies previously written in Alba

Tax on income

Tax on income is calculated at the full policyholder tax rate of 20%.

Tax on loan relationships

For loan relationships both income and capital gains are taxed under the provisions for income. Accordingly, tax is calculated on the full policyholder tax rates on both elements. Full credit is given for actual and anticipated tax losses.

Capital Gains Tax (CGT) on other assets

Tax is applied to each internal linked fund as if it were a separate fund for tax purposes.

For ordinary disposals each taxable gain is charged at the rate in force at the time of disposal. Details of tax liabilities in respect of investment income and realised capital gains are incorporated into unit pricing from the investment ledger on a daily basis.

In the case of deemed disposals, this is carried out at the end of each financial year and the tax deducted from the funds. Where a gain occurs subsequent to previous losses, those losses are used to offset the gain. Where a loss occurs subsequent to gains in the previous 2 years an amount of tax is credited back to the fund. Tax expected to be payable in current and future years as a result of a deemed disposal is removed from the fund in full but at a discounted rate, during the deemed disposal process. The rate at 31 December 2015 was 19.5%.

Current liabilities are maintained in the fund that reflect the Fund's accrual of unrealised capital gains but this may be discounted to the extent that tax on them can be deferred. The rate at 31 December 2015 was 19.5%.

An appropriate allowance is made for indexation in the calculation of gains subject to taxation.

Policies previously written in BA, BULA, Century and ACI

Tax on income

Tax on income is calculated at the full policyholder tax rate of 20%.

Tax on loan relationships

For loan relationships both income and capital gains are taxed under the provisions for income. Accordingly, tax is calculated on the full policyholder tax rates on both elements. Full credit is given for actual and anticipated tax losses.

Capital Gains Tax (CGT) on other assets

Tax is applied to each internal linked fund as if it were a separate fund for tax purposes. Realised tax is removed from the funds at least annually. In the case of unit trusts, a deemed disposal is carried out at the end of each financial year and the tax deducted from the funds. Where a gain occurs subsequent to previous losses, those losses are used to offset the gain. Where a loss occurs subsequent to gains in the previous 2 years an amount of tax is credited back to the fund. Tax expected to be payable in current and future years as a result of a deemed disposal is removed from the fund in full but at a discounted rate, during the deemed disposal process. The rate at 31 December 2015 was 19.5%

Realised and unrealised capital gains are calculated as the difference between the sale proceeds and indexed pooled book cost or, in the case of unit trusts, the indexed pooled market value at the date of the latest deemed disposal with adjustments for any subsequent transactions. The unrealised provision is calculated at a discounted rate of tax where funds are primarily invested in assets subject to deemed disposal (19.5% at 31 December 2015), and the full 20% otherwise. Tax on realised gains is deducted at 20%.

All funds are currently priced on a bid basis.. The tax on unrealised gains for these funds was 19.5% as at 31 December 2015.

Policies previously written in BRS

No deductions are made for capital gains tax in the Equity Release Plan internal linked funds.

Policies previously written in SMA and SPL

Each individual linked fund is treated as a separate entity for the purpose of tax.

Tax on income

Tax on income is calculated at the full policyholder tax rate of 20%.

Tax on loan relationships

For loan relationships both income and capital gains are taxed under the provisions for income. Accordingly, tax is calculated on the full policyholder tax rates on both elements. Full credit is given for actual and anticipated tax losses.

Capital Gains Tax (CGT) on other assets

If there are net overall realised and unrealised gains, the calculation of the unit price will include a charge for the tax expected to be payable on these gains. Gains are reduced for the benefit of indexation relief, where available. If there are net overall realised and unrealised capital losses, the unit price may include a credit for the expected tax relief that the company can obtain on these losses. If this credit is not given for these losses, they are carried forward to be offset against future gains.

At the end of each year the charge for the tax on accrued realised gains is cash settled with the non profit fund. The fund may be paid a cash credit for tax relief on accrued realised losses. Unrealised gains and losses are carried forward to the next accounting period.

The rate of tax charge on gains is the policyholder tax rate, which may be discounted to reflect timing until the tax is paid, including allowance for spreading of gains under the deemed disposal rules where the underlying holding is a collective investment vehicle. The rate of tax relief on losses is the policyholder tax rate discounted to reflect timing until it is expected that the loss can be used by the company to be offset against future gains.

For UK and Irish funds, as at 31 December 2015 the rate applying to net realised gains was 20%. Net unrealised gains were taxed at a discounted rate (19.5% for UK funds and 19.9% for Irish funds) where funds were primarily invested in assets subject to deemed disposal, and 20% otherwise. No tax relief was being given where there were net losses. Deemed disposals were taxed at these same rates and income was taxed at 20%.

Policies previously written in NPIL

Tax on income

Tax on income is calculated at the full policyholder tax rate of 20%.

Tax on loan relationships

For loan relationships both income and capital gains are taxed under the provisions for income. Accordingly, tax is calculated on the full policyholder tax rates on both elements. Full credit is given for actual and anticipated tax losses.

Capital Gains Tax (CGT) on other assets

Tax on realised and unrealised gains and losses is accrued daily in the internal linked life funds. Gains in Life equity funds are index-adjusted. There are no tax accruals in pension funds.

As at the end of 2015, tax/tax relief rates were 19.5% for unrealised gains and losses and 20% for realised gains and losses.

Accruals for realised gains and losses in equity funds are settled once a year. Accruals for unrealised gains and losses are cleared at the end of each financial year under the "deemed disposal" regime.

Other Policies

Tax on income

Tax on income is calculated at the full policyholder tax rate of 20%.

Tax on loan relationships

For loan relationships both income and capital gains are taxed under the provisions for income. Accordingly, tax is calculated on the full policyholder tax rates on both elements. Full credit is given for actual and anticipated tax losses.

Tax on Realised Capital Gains

The provision for tax on realised capital gains on chargeable assets within internal funds is calculated at each valuation by applying a tax rate to the realised capital gain calculated as the excess of the proceeds on disposal of the asset less the book cost of the asset with appropriate allowance for indexation relief.

Any brought forward realised capital losses are applied to offset any realised capital gains within the same fund.

The tax rate applied to realised capital gains does not exceed that which would apply if the fund comprised the whole of the Company's life assurance fund with no allowance being made for expenses. For chargeable assets excluding gilts and bonds, the rate of tax applied during the report period has been 20%. Throughout the report period the rate of tax for gilts and bonds, where a tax rate has applied, was 20%. The provision for tax on realised capital gains is deducted from the fund annually at the end of each year.

For deemed disposals, one seventh of the gain is provided for as above. The balance of the instalments is taxed at an appropriate rate (19.5% at 31 December 2015) and the provision is held within the fund. When the capital gains tax charge on a subsequent instalment falls due, the instalment is removed from this provision and treated as other realised tax charges described above.

Tax on Unrealised Capital Gains

The provision for tax on unrealised capital gains on chargeable assets within internal funds is calculated at each valuation by applying a tax rate to the unrealised capital gain calculated on the excess of the market value of the asset less the book cost of the asset with appropriate allowance for indexation relief.

Any brought forward realised capital losses remaining after offsetting against the provision for realised capital gains are applied to offset any unrealised capital gains within the same fund.

(9) Tax Provisions for Internal Linked Funds

An additional reserve of £10.1m has been held since previous valuation due to a mismatch between the capital gains position of individual life linked funds and the overall position of the company.

Policies previously written in PLL

For assets of internal linked funds, provision for tax on unrealised capital gains has been implicitly included in the unit liability, the latter being equal to the value of the corresponding linked funds which has been adjusted to allow for future tax on capital gains.

Tax rates used in the determination of the provision are described above in 3(8).

This method applies to all types of units.

Policies previously written in Alba

These are covered in paragraph 3(8) above.

Policies previously written in Century

During the year, realised and unrealised gains and losses are notionally credited in the pricing process. Tax is deducted and credited at the current rate used to calculate the unrealised provision.

Realised and unrealised capital gains are calculated as the difference between the sale proceeds and indexed pooled book cost or in the case of unit trusts, the indexed pooled market value at the date of the latest deemed disposal with adjustments for any subsequent transactions. Tax rates used in the determination of the provision are described above in 3(8).

Income, realised gains and unrealised gains in respect of loan relationships were, at the valuation date, taxed at 20% having regard to the pooled market value at the date of the latest mark to market.

Policies previously written in BULA

In determining unit prices, realised and unrealised gains have been allowed for as follows:

The value of the assets of the linked funds is reduced by any tax due on net realised gains (after taking account of unrelieved tax losses). For net realised losses, no allowance is made for any tax credit.

For unrealised gains, (net of unrelieved tax losses) a provision for the tax charge has been made. For net unrealised losses, no allowance has been made for any tax credit.

Deemed disposals on collective investment schemes have been treated as realised gains.

Tax rates used in the determination of the provision are described above in 3(8).

The rate of tax levied on unrealised fixed interest gains was 20% of the unrealised amounts.

Policies previously written in BRS

A deferred tax provision is held to cover chargeable capital gains made up to the valuation date. The current tax rate applicable to capital gains is currently 20% and the provision covers 100% of this.

Policies previously written in BA

There are no internal linked funds.

Policies previously written in SMA and SPL

Each internal fund is treated as an independent entity for the purposes of assessing capital gains tax. A rate of tax is levied on the gain net of any indexation relief and capital losses, as appropriate.

The maximum rate of tax for realised capital gains is the policyholder rate of tax for the period in question. Where appropriate, this may be reduced to reflect the period between the realisation of the gain and the date when the tax is actually due to be paid.

The maximum rate of tax for unrealised capital gains is the rate for realised capital gains. This is normally reduced to reflect the extra expected period until the gain is finally crystallised.

Tax rates used in the determination of the provision are described above in 3(8).

Policies previously written in NPIL

See (8) above.

(10) Discounts on Unit Purchases

The assets of the internal linked funds of the Company include unit trusts and other collective investment schemes from a range of fund managers. The majority of internal linked fund investment is in collective investment schemes managed by Ignis Asset Management and Henderson Global Investors. The other fund managers include:

- Invesco Perpetual
- Axa Framlington
- Baring Asset Management
- Baillie Gifford
- Consistent
- Aberdeen Asset Management
- Artemis
- Fidelity
- First State
- LionTrust
- Schroders
- Aviva
- Newton Asset Management

Any discount negotiated on the purchase or maintenance of collective investment scheme units falls to the benefit of the internal linked funds less tax where appropriate. There are however more complex arrangements in place for the ex-Century funds (see below).

Discounts include

- Any reductions in the initial charge for the purchase of scheme units;;
- Any rebate of all or part of a scheme's annual management charge (AMC);

The arrangements for the former Century group of funds reflect the historic charging levels that existed in businesses acquired by Century with different funds receiving different levels of AMC rebate. In summary:

Some ex-Century funds benefit from a proportion or all of the amount received by Phoenix Life Limited in respect of assets held by those funds, subject to the deduction of tax in the case of life funds. This applies to:

Certain Ex-NBA Performance Bond fund links to Ignis
Ex-NBA Multichoice life funds
Ex-NEL Pensions Multichoice funds
Ex-CCL funds
Ex-Crown funds
Ex-Prosperity funds
Ex-Hiscox funds
Ex-City of Edinburgh funds
Ex-UK Life funds
Ex-OMLA funds

Some ex-Century funds are rebated the whole of the unit trust annual management charge, subject to tax. This applies to:

Ex-NBA Performance Bond fund links to Invesco and certain links to Ignis
Ex-NBA Pensions
Ex-NEL Pensions NELEX fund links to Invesco and Ignis except Invesco Exempt Trust fund
Ex-NAL Funds

Some ex-Century funds receive no rebate at all. The funds are:

Ex-NEL Pensions NELEX Invesco Exempt Trust fund
Ex-Sentinel funds

The above applies to holdings within internal linked funds. There are different arrangements where policy benefits are determined directly by the prices of collective investment schemes as follows.

The Company receives a discount of 5% on the Initial Charge when buying units in respect of unit trusts managed by JP Morgan Fleming. The benefit of this discount is retained by the Company.

The Company receives a discount of 4.5% on the Initial Charge when buying units in respect of unit trusts managed by Henderson. The benefit of this discount is retained by the Company.

4. VALUATION BASIS

(1) Valuation Methods

Non Profit Conventional

A prospective gross premium method is used. The mathematical reserve is the present value of: claims payable (including those on rider benefits); plus maintenance expenses; plus investment expenses; less office premiums receivable. Investment management expenses are allowed for by reducing the discount rate. Maintenance expenses are loaded with overheads (expenses not attributable to individual policies).

For business taxed on "I-E" the discount rate is net of policyholder tax and expenses are net of tax relief.

For decreasing temporary assurances covering mortgages the sums assured decrease in accordance with tables of expected outstanding mortgage amounts.

For deposit administration contracts, the interest rates credited to current balances in the projections allow for any guarantees in the rates.

Mathematical reserves for policies with member records (for example Group Life and Group Term Assurances) are determined at individual member level in the same way as reserves on individual temporary assurances.

Individual Income Protection (PHI)

A prospective gross premium method is used. The mathematical reserve is the present value of: claims payable; plus maintenance expenses; less office premiums receivable. Premiums are waived during periods of claim. Investment management expenses are allowed for by reducing the discount rate. Maintenance expenses are loaded with overheads (expenses not attributable to individual policies).

Expected claims on active policies allow for claim inception and recovery rates. Expected claims on policies on claim at the valuation date allow for recovery rates.

Mathematical reserves for policies with member records (Group PHI) are determined at individual member level in the same way as reserves on individual income protection policies.

Non-Profit Immediate Annuities (including Index Linked Annuities)

A prospective gross premium method is used. The mathematical reserve is the present value of: claims payable (allowing for any guaranteed minimum payment period and payments to second lives on joint life policies); plus maintenance expenses. Investment management expenses are allowed for by reducing the discount rate. Maintenance expenses are loaded with overheads (expenses not attributable to individual policies).

For business taxed on "I-E" the discount rate is net of policyholder tax and expenses are net of tax relief.

Property Linked

A prospective gross premium method is used. The mathematical reserve is the present value of: claims payable (including any guaranteed minimum death benefits or benefits on temporary assurance riders); plus maintenance expenses; less office premiums receivable. Investment management expenses on the unit funds are projected explicitly in the non-unit reserve calculation. Other investment management expenses are allowed for by reducing the discount rate used to determine the non-unit reserves. Maintenance expenses are loaded with overheads (expenses not attributable to individual policies).

The effect of annual management charges, allocation rates, bid/offer spreads, and other policy charges (including those for temporary assurance riders) is allowed for in determining the non-unit reserve. A recursive approach is used to eliminate future valuation strain.

The growth rates used to accumulate unit values are weighted averages of prudent expected returns on the classes of assets (equity, property, approved fixed interest, unapproved fixed interest, and cash) in the unit funds.

Unit cancellations on income drawdown products are allowed for at the drawdown rates current at the valuation date.

Vested loyalty bonus units are allowed for in the unit reserve. Any future accrual of loyalty bonus units is allowed for in determining the non-unit reserve.

For business taxed on "I-E" the unit growth rate and discount rate are net of policyholder tax, and expenses are net of tax relief.

The total reserve is the discounted value of the units plus the non-unit reserve; and non-unit reserve has a lower limit of zero. Hence mathematical reserves cannot be less than zero.

For deposit administration contracts, the interest rates credited to current balances in the projections allow for any guarantees in the rates

A bulk maintenance expense agreement existed at the previous valuation. Following a project to harmonise the management service agreements, this bulk maintenance expense no longer exists and reserves allow for individual policy expenses.

Accumulating With-Profit

A prospective gross premium method is used. The mathematical reserve is the present value of: claims payable (including any guaranteed minimum death benefits or benefits on temporary assurance riders but excluding terminal bonus); plus maintenance expenses; less office premiums receivable. Investment management expenses on the unit funds are projected explicitly in the non-unit reserve calculation. Other investment management expenses are allowed for by reducing the discount rate used to determine the non-unit reserves. Maintenance expenses are loaded with overheads (expenses not attributable to individual policies).

The effect of annual management charges, allocation rates, bid/offer spreads, and other policy charges (including those for temporary assurance riders) is allowed for in determining the non-unit reserve.

The growth rate used to accumulate unit values is zero unless the contract has a guaranteed bonus rate. The asset share is accumulated by the valuation rate of interest.

Unit cancellations on income drawdown products are allowed for at the drawdown rates current at the valuation date.

Vested loyalty bonus units are allowed for in the unit reserve. Any future accrual of loyalty bonus units is allowed for in determining the non-unit reserve.

For business taxed on "I-E" the unit growth rate and discount rate are net of policyholder tax, and expenses are net of tax relief.

The total reserve cannot fall below:

- the minimum of the face value of units and the asset share, where a market value adjustment (MVA) applies; and
- the face value of units at MVA-free dates.

Hence mathematical reserves cannot be less than zero.

(2) Valuation Interest Rates**All policies excluding Republic of Ireland policies previously written in SPL**

The interest rates used for each product group are shown in the following table:

Product Group	Current Valuation	Previous Valuation
<u>Sterling reserve discount rates</u>		
Life (unrestricted)	1.85%	1.60%
Life (restricted)	1.85%	1.60%
NPIL Life	1.85%	1.60%
Pensions (unrestricted)	2.35%	2.00%
Pensions (restricted)	2.35%	2.00%
NPIL Pensions	2.35%	2.00%
<u>Annuities</u>		
Pension Annuities in Payment (ex-PPL)	2.73%	2.60%
Pension Annuities in Payment (Euro)	1.26%	1.27%
NPIL Pension Annuities in Payment	2.73%	2.60%
NPIL (PAULP) Pension Annuities in Payment	2.73%	2.60%
Pensions Deferred Annuities pre vesting	3.01%	2.36%
Pensions Deferred Annuities pre vesting (Euro)	1.26%	1.27%
Pensions Deferred Annuities post vesting	3.01%	2.36%
Pensions Deferred Annuities post vesting (Euro)	1.26%	1.27%
Life Annuities In Payment (except NPIL, RSALI & Phoenix)	2.18%	2.08%
NPIL Life Annuities in Payment	2.18%	2.08%
RSALI & Phoenix Life Annuities in Payment	2.18%	2.08%
Life Deferred Annuities	1.85%	1.60%
Index-linked Annuities in Payment	2.58%	2.51%
NPIL Index-linked Annuities in Payment	2.58%	2.51%
NPIL (PAULP) Index-linked Annuities in Payment	2.58%	2.51%
<u>Other</u>		
Assurances (Life)	1.85%	1.60%
NPIL Assurances (Life)	1.85%	1.60%
NPIL Unitised With Profits (Life)	1.85%	1.60%
Assurances (Pensions)	2.35%	2.00%
NPIL Assurances (Pension)	2.35%	2.00%
NPIL Unitised With Profits (Pension)	2.35%	2.00%
Index-linked Assurances (Life)	-0.54%	-0.60%
PHI and Critical Illness	1.85%	1.60%
PHI Claims in Payment	1.85%	1.60%
Deposit Administration	1.85%	1.60%

Republic of Ireland policies previously written in SPL

The interest rates used for each product group are shown in the following table:

Product Group	Current Valuation	Previous Valuation
Whole Life and Endowment Assurances (Life and Pensions)	2.35%	2.00%
Term Assurances (Life)	1.85%	1.60%
Term Assurances (Pensions)	2.35%	2.00%
Life Immediate Annuities (Conventional and Index-Linked)	2.18%	2.08%
Pension Immediate Annuities	1.26%	1.27%
Pension Deferred Annuities in deferment	1.26%	1.27%
Pension Deferred Annuities in payment	1.26%	1.27%
Linked Life non-unit reserves	1.85%	1.60%
Linked Pension non-unit reserves	1.81%	1.62%

Note: the valuation interest rates are shown net of tax for life business and gross of tax for all other business.

The valuation interest rate for immediate and deferred pension annuity business is calculated based on the waiver granted by the Financial Services Authority, under section 148 of the Financial Services and Markets Act 2000. Under this waiver a company is allowed to calculate the valuation rate of interest using the internal rate of return on assets backing the annuity liabilities instead of using the arithmetic mean of the gross redemption yields on each asset weighted by their market values. Details of this waiver are covered in the Notes to Appendix 9.3.

(3) Risk Adjustments

The yields on assets were reduced for risk as follows:

Fixed Interest

(a) Approved Securities:

No reduction was applied other than a yield deduction on sovereign debt rated below AAA, or sovereign debt rated AAA but notched downwards to below AAA in line with the description for other securities below.

(b) Other Securities

A deduction was applied to the yield on an individual stock by stock basis to allow for the risk of default. The individual stock risk margins were calculated as a long term average default rate plus an additional allowance for short-term factors and expected deviations from the historic average.

The long term average default rates (in basis points), net of an allowance for recovery on default, were:

Rating	5yr	10yr	20yr
AAA	4.0	10.0	10.3
AA	20.6	30.3	35.2
A	34.4	45.3	49.2
BBB	72.7	82.8	84.5
BB	246.1	250.8	234.1
B	586.8	532.7	440.3

A number of different techniques were then employed to arrive at an additional haircut, namely:

- Stocks were 'notched' downwards where the credit rating was considered to be inappropriate (after analysis of the current market spread and other factors).

- For bank subordinated debt the haircut was based on the rating of senior debt issued by the borrowing company, with an assumption of nil recovery on default. If a materially more onerous result was obtained by the standard approach described above then the standard approach was adopted for bank subordinated debt. This assessment was performed at an aggregated portfolio level; for this fund, bank subordinated debt adopted the alternative approach.
- For corporate bonds rated below B no value was taken for the yield.

For sovereign debt, the above principles were also applied. Where a sovereign debt holding was rated A or below, or where notching was applied to treat the holding as being rated A or below, default allowances were as per the table above. For sovereign debt holdings rated AA, or notched to AA, default allowances were one-third of those indicated in the above table. For sovereign debt holdings rated AAA no default allowance was made.

The adjustments described in this section are in addition to the 2.5% required by the regulations.

(4) Mortality Basis**Longevity improvement factors**

For immediate annuities in payment and deferred annuities, post vesting where appropriate, a common set of improvement factors has been adopted for all annuities. The improvement factors were derived from the 2014 CMI Projections Model with the long-term improvement rate set to 2.5% for males and 2.25% for females at ages 85 and below and zero at ages 120 and above, with linear interpolation in between.

In the tables that follow all mortality tables are ultimate. Furthermore, for annuity in payment business, the fund which is described as 'previously written in' may refer to the source pension savings contract.

Policies previously written in PLL but not previously written in PAL or SLUK

The mortality tables used for each product group are shown in the following table:

Product Group	Current Valuation M/F bases	Previous Valuation M/F bases
Linked Life - aggregate	81% AM92 105% AF92	81% AM92 105% AF92
Linked Life - non-smoker	73% AM92 80% AF92	73% AM92 80% AF92
Linked Life - smoker	145% AM92 162% AF92	145% AM92 162% AF92
Seniorplan	138% AM80 138% AF80	138% AM80 138% AF80
Non linked Whole Life	75% AM92 81% AF92	75% AM92 81% AF92
Non linked TA - aggregate	80% TM92 84% TF92	80% TM92 84% TF92
Non linked TA - non-smoker	66% TM92 66% TF92	66% TM92 66% TF92
Non linked TA - smoker	156% TM92 182% TF92	156% TM92 182% TF92
Life Fund Annuities in Payment	97.9% PCMA00 improvements CMI_2014_M ⁽¹⁾ 98.8% PCFA00 Improvements CMI_2014_F ⁽¹⁾	79.1% IM80 C=2010 improving 2.5% pa to 75, linearly down to 0 at 120 80.9% IF80 C=2010 improving 2.5% pa to 75, linearly down to 0 at 120
Pension Annuities in Payment	97.9% PCMA00 improvements CMI_2014_M ⁽¹⁾ 98.8% PCFA00 Improvements CMI_2014_F ⁽¹⁾	97.9% PCMA00 99.8% PCFA00
Linked Pensions	50% AM92 57% AF92	50% AM92 57% AF92
Annuities in Deferment	97.9% PCMA00 improvements CMI_2014_M ⁽¹⁾ 98.8% PCFA00 Improvements CMI_2014_F ⁽¹⁾	97.9% PCMA00 99.8% PCFA00

Notes:

(1) CMI 2014 improvements 2.5% for males and 2.25% for females at ages 85, reducing linearly down to 0% at age 120.

No allowance has been made for any possible detrimental impact of significant changes in the incidence of disease or developments in medical science on the mortality or morbidity experience of the Company.

For life annuities in payment the expectations of life under the current (and previous year) valuation assumptions for sample ages are:

Age	Current Valuation		Previous Valuation	
	Males	Females	Males	Females
65	24.74	26.42	24.43	26.28
75	15.03	16.49	14.92	16.46

For pension annuities in payment, the expectations of life under the current (and previous year) valuation assumptions for sample ages are shown in the table below. For pension deferred annuities, the expectations of life at age 65 for current ages 45 and 55 under the current (and previous year) valuation assumptions are shown in the table below:

	Current Age	Expectation of life from Age	Current Valuation		Previous Valuation	
			Males	Females	Males	Females
Immediate annuities	65	65	24.74	26.42	24.43	26.28
	75	75	15.03	16.49	14.92	16.46
Deferred annuities	45	65	28.40	29.64	27.47	29.26
	55	65	26.55	28.05	25.94	27.80

Policies previously written in PAL

The mortality tables used for each product group are shown in the following table:

Product Group	Current Valuation M/F bases	Previous Valuation M/F bases
Term Assurances	99.4% TMC00 102.5% TFC00	99.4% TMC00 102.5% TFC00
Whole Life & Endowment	86% AM92 112% AF92	86% AM92 112% AF92
Pensions pre-vesting	50% AM92 57% AF92	50% AM92 57% AF92
Pensions post vesting (including GAOs)	97.9% PCMA00 improvements CMI_2014_M ⁽¹⁾ 98.8% PCFA00 Improvements CMI_2014_F ⁽¹⁾	97.9% PCMA00 99.8% PCFA00
Pension Annuities currently in payment	97.9% PCMA00 improvements CMI_2014_M ⁽¹⁾ 98.8% PCFA00 Improvements	97.9% PCMA00 99.8% PCFA00
Life Fund Annuities in Payment	97.9% PCMA00 improvements CMI_2014_M ⁽¹⁾ 98.8% PCFA00 Improvements CMI_2014_F ⁽¹⁾	97.9% PCMA00 99.8% PCFA00
Life Annuities in deferment	97.9% PCMA00 improvements CMI_2014_M ⁽¹⁾ 98.8% PCFA00 Improvements CMI_2014_F ⁽¹⁾	97.9% PCMA00 99.8% PCFA00
Permanent Health Insurance	76% TM92 76% TF92	76% TM92 76% TF92
Linked Life (aggregate)	81% AM92 105% AF92	81% AM92 105% AF92
Linked Life (non-smoker)	73% AM92 80% AF92	73% AM92 80% AF92
Linked Life (smoker)	145% AM92 162% AF92	145% AM92 162% AF92

Notes:

(1) CMI 2014 improvements 2.5% for males and 2.25% for females at ages 85, reducing linearly down to 0% at age 120.

For life annuities in payment the expectations of life under the current (and previous year) valuation assumptions for sample ages are:

	Current	Expectation of life from Age	Current Valuation		Previous Valuation	
	Age		Males	Females	Males	Females
Immediate annuities	65	65	24.74	26.42	24.43	26.28
	75	75	15.03	16.49	14.92	16.46
Deferred annuities	45	65	28.40	29.64	27.47	29.26
	55	65	26.55	28.05	25.94	27.80

For pension annuities in payment, the basis is the same as for policies previously written in PLL.

Policies previously written in SLUK

The mortality tables used for each product group are shown in the following table:

Product Group	Current Valuation M/F bases	Previous Valuation M/F bases
Group Spouses' Annuities	N/A Modified PCFA00	N/A Modified PCFA00
Life Annuities in payment	97.9% PCMA00 improvements CMI_2014_M ⁽¹⁾	87.2% IMA92 C=2010 improving 2.5% pa to 75, linearly down to 0 at 120
	98.8% PCFA00 Improvements CMI_2014_F ⁽¹⁾	88.6% IFA92 C=2010 improving 2.5% pa to 75, linearly down to 0 at 120
Pension Annuities in payment	97.9% PCMA00 improvements CMI_2014_M ⁽¹⁾	97.9% PCMA00
	98.8% PCFA00 Improvements CMI_2014_F ⁽¹⁾	99.8% PCFA00
Life Deferred Annuities	87.2% IMA92 improvements CMI_2014_M ⁽¹⁾	87.2% IMA92 C=2010 improving 2.5% pa to 75, linearly down to 0 at 120
	88.6% IFA92 improvements CMI_2014_F ⁽¹⁾	88.6% IFA92 C=2010 improving 2.5% pa to 75, linearly down to 0 at 120
Pension Deferred Annuities	97.9% PCMA00 improvements CMI_2014_M ⁽¹⁾	97.9% PCMA00
	98.8% PCFA00 Improvements CMI_2014_F ⁽¹⁾	99.8% PCFA00
Whole Life and Endowment	72% AM92	72% AM92
	72% AM92 -3 yrs	72% AM92 -3 yrs
RICTA	98% TMC00	98% TMC00
	98% TMC00 -3 yrs	98% TMC00 -3 yrs
Group Term Assurance	82.1% TMC00	82.1% TMC00
	86.2% TFC00	86.2% TFC00
Individual Life & Pension Term (aggregate)	82.1% TMC00	82.1% TMC00
	86.2% TFC00	86.2% TFC00
Individual Life & Pension Term (non-smoker)	78.2% TMN00	78.2% TMN00
	84.1% TFN00	84.1% TFN00
Individual Life & Pension Term (smoker)	80.2% TMS00	80.2% TMS00
	87.1% TFS00	87.1% TFS00
Life Unit Linked policies	94% AM92	94% AM92
	94% AM92 -3 yrs	94% AM92 -3 yrs
Pensions Unit Linked policies	83% AM92	83% AM92
	83% AM92 -3 yrs	83% AM92 -3 yrs
Income Protection (pre-claim)	45% TM80	45% TM80
	45% AF80	45% AF80
Income Protection (post-claim)	81% TM80	81% TM80
	81% AF80	81% AF80

Notes:

(1) CMI 2014 improvements 2.5% for males and 2.25% for females at ages 85, reducing linearly down to 0% at age 120.

The mortality/morbidity tables used to value individual policies which include total & permanent disability benefits have not been published. Specimen rates from the tables applicable to non-smokers are given below for the current valuation, per 1000 lives:

Age	TPD		Term & TPD	
	Males	Females	Males	Females
25	0.237500	0.237500	0.460000	0.315000
35	0.292500	0.292500	0.543750	0.436250
45	0.900000	0.900000	1.571250	1.256250
55	3.361250	3.361250	5.026250	4.047500

Rates for the previous valuation were:

Age	TPD		Term & TPD	
	Males	Females	Males	Females
25	0.237500	0.237500	0.460000	0.315000
35	0.292500	0.292500	0.543750	0.436250
45	0.900000	0.900000	1.571250	1.256250
55	3.361250	3.361250	5.026250	4.047500

All the above rates are increased by 2% p.a. after 5 years from the valuation date.

Annuitant mortality – Expectation of life at the valuation date

Age	Male PCMA00	Female PCFA00	Male Modified IMA92	Female Modified IFA92
65	24.74	26.42	24.76	26.73
75	15.03	16.49	15.42	16.72

Annuitant mortality – Expectation of life at the previous valuation date

Age	Male Modified PCMA00	Female Modified PCFA00	Male Modified IMA92	Female Modified IFA92
65	24.43	26.28	24.76	26.73
75	14.92	16.46	15.42	16.72

Policies previously written in Alba

Percentage of mortality table together with the age adjustments are shown in the table below:

Product Type	Current Valuation		Previous Valuation	
	A67/70	Female	A67/70	Female
	%	Age Adj	%	Age Adj
LAS Homeplan Series 1	70%	-4	70%	-4
LAS Homeplan Series 2/3	61%	-4	61%	-4
LAS Investment Plan	83%	-4	83%	-4
LAS Savings Plan	83%	-4	83%	-4
LAS Five Plus Account	83%	-4	83%	-4
LAS SP Bonds	83%	-4	83%	-4
LAS Blueprint	70%	-4	70%	-4
LAS EPP/FPA	77%	-4	77%	-4
LAS Healthcheque	60%	-4	60%	-4
LAS Vitality	100%	n/a	100%	n/a
BL Genesis RP Pensions	88%	none	88%	none
CAPSIL Bonds	94%	-4	94%	-4
CAPSIL Whole of Life	94%	-4	94%	-4
CAPSIL Mortgage Minder	94%	-4	94%	-4
CAPSIL RP Pensions	88%	-4	88%	-4
CAPSIL SP Pensions	94%	-4	94%	-4
COMPASS Bulk Buyouts & GPS	99%	none	99%	none

Ex-BLAS Contracts

For Blueprint Security and Vitality contracts, only the terms to the first review dates were taken into account, with the current sums at risk remaining constant over such terms. For level term assurance rider benefits the current sums at risk were taken as constant to expiry. For other annual premium contracts an estimate was made of the terms over which the sums at risk would reduce to nil and it was assumed that the current sums at risk would reduce over such terms in line with the sums at risk for non-profit endowment assurances. For waiver of premium benefits and permanent health benefits the additional AIDS provision was taken as 1% of the annual benefit.

Policies previously written in Century

The mortality bases used in the valuation of the significant groups of business were as follows:

Product Group	Current Valuation M/F bases	Previous Valuation M/F bases
Whole Life and Endowment Assurances	77% A67/70 ¹	77% A67/70 ¹
Term Assurance (excluding Ex-NAL)		
Aggregate	61% A67/70 ¹	61% A67/70 ¹
Non Smoker	51% A67/70 ¹	51% A67/70 ¹
Smoker	90% A67/70 ¹	90% A67/70 ¹
Term Assurance (Ex-NAL) – Life Assurance, Mortgage Protection & Pensions Life		
Gross Liabilities		
Non Smoker	46% AM80 ²	46% AM80 ²
	51% AF80 ³	51% AF80 ³
Smoker	81% AM80 ²	81% AM80 ²
	89% AF80 ³	89% AF80 ³
Net liabilities (pre 30/6/00 business)		
Non Smoker	55% AM80 ²	55% AM80 ²
	58% AF80 ³	58% AF80 ³
Smoker	93% AM80 ²	93% AM80 ²
	100% AF80 ³	100% AF80 ³
Net liabilities (post 1/7/00 business)		
Non Smoker	51% AM80 ²	51% AM80 ²
	56% AF80 ³	56% AF80 ³
Smoker	93% AM80 ²	93% AM80 ²
	102% AF80 ³	102% AF80 ³

¹ AIDS 36.3% R6A (peak) Female age deduction 3 years

² AIDS 27.5% R6A (peak)

³ AIDS 9.2% R6A (peak)

Product Group	Current Valuation M/F bases	Previous Valuation M/F bases
Term Assurance (Ex-NAL) – Tailored Mortgage Protection, Life Cover only		
Gross liabilities	Table 1 ^{2,3}	Table 1 ^{2,3}
Net liabilities (pre 19/3/01 business)	Table 2 ^{2,3}	Table 2 ^{2,3}
Net liabilities (post 20/3/01 business)	Table 3 ^{2,3}	Table 3 ^{2,3}
Non Linked Deferred Annuity – in deferment		
Ex With Profit Fund business	45% A67/70 ⁴	45% A67/70 ⁴
Ex Non Profit Fund business	50% A67/70 ⁴	50% A67/70 ⁴
Ex-NELPEN policies	61% A67/70 ¹ plus 100% funding of units	61% A67/70 ¹ plus 100% funding of units
Immediate annuities (& deferred annuities - in payment) - retained	97.9% PCMA00 improvements CMI_2014_M ⁽⁵⁾ 98.8% PCFA00 Improvements CMI_2014_F ⁽⁵⁾	97.9% PCMA00 99.8% PCFA00
Immediate annuities (& deferred annuities - in payment) - externally reassured	97.9% PCMA00 improvements CMI_2014_M ⁽⁵⁾ 98.8% PCFA00 Improvements CMI_2014_F ⁽⁵⁾	97.9% PCMA00 99.8% PCFA00

¹ AIDS 36.3% R6A (peak) Female age deduction 3 years

² AIDS 27.5% R6A (peak)

³ AIDS 9.2% R6A (peak)

⁴ Female age reduction 3 years

⁵ CMI 2014 improvements 2.5% for males and 2.25% for females at ages 85, reducing linearly down to 0% at age 120.

Product Group	Current Valuation	Previous Valuation
Non Linked PHI	61% A67/70 ¹	61% A67/70 ¹
Linked business		
Sterling Reserves with mortality deductions		
Ex-OMLA	94% A67/70 ⁵	94% A67/70 ⁵
Ex-Sentinel & Ex-UK Life –	61% A67/70 ⁴	61% A67/70 ⁴
Non Smokers		
Ex-Sentinel & Ex-UK Life –	91% A67/70 ⁴	91% A67/70 ⁴
Smokers		
Others	70% A67/70 ⁴	70% A67/70 ⁴
Sterling Reserves without mortality deductions	61% A67/70 ¹	61% A67/70 ¹

¹ AIDS 36.3% R6A (peak) Female age deduction 3 years

⁴ Female age reduction 3 years

⁵ Female age reduction 4 years

The AIDS projection basis R6A is as reported by the Institute of Actuaries AIDS Working Party. No credit was taken for the margins in the mortality bases used in the scheduled valuation against the levels currently being experienced. No additional AIDS reserve was deemed necessary for Group Death in Service benefits by recurrent single premium in view of the limited periods for which the premium rates are guaranteed. No specific provision was made for the minor risk associated with ex-NBA linked 'Bond' business. Ex-NBA pensions death in service benefits are all provided for by monthly current cost deduction from an associated linked fund; as the Company is freely able to review the premium rates charged, no provision for AIDS is considered necessary.

No other reserves for possible detrimental changes in mortality or morbidity rates have been made.

For annuity bases shown above, the expectations of life at age 65 and 75 are shown in the following tables:

For retained business:

	Current Age	Expectation of life from Age	Current Valuation		Previous Valuation	
			Males	Females	Males	Females
Immediate annuities	65	65	24.74	26.42	24.43	26.28
	75	75	15.03	16.49	14.92	16.46
Deferred annuities	45	65	28.40	29.64	27.47	29.26
	55	65	26.55	28.05	25.94	27.80

For externally reassured business:

Age	Current Valuation		Previous Valuation	
	Males	Females	Males	Females
65	24.74	26.42	24.43	26.28
75	15.03	16.49	14.92	16.46

For assurances listed above where 'modified table' has been used, sample mortality rates per 1000 lives are shown in the tables below

Table 1 current valuation

Age	Male smoker	Male Non-smoker	Female smoker	Female Non-smoker
25	0.64	0.38	0.28	0.16
35	0.68	0.38	0.52	0.30
45	1.75	0.77	1.56	0.77
55	5.64	2.41	4.20	2.06

Table 1 previous valuation

Age	Male smoker	Male Non-smoker	Female smoker	Female Non-smoker
25	0.64	0.38	0.28	0.16
35	0.68	0.38	0.52	0.30
45	1.75	0.77	1.56	0.77
55	5.64	2.41	4.20	2.06

Table 2 current valuation

Age	Male smoker	Male Non-smoker	Female smoker	Female Non-smoker
25	0.68	0.41	0.29	0.17
35	0.73	0.42	0.54	0.32
45	1.86	0.85	1.63	0.83
55	5.98	2.67	4.37	2.23

Table 2 previous valuation

Age	Male smoker	Male Non-smoker	Female smoker	Female Non-smoker
25	0.68	0.41	0.29	0.17
35	0.73	0.42	0.54	0.32
45	1.86	0.85	1.63	0.83
55	5.98	2.67	4.37	2.23

Table 3 current valuation

Age	Male smoker	Male Non-smoker	Female smoker	Female Non-smoker
25	0.66	0.38	0.26	0.17
35	0.71	0.38	0.49	0.32
45	1.82	0.77	1.47	0.83
55	5.84	2.44	3.95	2.22

Table 3 previous valuation

Age	Male smoker	Male Non-smoker	Female smoker	Female Non-smoker
25	0.66	0.38	0.26	0.17
35	0.71	0.38	0.49	0.32
45	1.82	0.77	1.47	0.83
55	5.84	2.44	3.95	2.22

The morbidity bases (combined morbidity and mortality rates where both benefits are covered) used in the valuation of the significant groups of business were as follows:

Product Group	Current Valuation	Previous Valuation
	Modified Table	Modified Table
Term Assurance (Ex-NAL) – Tailored Mortgage Protection, Combined Life & Critical Illness Cover		
Gross liabilities	Table 4 ^{2,3}	Table 4 ^{2,3}
Net liabilities (pre 19/3/01 business)	Table 5 ^{2,3}	Table 5 ^{2,3}
Net liabilities (post 20/3/01 business)	Table 6 ^{2,3}	Table 6 ^{2,3}
Non Linked PHI (Ex-NAL) – Critical Illness		
Gross liabilities	Table 7	Table 7
Net liabilities	Table 8	Table 8
Non Linked PHI (Ex-NAL)–Tailored Mortgage Protection, Critical Illness Cover only		
Gross liabilities	Table 7	Table 7
Net liabilities (pre 19/3/01 business)	Table 9	Table 9
Net liabilities (post 20/3/01 business)	Table 10	Table 10

² AIDS 27.5% R6A (peak)

³ AIDS 9.2% R6A (peak)

For products listed above where 'modified table' has been used, sample rates (combined mortality and morbidity) per 1000 lives are shown in the tables below:

Table 4 current valuation

Age	Male smoker		Male Non-smoker		Female smoker		Female Non-smoker	
	Without TPD	With TPD	Without TPD	With TPD	Without TPD	With TPD	Without TPD	With TPD
25	1.24	1.30	0.74	0.79	1.12	1.13	0.70	0.71
35	2.48	2.53	1.33	1.37	3.11	3.14	1.73	1.75
45	7.80	8.05	3.53	3.73	8.19	8.32	3.68	3.79
55	20.12	21.13	8.79	9.66	17.09	17.64	7.17	7.64

Table 4 previous valuation

Age	Male smoker		Male Non-smoker		Female smoker		Female Non-smoker	
	Without TPD	With TPD	Without TPD	With TPD	Without TPD	With TPD	Without TPD	With TPD
25	1.24	1.30	0.74	0.79	1.12	1.13	0.70	0.71
35	2.48	2.53	1.33	1.37	3.11	3.14	1.73	1.75
45	7.80	8.05	3.53	3.73	8.19	8.32	3.68	3.79
55	20.12	21.13	8.79	9.66	17.09	17.64	7.17	7.64

Table 5 current valuation

Age	Male smoker		Male Non-smoker		Female smoker		Female Non-smoker	
	Without TPD	With TPD	Without TPD	With TPD	Without TPD	With TPD	Without TPD	With TPD
25	1.22	1.28	0.74	0.78	1.04	1.05	0.66	0.66
35	2.35	2.40	1.28	1.31	2.87	2.89	1.61	1.62
45	7.31	7.53	3.34	3.52	7.60	7.72	3.45	3.55
55	19.02	19.92	8.41	9.20	15.97	16.47	6.83	7.25

Table 5 previous valuation

Age	Male smoker		Male Non-smoker		Female smoker		Female Non-smoker	
	Without TPD	With TPD	Without TPD	With TPD	Without TPD	With TPD	Without TPD	With TPD
25	1.22	1.28	0.74	0.78	1.04	1.05	0.66	0.66
35	2.35	2.40	1.28	1.31	2.87	2.89	1.61	1.62
45	7.31	7.53	3.34	3.52	7.60	7.72	3.45	3.55
55	19.02	19.92	8.41	9.20	15.97	16.47	6.83	7.25

Table 6 current valuation

Age	Male smoker		Male Non-smoker		Female smoker		Female Non-smoker	
	Without TPD	With TPD	Without TPD	With TPD	Without TPD	With TPD	Without TPD	With TPD
25	1.00	1.04	0.59	0.61	0.74	0.74	0.48	0.48
35	1.73	1.76	0.92	0.94	1.96	1.97	1.13	1.14
45	5.26	5.39	2.34	2.45	5.23	5.31	2.48	2.54
55	14.06	14.63	6.06	6.56	11.27	11.58	5.12	5.39

Table 6 previous valuation

Age	Male smoker		Male Non-smoker		Female smoker		Female Non-smoker	
	Without TPD	With TPD	Without TPD	With TPD	Without TPD	With TPD	Without TPD	With TPD
25	1.00	1.04	0.59	0.61	0.74	0.74	0.48	0.48
35	1.73	1.76	0.92	0.94	1.96	1.97	1.13	1.14
45	5.26	5.39	2.34	2.45	5.23	5.31	2.48	2.54
55	14.06	14.63	6.06	6.56	11.27	11.58	5.12	5.39

Table 7 current valuation

Age	Male smoker		Male Non-smoker		Female smoker		Female Non-smoker	
	Without TPD	With TPD	Without TPD	With TPD	Without TPD	With TPD	Without TPD	With TPD
25	0.56	0.64	0.33	0.39	0.83	0.85	0.52	0.53
35	1.70	1.81	0.89	0.96	2.54	2.66	1.39	1.46
45	5.84	6.25	2.64	2.90	6.34	6.68	2.79	2.98
55	15.01	16.36	6.53	7.49	13.09	13.99	5.21	5.79

Table 7 previous valuation

Age	Male smoker		Male Non-smoker		Female smoker		Female Non-smoker	
	Without TPD	With TPD	Without TPD	With TPD	Without TPD	With TPD	Without TPD	With TPD
25	0.56	0.64	0.33	0.39	0.83	0.85	0.52	0.53
35	1.70	1.81	0.89	0.96	2.54	2.66	1.39	1.46
45	5.84	6.25	2.64	2.90	6.34	6.68	2.79	2.98
55	15.01	16.36	6.53	7.49	13.09	13.99	5.21	5.79

Table 8 current valuation

Age	Male smoker		Male Non-smoker		Female smoker		Female Non-smoker	
	Without TPD	With TPD	Without TPD	With TPD	Without TPD	With TPD	Without TPD	With TPD
25	0.51	0.58	0.30	0.35	0.74	0.76	0.47	0.47
35	1.55	1.65	0.81	0.87	2.27	2.37	1.24	1.30
45	5.31	5.69	2.40	2.64	5.66	5.96	2.49	2.66
55	13.67	14.90	5.95	6.82	11.68	12.48	4.65	5.17

Table 8 previous valuation

Age	Male smoker		Male Non-smoker		Female smoker		Female Non-smoker	
	Without TPD	With TPD	Without TPD	With TPD	Without TPD	With TPD	Without TPD	With TPD
25	0.51	0.58	0.30	0.35	0.74	0.76	0.47	0.47
35	1.55	1.65	0.81	0.87	2.27	2.37	1.24	1.30
45	5.31	5.69	2.40	2.64	5.66	5.96	2.49	2.66
55	13.67	14.90	5.95	6.82	11.68	12.48	4.65	5.17

Table 9 current valuation

Age	Male smoker		Male Non-smoker		Female smoker		Female Non-smoker	
	Without TPD	With TPD	Without TPD	With TPD	Without TPD	With TPD	Without TPD	With TPD
25	0.50	0.57	0.30	0.35	0.74	0.77	0.47	0.48
35	1.53	1.63	0.80	0.86	2.29	2.40	1.25	1.31
45	5.25	5.63	2.37	2.61	5.71	6.02	2.51	2.68
55	13.51	14.73	5.88	6.74	11.78	12.60	4.69	5.21

Table 9 previous valuation

Age	Male smoker		Male Non-smoker		Female smoker		Female Non-smoker	
	Without TPD	With TPD	Without TPD	With TPD	Without TPD	With TPD	Without TPD	With TPD
25	0.50	0.57	0.30	0.35	0.74	0.77	0.47	0.48
35	1.53	1.63	0.80	0.86	2.29	2.40	1.25	1.31
45	5.25	5.63	2.37	2.61	5.71	6.02	2.51	2.68
55	13.51	14.73	5.88	6.74	11.78	12.60	4.69	5.21

Table 10 current valuation

Age	Male smoker		Male Non-smoker		Female smoker		Female Non-smoker	
	Without TPD	With TPD	Without TPD	With TPD	Without TPD	With TPD	Without TPD	With TPD
25	0.38	0.44	0.23	0.27	0.57	0.58	0.36	0.36
35	1.17	1.24	0.61	0.65	1.74	1.82	0.95	1.00
45	3.99	4.28	1.80	1.99	4.34	4.57	1.91	2.04
55	10.27	11.20	4.47	5.13	8.96	9.58	3.57	3.96

Table 10 previous rates

Age	Male smoker		Male Non-smoker		Female smoker		Female Non-smoker	
	Without TPD	With TPD	Without TPD	With TPD	Without TPD	With TPD	Without TPD	With TPD
25	0.38	0.44	0.23	0.27	0.57	0.58	0.36	0.36
35	1.17	1.24	0.61	0.65	1.74	1.82	0.95	1.00
45	3.99	4.28	1.80	1.99	4.34	4.57	1.91	2.04
55	10.27	11.20	4.47	5.13	8.96	9.58	3.57	3.96

Policies previously written in BULA

The mortality bases used in the valuation of the significant groups of business were as follows:

Product Group	Current Valuation M/F bases	Previous Valuation M/F bases
Business formerly in the Unit Linked Fund		
Unit-linked Business (excluding the below)	110% AMC00 110% AFC00	110% AMC00 110% AFC00
Unit-linked endowments with critical illness	125% Gerling SI morbidity and: 110% AMC00 110% AFC00	125% Gerling SI morbidity and: 110% AMC00 110% AFC00
Unit-linked deferred annuity (pre-vesting)	58% AMC00 58% AFC00	58% AMC00 58% AFC00
Unit-linked Personal pension, FSAVCs and Stakeholder pension	165% AMC00 154% AFC00	165% AMC00 154% AFC00
Business formerly in the Non-Profit Fund		
Pension Annuities in Payment	97.9% PCMA00 improvements CMI_2014_M (1) 98.8% PCFA00 Improvements CMI_2014_F (1)	97.9% PCMA00 99.8% PCFA00
Life Fund Annuities in Payment	97.9% PCMA00 improvements CMI_2014_M (1) 98.8% PCFA00 Improvements CMI_2014_F (1)	97.9% PCMA00 99.8% PCFA00
Unit Linked Business with aggregate smoker status	88% AM92 88% AF92	88% AM92 88% AF92
Unit Linked Business with smoker split		
Aggregate	88% AM92 88% AF92	88% AM92 88% AF92
Non Smoker	77% AM92 66% AF92	77% AM92 66% AF92
Smoker	176% AM92 132% AF92	176% AM92 132% AF92
Aggregate Term Assurance	120.6% TMC00 112.4% TFC00	120.6% TMC00 112.4% TFC00
Term Assurance (codes GITN & GIFF)		
Non Smoker	328.6% TMN00 175.9% TFN00	328.6% TMN00 175.9% TFN00
Smoker	211.0% TMS00 178.8% TFS00	211.0% TMS00 178.8% TFS00
Other Term Assurances		
Non Smoker	139.6% TMN00 133.7% TFN00	139.6% TMN00 133.7% TFN00
Smoker	122.7% TMS00 114.5% TFS00	122.7% TMS00 114.5% TFS00
Whole of Life (with medical selection)	110% AM92 143% AF92	105% AM92 119% AF92
Senior Security Plan	110% AM92 143% AF92	Modified AM92/AF92
Other Permanent Assurances	99% AM92 121% AF92	99% AM92 121% AF92
AIDS loading where relevant	Nil	Nil

Notes:

(1) CMI 2014 improvements 2.5% for males and 2.25% for females at ages 85, reducing linearly down to 0% at age 120.

For pension annuities in payment, the expectations of life at age 65 and 75 are shown in the following table:

Age	Current Valuation		Previous Valuation	
	Males	Females	Males	Females
65	24.74	26.42	24.43	26.28
75	15.03	16.49	14.92	16.46

For life annuities in payment, the expectations of life at age 65 and 75 are shown in the following table:

Age	Current Valuation		Previous Valuation	
	Males	Females	Males	Females
65	24.74	26.42	24.43	26.28
75	15.03	16.49	14.92	16.46

For the Senior Security Plan, the adjustments to the mortality table are shown in the table below for the current valuation:

Age	Male non-smoker	Male smoker	Female non-smoker	Female smoker
50	110%	110%	143%	143%
60	110%	110%	143%	143%
70	110%	110%	143%	143%
80	110%	110%	143%	143%

For the Senior Security Plan where a 'modified table' has been used, sample percentages of the mortality table are shown in the table below for the previous valuation:

Age	Male non-TV sales	Male TV sales	Female non-TV sales	Female TV sales
50	333.438%	331.273%	252.767%	364.505%
60	204.227%	230.024%	187.765%	241.720%
70	127.104%	150.603%	148.258%	174.042%
80	103.006%	121.461%	132.725%	159.702%

Policies previously written in BRS

The mortality tables used are modified RMV00/RFV00 mortality factors plus longevity improvement factors. The improvements are in line with those shown at the start of section 4(4) above.

The table below shows the expectation of life for each class of impaired life for the current valuation:

Representative description of underwriting category	Standard	Light smoker	Diabetic	Smoker	Medium impairment	High impairment	Seriously ill
Male aged 65	27.67	25.08	24.96	22.81	22.51	19.38	15.39
Male aged 75	17.72	15.51	15.51	13.65	14.98	11.93	8.68
Female aged 65	30.33	27.96	25.81	21.53	19.79	16.80	19.60
Female aged 75	19.93	17.79	16.00	12.32	11.21	9.53	11.32

The table below shows the expectation of life for each class of impaired life for the previous valuation:

Representative description of underwriting category	Standard	Light smoker	Diabetic	Smoker	Medium impairment	High impairment	Seriously ill
Male aged 65	27.26	24.77	24.65	22.59	22.28	19.26	15.38
Male aged 75	17.54	15.40	15.40	13.59	14.88	11.91	8.72
Female aged 65	30.19	27.87	25.77	21.57	19.86	16.92	19.67
Female aged 75	19.92	17.81	16.05	12.41	11.32	9.66	11.43

Policies previously written in BA

Product Group	Current Valuation M/F bases	Previous Valuation M/F bases
Decreasing term assurance with critical illness cover	125% Gerling Re morbidity and: 105% TMC00 110% TFC00	125% Gerling Re morbidity and: 105% TMC00 110% TFC00
Non linked immediate annuity	114% RMV00 128.3% RFV00	114% RMV00 128.3% RFV00
Aggregate Term Assurance	105% TMC00 110% TFC00	105% TMC00 110% TFC00
Term Assurance (codes T1 & T2)		
Aggregate	166% TMC00 163% TFC00	166% TMC00 163% TFC00
Non Smoker	106% TMC00 105% TFC00	106% TMC00 105% TFC00
Smoker	226% TMC00 222% TFC00	226% TMC00 222% TFC00
Term Assurance with serious illness (codes ST1 & ST2)	125% Gerling SI morbidity and:	125% Gerling SI morbidity and:
Aggregate	199% TMC00 139% TFC00	199% TMC00 139% TFC00
Non Smoker	119% TMC00 88% TFC00	119% TMC00 88% TFC00
Smoker	278% TMC00 189% TFC00	278% TMC00 189% TFC00
Endowment and Whole of Life	110% AMC00 110% AFC00	110% AMC00 110% AFC00
Pension deferred annuities (pre-vesting)	90% AMC00 90% AFC00	90% AMC00 90% AFC00

Note that the mortality basis for the assurances is combined with the allowance for morbidity described in section 4(5).

For pension annuities in payment the expectations of life under the current (and previous year) valuation assumptions for sample ages are:

Age	Current Valuation		Previous Valuation	
	Males	Females	Males	Females
65	23.48	26.00	22.88	25.21
75	14.19	16.06	13.83	15.46

Policies previously written in SMA

The mortality bases used in the valuation of the significant groups of business were as follows:

Product Group	Current Valuation M/F bases	Previous Valuation M/F bases
Life Assurances (excluding term assurance)		
Smoker	69% AM92 ¹ 72% AF92	69% AM92 ¹ 72% AF92
Non-smoker	55% AM92 ¹ 77% AF92	55% AM92 ¹ 77% AF92
Pension Assurances (individual and group)	72% AM92 66% AF92	72% AM92 66% AF92
Term Assurances (Life)		
Smoker	117% TM92 ¹ 112% TF92	117% TM92 ¹ 112% TF92
Non-smoker	59% TM92 ¹ 78% TF92	59% TM92 ¹ 78% TF92
Term Assurances (Pension)	79% TM92 ¹ 105% TF92	79% TM92 ¹ 105% TF92
Unit-linked and unitised with-profits life	77% AM80 ¹ 77% AF80	77% AM80 ¹ 77% AF80
Unit-linked and unitised with-profits pensions	77% AM80 77% AF80	77% AM80 77% AF80
Deferred annuities (in deferment) (individual and group)	97.9% PCMA00 improvements CMI_2014_M ² 98.8% PCFA00 improvements CMI_2014_F ²	97.9% PCMA00 99.8% PCFA00
Deferred annuities (in payment) - life (individual and group)	97.9% PCMA00 improvements CMI_2014_M ² 98.8% PCFA00 improvements CMI_2014_F ²	97.9% PCMA00 99.8% PCFA00
Immediate annuities in payment - life	97.9% PCMA00 improvements CMI_2014_M ² 98.8% PCFA00 improvements CMI_2014_F ²	97.9% PCMA00 99.8% PCFA00
Immediate and deferred annuities in payment - pensions	97.9% PCMA00 improvements CMI_2014_M ² 98.8% PCFA00 Improvements CMI_2014_F ²	97.9% PCMA00 99.8% PCFA00

¹ AIDS 33% R6A (peak) for males only

² CMI 2014 improvements 2.5% for males and 2.25% for females at ages 85, reducing linearly down to 0% at age 120.

For life annuities in payment and deferred annuities the expectations of life under the current (and previous year) valuation assumptions for sample ages are:

	Current Age	Expectation of life from age	Current Valuation		Previous Valuation	
			Males	Females	Males	Females
Immediate annuities	65	65	24.74	26.42	24.43	26.28
	75	75	15.03	16.49	14.92	16.46
Deferred annuities	45	65	28.40	29.64	27.47	29.26
	55	65	26.55	28.05	25.94	27.80

For pensions annuities in payment and deferred annuities the expectations of life under the current (and previous year) valuation assumptions for sample ages are:

	Current Age	Expectation of life from age	Current Valuation		Previous Valuation	
			Males	Females	Males	Females
Immediate annuities	65	65	24.74	26.42	24.43	26.28
	75	75	15.03	16.49	14.92	16.46
Deferred annuities	45	65	28.40	29.64	27.47	29.26
	55	65	26.55	28.05	25.94	27.80

Policies previously written in SPL

The mortality bases used in the valuation of the significant groups of business were as follows:

Product Group	Current Valuation M/F bases	Previous Valuation M/F bases
Endowment Assurance and Linked Assurances other than Flexible Mortgage Plan and Self Assurance Lifetime		
Aggregate	88% AM92 ¹ 110% AF92	88% AM92 1 110% AF92
Non-smoker	70% AM92 ¹ 88% AF92	70% AM92 1 88% AF92
Smoker	141% AM92 ¹ 176% AF92	141% AM92 1 176% AF92
Flexible Mortgage Plan and Self Assurance Lifetime (mortality only), Whole Life Assurance and Term Assurance	Modified TM92 ¹ Modified TF92	Modified TM92 1 Modified TF92
Deferred annuities (in deferment)	97.9% PCMA00 improvements	97.9% PCMA00
Overseas (group and individual)	CMI_2014_M ² 98.8% PCFA00 Improvements	99.8% PCFA00
UK (individual) UK (group)	CMI_2014_F ²	
	97.9% PCMA00 improvements CMI_2014_M ² 98.8% PCFA00 improvements	97.9% PCMA00 99.8% PCFA00
Linked Deferred Annuities (in deferment) and Group Pensions (overseas)	CMI_2014_F ²	
	97.9% PCMA00 improvements CMI_2014_M ² 98.8% PCFA00 Improvements	97.9% PCMA00 99.8% PCFA00
Immediate and deferred annuities in payment	CMI_2014_F ²	

¹ AIDS 33% R6A (peak) for males only

² CMI 2014 improvements 2.5% for males and 2.25% for females at ages 85, reducing linearly down to 0% at age 120.

Where the mortality assumptions are based on the TM92/TF92 tables, age-related percentages are used. Select rates are used for conventional term assurance and ultimate rates for conventional whole life assurance and the Flexible Mortgage Plan. Sample mortality rate per 1000 lives are as follows:

Conventional term assurance – current year

Age	Male non-smoker	Male smoker	Female non-smoker	Female smoker
25	0.408	0.729	0.185	0.280
35	0.438	0.719	0.287	0.486
45	0.912	1.643	0.715	1.343
55	2.494	6.426	1.873	3.864

Conventional term assurance – previous year

Age	Male non-smoker	Male smoker	Female non-smoker	Female smoker
25	0.408	0.729	0.185	0.280
35	0.438	0.719	0.287	0.486
45	0.912	1.643	0.715	1.343
55	2.494	6.426	1.873	3.864

Conventional whole life assurance – current year

Age	Male non-smoker	Male smoker	Female non-smoker	Female smoker
25	0.421	0.421	0.218	0.218
35	0.444	0.444	0.348	0.348
45	0.947	0.947	0.892	0.892
55	2.862	2.862	2.406	2.406

Conventional whole life assurance – previous year

Age	Male non-smoker	Male smoker	Female non-smoker	Female smoker
25	0.421	0.421	0.218	0.218
35	0.444	0.444	0.348	0.348
45	0.947	0.947	0.892	0.892
55	2.862	2.862	2.406	2.406

Unitised Flexible Mortgage Plan – current year

Age	Male non-smoker	Male smoker	Female non-smoker	Female smoker
25	0.503	0.500	0.244	0.391
35	0.539	0.495	0.378	0.680
45	1.113	1.143	0.942	1.877
55	3.060	4.429	2.468	5.401

Unitised Flexible Mortgage Plan – previous year

Age	Male non-smoker	Male smoker	Female non-smoker	Female smoker
25	0.503	0.500	0.244	0.391
35	0.539	0.495	0.378	0.680
45	1.113	1.143	0.942	1.877
55	3.060	4.429	2.468	5.401

For pensions annuities in payment and deferred annuities the expectations of life under the current (and previous year) valuation assumptions for sample ages are:

	Current Age	Expectation of life from age	Current Valuation		Previous Valuation	
			Males	Females	Males	Females
Immediate annuities	65	65	24.74	26.42	24.43	26.28
	75	75	15.03	16.49	14.92	16.46
Deferred annuities	45	65	28.40	29.64	27.47	29.26
	55	65	26.55	28.05	25.94	27.80

Policies previously written in NPIL

The mortality bases are:

Product Group	Current Valuation		Previous Valuation	
	Males	Females	Males	Females
NPIL Pre-vesting All business	90% AM92	90% AF92	90% AM92	90% AF92
NPIL Post-vesting/In payment				
Pension annuities	97.4% RMV00 improvements CMI_2014_M (1)	97.4% RFV00 improvements CMI_2014_F (1)	97.4% RMV00	97.4% RFV00
Pensions deferred annuities	97.4% RMV00 improvements CMI_2014_M (1)	97.4% RFV00 improvements CMI_2014_F (1)	97.4% RMV00	97.4% RFV00
Group GAF annuities	97.4% RMV00 improvements CMI_2014_M (1)	97.4% RFV00 improvements CMI_2014_F (1)	97.4% RMV00	97.4% RFV00
Life/IRS/Individual GAF annuities	100% IML92 ⁽²⁾	100% IFL92 ⁽³⁾	100% IML92(2)	100% IFL92(3)
Life deferred annuities	100% IML92 ⁽²⁾	100% IFL92 ⁽³⁾	100% IML92(2)	100% IFL92(3)
PAUF Single Premium	95% AMC00	95% AFC00	95% AMC00	95% AFC00
PAUF Regular Premium	116% AMC00	116% AFC00	116% AMC00	116% AFC00
PAULP linked products	79% AMC00	79% AFC00	79% AMC00	79% AFC00
PAULP immediate annuities	97.4% RMV00 improvements CMI_2014_M (1)	97.4% RFV00 improvements CMI_2014_F (1)	97.4% RMV00	97.4% RFV00
LLLA all business	100% A67/70	100% A67/70 rated down 4 years	100% A67/70	100% A67/70 rated down 4 years

Notes:

1. CMI 2014 improvements 2.5% for males and 2.25% for females at ages 85, reducing linearly down to 0% at age 120
2. Annual improvements: average of Medium and Long cohort improvements, with 1.5% floor.
3. Annual improvements: 75% of average of Medium and Long cohort improvements, with minimum of the CMI17 floor and 1.25%.

For annuity contracts, life expectations in years for males are:

Product Group	Annuities in payment		Deferred annuities: life expectation at age 65	
	Age 65	Age 75	Age 45	Age 55
NPIL				
Pensioners	24.48	15.01		
Group GAF annuities	24.48	15.01		
Life/IRS/Ind GAF annuities	24.48	15.01		
Life deferred annuities			28.05	26.26
Pensions deferred annuities			28.05	26.26
PAULP				
Immediate annuities	24.48	15.01		

For annuity contracts, life expectations in years for females are:

Product Group	Annuities in payment		Deferred annuities: life expectation at age 65	
	Age 65	Age 75	Age 45	Age 55
NPIL				
Pensioners	27.41	17.30		
Group GAF annuities	27.41	17.30		
Life/IRS/Ind GAF annuities	27.41	17.30		
Life deferred annuities			30.38	28.92
Pensions deferred annuities			30.38	28.92
PAULP				
Immediate annuities	27.41	17.30		

Policies previously written in With Profits funds

These contracts represent former with profit policies which have vested in the Non Profit Fund. They originate from the Alba With-Profits Fund, SAL With-Profits Fund and Phoenix With-Profits Funds and the arrangement for such plans to vest in the Non Profit Fund began with effect from 1 January 2011.

The mortality bases used in the valuation of the significant groups of business were as follows:

PHASE IV ANNUITIES (ALBA, SAL and PWP (STG), PWP (ex-STG))		
Product Group	Current Valuation M/F bases	Previous Valuation M/F bases
Pension Annuities in payment	97.9% PCMA00 improvements CMI_2014_M (1)	97.9% PCMA00
- ALBA Annuities	98.8% PCFA00 Improvements CMI_2014_F (1)	99.8% PCFA00
Pension Annuities in payment	97.9% PCMA00 improvements CMI_2014_M (1)	97.9% PCMA00
- SAL Annuities	98.8% PCFA00 Improvements CMI_2014_F (1)	99.8% PCFA00
Pension Annuities in payment	97.9% PCMA00 improvements CMI_2014_M (1)	97.9% PCMA00
- PWP (ex STG) Annuities	98.8% PCFA00 Improvements CMI_2014_F (1)	99.8% PCFA00
Pension Annuities in payment	97.9% PCMA00 improvements CMI_2014_M (1)	97.9% PCMA00
- PWP STG Annuities	98.8% PCFA00 Improvements CMI_2014_F (1)	99.8% PCFA00

¹ CMI 2014 improvements 2.5% for males and 2.25% for females at ages 85, reducing linearly down to 0% at age 120

Note that within the Phoenix With-Profits Fund there is a group of business called the Scottish Transport Group (STG) where this book of business is known to demonstrate much heavier mortality than the rest of the Phoenix With-Profits Fund book of business.

For pensions annuities in payment the expectations of life under the current (and previous year) valuation assumptions for sample ages are:

Ex-Alba With-Profits Fund:

	Current Age	Expectation of life from age	Current Valuation		Previous Valuation	
			Males	Females	Males	Females
Immediate annuities	65	65	24.74	26.42	24.43	26.28
	75	75	15.03	16.49	14.92	16.46

Ex-SAL With-Profits Fund:

	Current Age	Expectation of life from age	Current Valuation		Previous Valuation	
			Males	Females	Males	Females
Immediate annuities	65	65	24.74	26.42	24.43	26.28
	75	75	15.03	16.49	14.92	16.46

Ex-Phoenix With-Profits Fund (excl STG):

	Current Age	Expectation of life from age	Current Valuation		Previous Valuation	
			Males	Females	Males	Females
Immediate annuities	65	65	24.74	26.42	24.43	26.28
	75	75	15.03	16.49	14.92	16.46

Ex-Phoenix With-Profits Fund (STG):

	Current Age	Expectation of life from age	Current Valuation		Previous Valuation	
			Males	Females	Males	Females
Immediate annuities	65	65	22.61	25.09	21.94	24.15
	75	75	13.27	15.35	12.85	14.62

Pension Scheme Longevity Swap

The mortality basis is:

	Current Valuation		Previous Valuation	
	Males	Females	Males	Females
Pension immediate annuities in payment	81.7% s1pml	89.3% s1pfl	81.7% s1pml	89.3% s1pfl

Expectations of life are:

	Current Valuation		Previous Valuation	
	Males	Females	Males	Females

Age 65	24.38	26.15	24.19	26.20
Age 75	15.03	16.38	15.04	16.53

(5) Morbidity Basis

Policies previously written in PLL but not in PAL or SLUK

For PHI policies previously written in PLL but not in PAL or SLUK, the reserve has been calculated as a proportion of the annual premium in force. No morbidity tables are used for this business.

Policies previously written in PAL

For PHI benefits previously written in PAL, the assumed inception & recovery rates are expressed as varying percentages of CMIR12. Sample inception & recovery rates for occupational class 1 lives, based on a 3 month deferred period, are as follows:

Inception rates expressed as a percentage of CMIR12

Age	Table	Current Valuation		Previous Valuation	
		Male	Female	Male	Female
25	CMIR12	67.00%	116.00%	67.00%	116.00%
35	CMIR12	67.00%	116.00%	67.00%	116.00%
45	CMIR12	67.00%	116.00%	67.00%	116.00%
55	CMIR12	59.00%	104.00%	59.00%	104.00%

Recovery rates expressed as a percentage of CMIR12 for 2 years duration and 5 years duration

Age	Table	Current Valuation		Previous Valuation	
		Male	Female	Male	Female
25	CMIR12	23.00%	23.00%	23.00%	23.00%
35	CMIR12	23.00%	23.00%	23.00%	23.00%
45	CMIR12	23.00%	23.00%	23.00%	23.00%
55	CMIR12	23.00%	23.00%	23.00%	23.00%

For policies previously written in SLUK

For PHI and critical illness policies previously written in SLUK, the following morbidity assumptions are used (for PHI the non-smoker, 3 month deferred period, occupational class 1 rates are shown):

Inception rates expressed as a percentage of the table:

Age	Table	Current Valuation		Previous Valuation	
		Male	Female	Male	Female
Individual/Group PHI					
25	CMIR12	26.00%	45.50%	26.00%	45.50%
35	CMIR12	26.00%	45.50%	26.00%	45.50%
45	CMIR12	26.00%	45.50%	26.00%	45.50%
55	CMIR12	26.00%	45.50%	26.00%	45.50%
Critical Illness (non-smoker)					
25	CIBT93M	45.00%	63.00%	45.00%	63.00%
35	CIBT93M	45.00%	63.00%	45.00%	63.00%
45	CIBT93M	45.00%	63.00%	45.00%	63.00%
55	CIBT93M	45.00%	63.00%	45.00%	63.00%
Critical Illness (smoker and aggregate)					
25	CIBT93M	95.00%	100.00%	95.00%	100.00%
35	CIBT93M	95.00%	100.00%	95.00%	100.00%
45	CIBT93M	95.00%	100.00%	95.00%	100.00%
55	CIBT93M	95.00%	100.00%	95.00%	100.00%
Accelerated Critical Illness (non-smoker) : Term assurance mortality plus:					
25	CIBT93M	46.00%	64.00%	46.00%	64.00%
35	CIBT93M	46.00%	64.00%	46.00%	64.00%
45	CIBT93M	46.00%	64.00%	46.00%	64.00%
55	CIBT93M	46.00%	64.00%	46.00%	64.00%
Accelerated Critical Illness (smoker and aggregate) : Term assurance mortality plus:					
25	CIBT93M	98.00%	103.00%	98.00%	103.00%
35	CIBT93M	98.00%	103.00%	98.00%	103.00%
45	CIBT93M	98.00%	103.00%	98.00%	103.00%
55	CIBT93M	98.00%	103.00%	98.00%	103.00%

Recovery rates expressed as a percentage of CMIR12 for 2 years duration and 5 years duration

Age	Table	Current Valuation		Previous Valuation	
		Male	Female	Male	Female
Individual and Group PHI claims					
25	CMIR12	83.00%	83.00%	83.00%	83.00%
35	CMIR12	83.00%	83.00%	83.00%	83.00%
45	CMIR12	83.00%	83.00%	83.00%	83.00%
55	CMIR12	83.00%	83.00%	83.00%	83.00%

Policies previously written in Alba

The reserves for products covering morbidity risk do not exceed the materiality limits.

Policies previously written in BRS

No products cover morbidity risk.

Policies previously written in BA

The morbidity rates are based on those charged by the reinsurer and reflect the fact that the business relates to the United Kingdom.

Tables for aggregate (i.e. combined smoker/non smoker) rates are shown below:

Male Aggregate	Current Valuation	Previous Valuation
Age		
25	0.051%	0.051%
35	0.085%	0.085%
45	0.260%	0.260%
55	0.654%	0.654%
Female Aggregate	Current Valuation	Previous Valuation
Age		
25	0.070%	0.070%
35	0.156%	0.156%
45	0.325%	0.325%
55	0.640%	0.640%

Tables for non smoker rates:

Male Non Smoker	Current Valuation	Previous Valuation
Age		
25	0.045%	0.045%
35	0.062%	0.062%
45	0.166%	0.166%
55	0.436%	0.436%
Female Non Smoker	Current Valuation	Previous Valuation
Age		
25	0.050%	0.050%
35	0.109%	0.109%
45	0.227%	0.227%
55	0.456%	0.456%

Tables for smoker rates:

Male Smoker	Current Valuation	Previous Valuation
Age		
25	0.056%	0.056%
35	0.108%	0.108%
45	0.355%	0.355%
55	0.872%	0.872%
Female Smoker	Current Valuation	Previous Valuation
Age		
25	0.089%	0.089%
35	0.204%	0.204%
45	0.423%	0.423%
55	0.824%	0.824%

Policies previously written in SMA

For conventional PHI policies, the following morbidity bases are used:

Inception rates expressed as a percentage of the table:

Age	Table	Current Valuation		Previous Valuation	
		Male	Female	Male	Female
25	CMIR12	160.00%	160.00%	160.00%	160.00%
35	CMIR12	160.00%	160.00%	160.00%	160.00%
45	CMIR12	160.00%	160.00%	160.00%	160.00%
55	CMIR12	160.00%	160.00%	160.00%	160.00%

Recovery rates expressed as a percentage of the table:

Age	Table	Current Valuation		Previous Valuation	
		Male	Female	Male	Female
25	CMIR12	70.00%	70.00%	70.00%	70.00%
35	CMIR12	70.00%	70.00%	70.00%	70.00%
45	CMIR12	70.00%	70.00%	70.00%	70.00%
55	CMIR12	70.00%	70.00%	70.00%	70.00%

For Homeowner, morbidity rates are based on those charged by the reinsurer and are as follows, per 1000 lives:

Critical illness

Age	Male non-smoker	Male smoker	Female non-smoker	Female smoker
25	0.517	0.923	0.491	0.875
35	0.747	1.430	1.263	2.337
45	2.070	3.780	3.119	5.756
55	6.793	12.292	6.519	11.779

Residual mortality

Age	Male non-smoker	Male smoker	Female non-smoker	Female smoker
25	0.313	0.313	0.054	0.085
35	0.182	0.182	0.006	0.008
45	0.245	0.245	0.006	0.008
55	0.037	0.037	0.006	0.008

Policies previously written in SPL

The morbidity rates used in the valuation all relate to critical illness benefits and are all based on the rates charged by the reinsurers.

Sample valuation rates for conventional term assurance and conventional endowment assurance, both for combined mortality and critical illness benefits, are as follows:

Age	Male non-smoker	Male smoker	Female non-smoker	Female smoker
25	0.001030	0.001209	0.000863	0.000774
35	0.001078	0.001737	0.001316	0.001623
45	0.002352	0.005238	0.002726	0.004697
55	0.007785	0.014841	0.007645	0.011184

An allowance was made for a future deterioration of 0.375% p.a. for each of mortality, critical illness and TPD.

Sample valuation rates for conventional term assurance with critical illness benefits only are as follows. This option is not available for conventional endowment assurance.

Age	Male non-smoker	Male smoker	Female non-smoker	Female smoker
25	0.000656	0.000700	0.000634	0.000460
35	0.000880	0.001292	0.001371	0.001369
45	0.001980	0.004057	0.002886	0.004025
55	0.007251	0.012616	0.007841	0.009283

An allowance was made for a future deterioration of 0.75% p.a. for each of critical illness and TPD.

Sample valuation rates for Flexible Mortgage Plan and Self Assurance Lifetime are as follows:

Combined mortality and critical illness:

Age	Male non-smoker	Male smoker	Female non-smoker	Female smoker
25	0.001062	0.001251	0.000766	0.000947
35	0.001122	0.001815	0.001211	0.002061
45	0.002363	0.005281	0.002489	0.005915
55	0.007708	0.014744	0.006766	0.013646

Critical illness benefits only:

Age	Male non-smoker	Male smoker	Female non-smoker	Female smoker
25	0.000633	0.000721	0.000493	0.000610
35	0.000889	0.001389	0.001188	0.002020
45	0.001944	0.004185	0.002476	0.005882
55	0.006999	0.012930	0.006505	0.013120

No allowance was made for future deterioration in mortality, critical illness or TPD.

Policies previously written in NPIL

There are no products representing a significant amount of business that require a morbidity basis.

(6) Expenses

The following table shows the gross attributable expenses per policy (excluding renewal commission).

Product Group	Per Policy Expense	
	Current Valuation	Previous Valuation
	£	£
Term assurance (325 / 330)	72.59	71.06
Critical illness (340 / 345 / 350 / 355)	122.30	116.91
Income protection (360 / 365)	122.30	116.91
Income protection claims in payment (385)	122.30	116.91
Deferred annuity (390)	21.37	24.03
Annuity (400)	32.97	33.51
UWP bond (500)	n/a	n/a
UWP savings endowment (510)	n/a	n/a
UWP regular premium pension (525/545)	63.83	62.37
UWP single premium pension (525/545)	44.68	43.66
UWP group regular premium pension (535)	n/a	n/a
UWP group single premium pension (535)	n/a	n/a
UL bond (700)	18.20	17.81
UL savings endowment (715)	34.75	49.44
UL target cash endowment (720)	70.60	73.16
UL regular premium pension (725)	30.27	58.57
UL single premium pension (725)	34.24	40.34
UL group regular premium pension (735)	40.71	58.57
UL group single premium pension (735)	33.49	41.00

For product groups with different expense bases, the basis shown is that applicable to the largest category by number of policies.

The expenses on life business are netted down for tax at 20%.

There are no zillmer adjustments for the policies to which the above expenses apply.

(7) Unit Growth Rates

Previous Company	Product Group	Unit growth rate before management charge	Expense inflation rate assumed	Policy charge increase rate assumed
		(% p.a.)	(% p.a.)	(% p.a.)
PLL but not SLUK	Life business except for Home Ownership Plan	2.45%	4.12%	4.12%
	Home Ownership Plan	0.78%	4.12%	3.12%
	Pensions business	2.60%	4.12%	4.12%
SLUK	Life business	2.45%	4.12%	0.00%
	Pensions business	2.60%	4.12%	0.00%
Alba	Life business	2.45%	4.12%	0.00%
	Pensions business	2.60%	4.12%	0.00%
Century	Life Funds	2.45%	4.12%	4.12%
	Pension Funds	2.60%	4.12%	4.12%
BULA	Life business	2.45%	4.12%	3.12%
	Pensions business	2.60%	4.12%	3.12%
BRS	Pension Annuities	n/a	4.12%	n/a
BA	Pension Annuities	n/a	4.12%	n/a
NPIL	Life business	2.45%	4.12%	3.12%
	Pensions business	2.60%	4.12%	3.12%
	UWP	n/a	4.12%	3.12%
	Pension Annuities	n/a	4.12%	n/a
NPIL (PAULP, PAUF, and LLLA)	Life business	2.45%	4.12%	4.12%
	Pensions business	2.60%	4.12%	4.12%
SMA	Life business	2.45%	4.12%	4.12%
	Pensions business	2.60%	4.12%	4.12%
SPL				
UK	Life business	2.45%	4.12%	3.12%
	Pensions business	2.60%	4.12%	3.12%
Republic of Ireland	Life business	2.45%	4.12%	3.12%
	Pensions business	2.60%	4.12%	3.12%

In the case of linked contracts previously written in Alba, where there is discretion in the level at which charges are set, provision has been made for policy fees to increase according to the increases in either the Retail Price Index or the National Average Earnings Index according to the terms of the policy. No other increases to policy charges have been assumed.

(8) Future Bonus Rates

Policies previously written in NPIL

All with-profits business is reinsured out, so the future bonus assumptions are not relevant. In calculating the gross and reinsurance ceded reserves the assumption is that existing unit values are accumulated at any guaranteed minimum bonus rates. Under Portfolio Bond 2 any guaranteed bonus payable at the first policy anniversary, if it has not been reached, and the additional bonus payable at each fifth policy anniversary are all taken into account. Under PPP Series 2 and FIP (nil bid-offer spread version) the number of existing units is increased by the loyalty bonus units due at retirement date.

Other

Not applicable.

(9) Persistency Assumptions

For products where the valuation method has not been changed following the changes to the INSPRU valuation rules at 31 December 2006, no credit has been taken for future lapses.

Policies previously written in PLL

Product		Average lapse / surrender / paid-up rate for the policy years			
		1-5	6-10	11-15	16-20
Level term	Lapse (if margin positive)	6.00%	6.00%	6.00%	6.00%
Level term	Lapse (if margin negative)	4.00%	4.00%	4.00%	4.00%
Decreasing term	Lapse (if margin positive)	9.60%	9.60%	9.60%	9.60%
Decreasing term	Lapse (if margin negative)	6.40%	6.40%	6.40%	6.40%
Accelerated critical illness	Lapse (if margin positive)	7.20%	7.20%	7.20%	7.20%
Accelerated critical illness	Lapse (if margin negative)	4.80%	4.80%	4.80%	4.80%

The reserve for an individual policy is equal to the most onerous calculation from assuming:

- A positive margin at all durations
- A negative margin at all durations
- A positive margin when the reserves are negative and a negative margin when the reserves are positive.

Policies previously written in Alba

The valuation makes no allowance for lapses.

Policies previously written in BULA

Product		Average lapse / surrender / paid-up rate for the policy years			
		1-5	6-10	11-15	16-20
Level term	Lapse (if margin positive)	6.00%	6.00%	6.00%	6.00%
Level term	Lapse (if margin negative)	4.00%	4.00%	4.00%	4.00%
Decreasing term	Lapse (if margin positive)	9.60%	9.60%	9.60%	9.60%
Decreasing term	Lapse (if margin negative)	6.40%	6.40%	6.40%	6.40%

The reserve for an individual policy is equal to the most onerous calculation from assuming:

- A positive margin at all durations
- A negative margin at all durations
- A positive margin when the reserves are negative and a negative margin when the reserves are positive.

Policies previously written in BRS

The valuation makes no allowance for lapses as all of the policies are immediate annuities.

Policies previously written in BA

No allowance for lapses is made in the valuation.

Policies previously written in SMA

No allowance for lapses is made in the valuation.

Policies previously written in SPL

Product		Average lapse / surrender / paid-up rate for the policy years			
		1-5	6-10	11-15	16-20
Level term	Lapse	3.0%	3.0%	3.0%	3.0%
Decreasing term	Lapse	4.8%	4.8%	4.8%	4.8%
Accelerated critical illness	Lapse	3.6%	3.6%	3.6%	3.6%
UL bond	Automatic withdrawals	0.0%	0.0%	0.0%	0.0%

Reserves for protection business are calculated using the lapse rates shown in the table and with lapse rates both increased and decreased by 40%. The highest reserve for each policy is taken, i.e. aggregate reserves may use a mixture of the three lapse scenarios.

Policies previously written in NPIL

Product		Average lapse/ surrender/ paid-up			
		1-5	6-10	11-15	16-20
NPIL					
Life					
• All business	Surrender	4.0%	4.00%	4.00%	4.00%
• All business	Automatic withdrawals	4.00%	4.00%	4.00%	4.00%
Pension					
• UWP indiv regular premium	Paid-Up	2.10%	2.10%	2.10%	2.10%
• UWP indiv regular premium	Surrender	2.10%	2.10%	2.10%	2.10%
• UWP indiv single premium	Surrender	2.10%	2.10%	2.10%	2.10%
• UL indiv regular premium	Paid-Up	2.05%	2.05%	2.05%	2.05%
• UL indiv regular premium	Surrender	2.05%	2.05%	2.05%	2.05%
• UL group regular premium	Paid-Up	2.05%	2.05%	2.05%	2.05%
• UL group regular premium	Surrender	2.05%	2.05%	2.05%	2.05%
• UL indiv single prem (ALIS)	Surrender	2.05%	2.05%	2.05%	2.05%
PAUF (all Life)					
UL savings endowment	Surrender	3.47%	3.47%	3.47%	3.47%
UL target cash endowment	Surrender	3.47%	3.47%	3.47%	3.47%
UL bond	Surrender	3.47%	3.47%	3.47%	3.47%
UL bond	Automatic withdrawals	3.47%	3.47%	3.47%	3.47%
PAULP (all Pension)					
UL indiv regular premium	Paid-Up	2.00%	2.00%	2.00%	2.00%
UL indiv regular premium	Surrender	2.00%	2.00%	2.00%	2.00%
UL indiv single premium	Surrender	2.00%	2.00%	2.00%	2.00%
LLLA (all Life)					
UL bond	Surrender	3.77%	3.77%	3.77%	3.77%
UL bond	Automatic withdrawals	3.77%	3.77%	3.77%	3.77%

(10) Other Material Assumptions

Reinvestment Risk

The regulations also require the valuation rate to be reduced for reinvestment risk, if necessary.

In particular, there may be some reinvestment risk in relation to annuities as the assets and liabilities are matched on a realistic rather than on a statutory basis. This is determined by identifying how much of each year's annuity payments come from asset cashflows and how much is projected to come from draw down of the accumulated reinvested assets. The proportion provided by the assets is accredited

the current asset yield, that part coming from reinvested assets is accredited the reinvestment yield. The portfolio yield is reduced to allow for the reinvested assets producing a return no larger than the maximum within the FSA rules.

Policies previously written in BRS

A proportion of the mortality risk is reinsured to Hanover Re on a prescribed basis. The reinsurance reserves allow for 90% of the recoveries that would be due under the treaty on the valuation mortality assumptions.

The reinsurance treaty also allows for payments from the reinsurer in respect of administration expenses. Reinsurance reserves are established equal to the present value of the payments expected from the reinsurer.

Other

Not applicable.

(11) Allowance for Derivatives

The fund holds a number of swap contracts. The swap contracts (both assets and liabilities) are incorporated within the fixed interest portfolio for the purposes of determining a valuation rate of interest. Specifically for interest rate swaps we:

- (i) Calculate the cashflows that the swaps will produce if future interest rates are in accordance with the LIBOR forward yield curve at the valuation date.
- (ii) Calculate the cashflows arising from the fixed interest portfolio (excluding swaps) if held to redemption.
- (iii) Find the overall yield on the fixed interest portfolio (excluding swaps) by equating the cashflows in (ii) to the market value of the fixed interest assets (excluding swaps).
- (iv) Find the overall yield on the combined fixed interest and swap portfolio by equating the cashflows in (i) and (ii) to the market value of the swaps plus the fixed interest assets.
- (v) The difference between the yields in (iii) and (iv) shows the impact on yield of folding the swaps in with the fixed interest portfolio.

The business is backed by assets which include euro denominated bonds together with currency swaps to convert the coupon and redemption proceeds to sterling. To allow for these steps (i) and (ii) above are amended to project future cashflows in sterling using forward exchange rates.

In addition to the swaps, the assets described in form 13 contain derivative contracts. These derivative contracts are to manage asset exposure and reduce risk and are appropriately matched. The derivatives do not directly impact the long term insurance liabilities.

Derivative contracts may be held within some of the collective investment schemes in which the unit-linked funds invest. Their market value is reflected within the unit liabilities.

(12) Effect of Basis Changes

Not applicable. The changes in INSPRU valuation rules effective from 31 December 2006 were implemented at that time.

5. Options and Guarantees

(1) Guaranteed Annuity Rate Options

Policies previously written in PLL

There are no guaranteed annuity rate options with basic reserves exceeding the lesser of £10m and 1% of the total gross mathematical reserves.

Policies previously written in SLUK

(a) Methods

An additional reserve is calculated for options on the FT30 index-linked life policies. The following basis is used:

Age	Surrender rate
	p.a.
Prior to age 50	0%
At exact age 50	10%
55	20%
60	40%
65	100%

The main assumptions used to value GAOs were:

Valuation interest rate p.a.	3.01%
GAO take-up rate	80%
Mortality	IMA92/IFA92
Payment expense allowance	2%
The uncertainty of future interest rates has been allowed for by valuing the annuity using the alternative assumptions that interest rates will be 30% lower or 30% higher than those underlying the central rate. The reserve is taken as the average of the three results.	

(b)

Product Name	Protection Plan	Escalator Plan
Basic reserve	£19.3m	£52.5m
Spread of outstanding	0-25 years	0-25 years
Guarantee reserve	£4.3m	£11.6m
Guarantee annuity rate (age 65 male)	£102.88 p.a. for £1000 cash sum for policies commencing before 1979 £79.88 p.a. for £1000 cash sum for policies commencing in 1979 or 1980	£102.88 p.a. for £1000 cash sum for policies commencing before 1979 £79.88 p.a. for £1000 cash sum for policies commencing in 1979 or 1980
Increments	Increments are not allowed	Increments are not allowed
Frequency	Half-yearly in arrears, 5 years guarantee period	Half-yearly in arrears, 5 years guarantee period
Retirement ages	Available on surrender at 50, 55, 60 or 65	Available on surrender at 50, 55, 60 or 65

Policies previously written in Alba

Not applicable

Policies previously written in Century

There are no guaranteed annuity rate options with basic reserves exceeding the lesser of £10m and 1% of the total gross mathematical reserves.

Policies previously written in NPIL

(a) Methods

Annuity rate guarantees are valued deterministically using a single set of assumptions.

The calculation assumes a take-up rate (after allowing, for Pension policies, for the maximum tax-free cash benefit from the pre-vesting policy), retirement rates at different ages, and expenses and profit margins in the market annuity rates. A prudent allowance is made for policies to discontinue voluntarily before the earliest date at which the annuity guarantee applies.

If the market annuity rate exceeds the guaranteed annuity rate in the policy conditions (i.e. it requires more than the policy's projected value at that time to fund the guaranteed amount of annuity at the then simulated market annuity rates) the extra cost of providing the guaranteed annuity is calculated and discounted back to the valuation date using the valuation rate of interest. The minimum cost in each scenario is zero.

(b)

The reserve for the annuity rate guarantee reinsured into Pearl Assurance Limited has been determined in accordance with the basis set out below:

Assumption	2015	2014
Surrender Rate	2% single premium	2% single premium
	0.88% regular premium	0.88% regular premium
Take up Rate	100%	100%
Rate of interest	Min (Gilts, LIBOR)	Min (Gilts, LIBOR)

Notes:

1. CMI 2014 improvements 2.5% for males and 2.25% for females at ages 85, reducing linearly down to 0% at age 120.

Retirement Rates

The following proportions of policyholders retiring at each possible retirement age have been assumed:

Age Attained	2015	2014
60	27%	27%
61	7%	7%
62	6%	6%
63	6%	6%
64	12%	12%
65	67%	67%
66	18%	18%
67	12%	12%
68	12%	12%
69	11%	11%
70	16%	16%
71	11%	11%
72	6%	6%
73	5%	5%
74	24%	24%
75	100%	100%

Note:

1. Or current age, if older

Details of the products concerned are summarised below:

Product Names	Retirement Bonds, Retirement Plans
Product Code	725
Basic Reserve	£49.8 million
Spread of outstanding durations	Gradual run-off, mean term of 14.9 years
Guarantee Reserve	£22.6 million
GAR (% of fund for 65 year old male)	10%
Increments Allowed?	No
Form of Annuity	Single life, monthly in advance, level annuity, 0, 5 or 10 year guarantee period
Retirement Ages	60-75

Policies previously written by BULA, BRS, BA, SMA and SPL

There are no guaranteed annuity rate options

(2) Guaranteed Surrender and Maturity Values on Property Linked

Surrender Guarantees

Surrender guarantees are available on property linked business between a guarantee start date and a guarantee end date. Where available this guarantee is modelled as a return of premiums without interest multiplied by a time dependent factor. This factor is calculated by straight line interpolation between an input factor at the guarantee start date and an input factor at the guarantee end date.

The guarantees are allowed for when projecting the cash flows that determine the non-unit reserve and the cost of them isn't separately identifiable.

Policies previously written in PLL

Multiple Growth Bonds: Some policies have a special minimum value on surrender (only payable in certain extreme circumstances) of 100% of premiums paid to date. It was not considered necessary to incorporate an additional reserve.

Property Growth Plan and Executive Property Growth Plan: From the fifteenth policy anniversary onwards there is the guarantee that the surrender value is not less than the sum of premiums paid. The current value of units of each policy is such that it is not considered necessary to keep any reserve in respect of this guarantee.

Flexible Savings Plan: From the tenth policy anniversary onwards there is the guarantee that the surrender value is not less than five-sixths of premiums paid. The current value of units of each policy is such that it is not considered necessary to keep any reserve in respect of this guarantee.

Protection Plan: This contract provides a guaranteed surrender value and contains an in-built contingency margin as the value of the units in the reserve account at the previous policy anniversary will usually exceed this surrender value.

All-Weather Bond: From the fifteenth policy anniversary onwards there is the guarantee of a cash value of at least 150% of the single premium paid. The current value of units of each policy is such that it is not considered necessary to keep any reserve in respect of this guarantee.

Policies previously written in Alba, BRS, BA, BULA, SMA and SPL

There are no guaranteed surrender values.

Policies previously written in Century

The total basic reserve for guaranteed surrender values, where an additional reserve is considered necessary, is below the lesser of £10m and 0.1% of total mathematical reserves.

Policies previously written in NPIL

The only unit linked investment performance guarantee is that the value of units invested in any of the NPIL or LLLA Deposit funds is guaranteed not to fall. It was not considered necessary to incorporate an additional reserve.

Maturity Guarantees

Two forms of guaranteed maturity benefit underpins are available:

- Return of premiums accumulated at a guaranteed rate of interest; and
- Return of premiums with no interest but a multiplying factor applying at maturity. This guarantee factor is given as an input for the guarantee start and end dates and is linearly interpolated in between.

The guarantees are allowed for when projecting the cash flows that determine the non-unit reserve and the cost of them isn't separately identifiable.

Policies previously written in PLL

Wealth Assured Endowments

For contracts issued before April 1979 there is a guarantee that at the end of ten years and throughout the eleventh year the sum payable will not be less than 100% of the total premiums paid (excluding the policy fee). This proportion will increase by 1% at each policy anniversary until final maturity.

For later contracts the minimum sum assured payable at the end of ten years for each £10 per month premium (excluding policy fee) is £1000 and this amount increases by £125 for males and £140 for females at the end of each complete year thereafter until final maturity.

Policies previously written in Alba, BRS, BA, BULA, SMA and SPL

There are no guaranteed surrender values.

Policies previously written in BULA

The Flexible Investment Plan (first series) contains a maturity guarantee. The contract is an endowment assurance maturing on the anniversary of the date of the contract preceding the sixty-fifth birthday of the life assured. The contract is closed to new business.

The amount payable on maturity of the contract or on earlier death of the life assured is the greater of the value of the relevant shares at the current bid price and the premiums payable over the entire term of the contract. There is an option on maturity for the contract to be continued for an indefinite period without the continued payment of premium. The amount payable at the end of the continuation is the value of the relevant shares at the current bid price. The amount payable on death during the continuation is the greater of the value of the relevant shares at the current bid price and the premiums payable over the entire term of the contract.

Policies previously written in Century

The total basic reserve for guaranteed surrender values, where an additional reserve is considered necessary, is below the lesser of £10m and 0.1% of total mathematical reserves.

Policies previously written in NPIL

The only unit linked investment performance guarantee is that the value of units invested in any of the NPIL or LLLA Deposit funds is guaranteed not to fall. It was not considered necessary to incorporate an additional reserve.

(3) Guaranteed Insurability Options

Mathematical reserves are not maintained for guaranteed insurability options as the required reserves are not material.

(4) Other Guarantees and Options**Policies previously written in PLL**Investment Performance Guarantees

The Deposit Administration Pension contracts previously written by PAL have investment guarantees. The reserve is calculated as part of the basic reserves, taking into account the outstanding term of the business and the expected difference between the rate guaranteed and the rate earned on the underlying assets.

Policies previously written in Alba

There are no other significant guarantees or options.

Policies previously written in Century

Investment guarantees operate on ex-NELPEN Guaranteed Growth plans, ex-Crown plans investing in the Deposit Administration fund, and certain ex-OMLA and ex-Hiscox ex-With Profit plans. The reserve is calculated as part of the basic reserves, taking into account the outstanding term of the business and the expected difference between the rate guaranteed and the rate earned on the underlying assets

Policies previously written in BULA

There are no other significant guarantees or options.

Policies previously written in BRS, BA and SPL

There are no other guarantees or options.

Policies previously written in SMA

There are no other significant guarantees or options.

Policies previously written in NPIL

(a) Additional provision has been made of £1.9 million for guaranteed minimum

pension (GMP) guarantees in respect of transfers from contracted out schemes.

- (b) A reserve has been made for guaranteeing minimum benefits for certain ex-PAULP Personal Pension policyholders (who were previously members of occupational pension schemes) where failure to adhere to the best advice rules may have occurred.

The following method is used to determine the reserve:

- (1) Value the GMP cost as the excess, if any, of the GMP value over the benefit value (including any Guaranteed Annuity Rate options) excluding GMP benefits.
- (2) Calculate the value of each GMP element separately, so
- (3) The pre-1988 element
 - does not escalate
 - has a survivor's benefit of 50% of GMP for the first life
 - has no survivor benefit for the spouse
- (4) The post-1988 element
 - escalates at the minimum of RPI and 3%
 - has a survivor's benefit of 50% of GMP for all
- (5) For exits before the GMP date, calculate the value of the GMP at the GMP date and discount that benefit to the exit date using valuation rate of interest
- (6) For late retirement, uplift the GMP benefit amounts using a specified simple interest rate
- (7) Maturity and surrender benefit cash flows have an additional component equal to the value of the GMP in excess of non-GMP benefits
- (8) The value of these additional benefits will be reflected in the non-unit reserves.

This reserve has been determined in accordance with the basis set out below:

Assumption	2015	2014
Real rate of interest	-1.07% p.a.	-0.80% p.a.
Real rate of salary inflation (including an allowance for salary progression)	2.0% p.a.	2.2% p.a.
Expense loading for annuity in payment	11%	11%
Mortality in deferment	79% AM/AFC00 ultimate	79% AM/AFC00 ultimate
Mortality in payment	106.4% RMV00 92.5% RFV00	106.4% RMV00 92.5% RFV00
Percentage assumed married	100%	100%
Allowance for future service	Up to 14 years for those unable to rejoin their pension scheme	Up to 14 years for those unable to rejoin their pension scheme

Notes:

1. Longevity improvements 2.5% for males and 2.25% for females at ages 85, reducing linearly down to 0% at age 120.

Half the reserve is reassured to the Pearl With-Profits Fund of Phoenix Life Assurance Limited. The retained reserve is £16.8 million, including an allowance for future expenses and policies where the compensation process is yet to be completed. The basic reserve to which this additional amount applies is £207.8 million.

6. EXPENSE RESERVES

(1) Aggregate Expense Loadings

The aggregate amount of expense loadings, grossed up for taxation where appropriate, expected to arise during the twelve months after the valuation date from implicit and explicit reserves made in the valuation to meet expenses in fulfilling contracts in force at the valuation date is shown in the following table:

Homogeneous risk group	Implicit allowances	Explicit allowances (investment)	Explicit allowances (other)	Non-attributable expenses	Total
	£m	£m	£m	£m	£m
All Products	0.0	23.9	61.3	3.3	88.6

(2) Implicit Allowances

Implicit allowances for expenses include the margin between the office premium and the net premium for prospectively valued contracts where the net premium method has been employed.

(3) Form 43 Comparison

The total amount of maintenance expenses shown in 6(1) is different from the total shown in line 14 of Form 43:

	F43.14	table 6(1)	Difference
Homogeneous risk group	(a) £m	(b) £m	(b) - (a)
All Products	111	88.6	(22.1)
Total	111	88.6	(22.1)

Differences arise as line 14 of Form 43 includes the following items, which are not included in the maintenance fees shown in 6(1):

- (i) An allowance of £17.3m in respect of ex-NPIL business which has to remit Annual management Charges to Phoenix Life Assurance in respect of reinsurance accepted.
- (ii) Includes £5.6m for compensation paid to the with profits funds for VAT incurred.

Although, these are offset by:

- (iii) An allowance of £(10.2)m for Annual Management Charges received from the Scottish Mutual With-Profits fund and SPI With-Profits fund.

The expense loadings in 6(1) above will also include an additional year's inflation compared to form 43, but are based on a smaller book of business due to the run off of the closed fund. Additional areas of prudence will also exist in these loadings.

(4) New Business Expense Overrun

The company is closed to new business except for contractual increments which includes immediate annuities arising from vesting deferred pension policies. The agreement with the management services company specifies the expenses to be incurred and premium rates allow for the expenses to

be charged. The company does not therefore expect to incur any material strain in writing new business so no additional reserve is required.

(5) Maintenance Expense Overrun

Expense reserves in accordance with 6(1) together with expense provisions described below are considered to be sufficient to meet the expenses likely to be incurred in the future. The agreement also includes a prudent allowance for costs that are not covered by standard fees payable under the agreement.

Costs falling outside the MSAs Provision - £5.5m

This provision is established as it is expected that the management service agreements will be reviewed in future to reflect changes in business practice. The provision is calculated as the capitalised value of 1% of current outsourcer fees.

No allowance has been made for redundancy costs (as these will be met by the service provider), or for any costs of terminating the management services agreement (as the service provider does not have the option to terminate the contract).

(6) Non-attributable expenses

The fixed expense fee previously paid from the Non Profit Fund to PGMS has been replaced by individual policy fees following a project to harmonise the management service agreements.

For business originally written in NPIL the reserve for non-attributable expenses was determined by expressing a prudent estimate of future non-attributable expenses as a percentage of funds under management for each homogeneous risk group and testing, for each homogeneous risk group, that:

- if negative reserves were permitted, and
- the non-unit reserve with allowance for non-attributable expenses for each homogeneous risk group was negative;

and therefore the non-attributable expenses need not be explicitly allowed for in setting the reserves for that homogeneous risk group.

Accordingly, except for LLLA business (for which investment management expenses were increased by 10% in the calculation of non unit reserves), the reserve for non-attributable expenses for each homogenous risk group in the table in 6(1) above is nil.

The Non Profit fund pays investment expenses and an additional services fee in return for the management of assets. An expense reserve of £20.6m has been set up for the additional services fee which is non-attributable. This reserve has been calculated as the current level of additional services fee multiplied by a capitalisation factor.

Other non-attributable expense reserves are for TCF (£2.0m), other costs falling outside MSAs (£5.5m).

7. MISMATCHING RESERVES

(1) Analysis of Reserves by Currency

Currency	Mathematical Reserves m	Backed by assets in same currency m	Backed by assets in other currency m	Mismatching Percentage %
Sterling (£)	5,297.1	5,297.1	0.0	0.0
Euro (€)	380.1	380.1	0.0	0.0
Other currencies	0.7	0.7	0.0	0.0
Total	5,677.8	5,677.8	0.0	0.0

In addition, there is a reinsurer deposit back allowance of £375.8m in line 23 of Form 14. Liabilities for this arrangement are equal to assets and all liabilities and assets are Sterling denominated.

(2) Other Currency Exposures

The proportion of the liabilities in “other currencies” which is matched by assets in the same currency is 100%.

(3) Currency Mismatching Reserve

For all currency denominations of liability there are matching assets denominated in the same currency.

Currency swaps are held to negate the effect of exchange rate movements. The size, currency and term of assets in respect of the Non Profit Fund are reviewed regularly. There is therefore minimal currency risk and so no additional currency mismatching reserve is required.

(4) Most Onerous Scenario Under INSPRU 3.1.16(R)

Not applicable.

(5) Most Onerous Scenario Under INSPRU 3.1.23(R)

Not applicable.

(6) Resilience Capital Requirement

Not applicable.

(7) Additional Reserves Arising From INSPRU 1.1.34(2)(R)

No further reserve is required in respect of INSPRU 1.1.34(2)(R).

The size, currency and term of assets in respect of the Non Profit fund are reviewed regularly. The liabilities are backed mainly by fixed interest assets and cash and projections are carried out on appropriate, realistic assumptions. The Investment Managers are given rules to control the duration of such assets.

In view of this, no additional reserves for cashflow mismatching are regarded as appropriate.

8. OTHER SPECIAL RESERVES

The special reserves exceeding the lesser of £10m or 0.1% of the total mathematical reserves are as follows:

Description	Gross Reserve	Reassurance	Net Reserve
	£m	£m	£m
Data Contingency Provision	36.6	0.0	36.6
Unit Pricing Provision	23.5	0.0	23.5
Future Projects Provision	22.2	0.0	22.2
Litigation Provision	21.9	0.0	21.9
Non-modelled Investment Fees	20.6	0.0	20.6
PGMS Risk Transfer Payment Provision	20.6	0.0	20.6
VAT Provision	17.9	0.0	17.9

Data Contingency Provision

Data contingency reserves for additional expenses which may arise in connection with data errors affecting the long-term business.

Unit Pricing Provision

This provision was set up to mitigate against liabilities arising due to errors made while pricing units in unit-linked funds.

Future Projects Provision

This provision is held to cover additional expenses which may arise in connection with unanticipated projects with no or little financial benefit and is calculated having regard to past experience.

Litigation Provision

Reserves are held for future litigation settlements and similar costs.

Non-modelled Investment Fees

This provision is held to cover additional investment fees which are presently not modelled within the standard valuation systems.

PGMS Risk Transfer Payment Provision

As a result of the transfer of outsourcer work from UISL to Diligenta there is a change in expenses payable from the Life companies to PGMS for the administration of business. This includes a change to administration expenses and a sum paid across to PGMS for the transfer of various risks and for various project implementation costs. A reserve has been set up to cover the costs of the payment for transfer of risks.

VAT Provision

This provision covers the risk that VAT is applied to future charges made by external outsourcers. The provision is calculated as the present value of these potential future amounts.

9. REINSURANCE

(1) Facultative Reinsurance

- (a) No premiums were payable on a facultative basis to a reinsurer that was unauthorised to carry on insurance business in the UK.
- (b) No such premiums were payable to a connected company reinsurer that was unauthorised to carry on insurance business in the UK.

(2) Reinsurance Treaties

The required details of the reinsurance treaties in force at the valuation date are set out below.

For Policies previously written in PLL

- (d) Swiss Life Insurance and Pension Company**
- (e) A block of single premium compulsory purchase annuity contracts are reinsured on original terms.
 - (f) No premiums were payable by the company under the treaty during the year.
 - (g) There are no deposit back arrangements.
 - (h) The treaty is closed to new business.
 - (i) There are no undischarged obligations
 - (j) The amount of mathematical reserves ceded under the treaty at the valuation date was £14.6m.
 - (k) As (e)
 - (l) The reinsurer is authorised to carry on insurance business in the UK.
 - (m) The reinsurer is not a connected company of the insurer.
 - (n) There are no material contingencies, such as credit risk or legal risk to which the treaties are subject.
- (d) UNUM Provident**
- (e) Claims resulting from Group PHI contracts are 100% reinsured
 - (f) No premiums were payable by the company under the treaty during the year.
 - (g) There are no deposit back arrangements.
 - (h) The treaty is open to new business.
 - (i) There are no undischarged obligations
 - (j) The amount of mathematical reserves ceded under the treaty at the valuation date was £77.4m.
 - (k) As (e)
 - (l) The reinsurer is authorised to carry on insurance business in the UK.
 - (m) The reinsurer is not a connected company of the insurer.
 - (n) The assets backing the reinsured liabilities are held in a custodian account with appropriate security arrangements in place.
- (d) Swiss Re**
- (e) Group PHI, excluding schemes written under multinational pooling, is reinsured on a 50% quota share basis with a maximum retention on any one life of £75,000 p.a. All individual claim benefits greater than the maximum retention are 100% reinsured with Swiss Re.
 - (f) See Note 3
 - (g) There are no deposit back arrangements.
 - (h) The treaty is closed to new business.
 - (i) There are no undischarged obligations
 - (j) The amount of mathematical reserves ceded under the treaty at the valuation date was £23.0m.
 - (k) As (e)
 - (l) The reinsurer is authorised to carry on insurance business in the UK.
 - (m) The reinsurer is not a connected company of the insurer.
 - (n) There are no material contingencies, such as credit risk or legal risk to which the treaties are subject.

- (d) Swiss Re**
- (e) PHI policies are reinsured on a 50% quota share basis with a maximum retention of £25,000p.a.
 - (f) See Note 3
 - (g) There are no deposit back arrangements.
 - (h) The treaty is closed to new business.
 - (i) There are no undischarged obligations
 - (j) See Note 1
 - (k) As (e)
 - (l) The reinsurer is authorised to carry on insurance business in the UK.
 - (m) The reinsurer is not a connected company of the insurer.
 - (n) There are no material contingencies, such as credit risk or legal risk to which the treaties are subject.

- (d) Swiss Re**
- (e) Term, Term & TPD and waiver of premium policies are reinsured on a 90% quota share basis with a maximum retention of £50,000 / £300 p.a. (or \$75,000 / \$450 p.a.). Advance commission is also provided.
 - (f) See Note 3
 - (g) There are no deposit back arrangements.
 - (h) The treaty is closed to new business.
 - (i) There are no undischarged obligations
 - (j) See Note 2
 - (k) As (e)
 - (l) The reinsurer is authorised to carry on insurance business in the UK.
 - (m) The reinsurer is not a connected company of the insurer.
 - (n) There are no material contingencies, such as credit risk or legal risk to which the treaties are subject.

- (d) Swiss Re**
- (e) Certain Critical illness, TPD and Term & CI policies are reinsured on an 85% quota share basis with a maximum retention of £50,000. The business covered is the same as the treaty with Gen Re and Kolnische Ruck described below. Certain other policies of the same types are reinsured on a 90% quota share basis with a maximum retention of £50,000, and for these policies. Advance commission is also provided.
 - (f) See Note 3
 - (g) There are no deposit back arrangements.
 - (h) The treaty is closed to new business.
 - (i) There are no undischarged obligations
 - (j) See Note 2
 - (k) As (e)
 - (l) The reinsurer is authorised to carry on insurance business in the UK.
 - (m) The reinsurer is not a connected company of the insurer.
 - (n) There are no material contingencies, such as credit risk or legal risk to which the treaties are subject.

(d) Swiss Re

- (e) The treaty covers PHI reinsurance business accepted by the company. Where the PHI reinsurance exceeds £25,000p.a. the excess is reinsured.
- (f) See Note 3
- (g) There are no deposit back arrangements.
- (h) The treaty is closed to new business.
- (i) There are no undischarged obligations
- (j) See Note 1
- (k) As (e)
- (l) The reinsurer is authorised to carry on insurance business in the UK.
- (m) The reinsurer is not a connected company of the insurer.
- (n) There are no material contingencies, such as credit risk or legal risk to which the treaties are subject.

(d) Munich Re

- (e) Term and Term & TPD policies are reinsured on a 90% quota share basis with a maximum retention of £50,000 (or \$75,000). Advance commission is also provided.
- (f) The premiums payable by the company under the treaty during the year were £8.1m.
- (g) There are no deposit back arrangements.
- (h) The treaty is closed to new business.
- (i) There are no undischarged obligations
- (j) See Note 2
- (k) As (e)
- (l) The reinsurer is authorised to carry on insurance business in the UK.
- (m) The reinsurer is not a connected company of the insurer.
- (n) There are no material contingencies, such as credit risk or legal risk to which the treaties are subject.

(d) Gen Re. And Kolnische Ruck

- (e) Critical Illness, TPD and Term CI policies are reinsured on a 75% quota share basis (90% prior to 7 July 2003) with a maximum retention of £100,000 (£50,000) prior to 7 July 2003). Advance commission was also provided until 26th January 2003. The treaty is a co-reinsurance arrangement, 5% of the reinsured business being underwritten by Gen Re and 95% by Kolnische Ruck.
- (f) The premiums payable by the company under the treaty during the year were £6.0m.
- (g) There are no deposit back arrangements.
- (h) The treaty is closed to new business.
- (i) There are no undischarged obligations
- (j) See Note 2
- (k) As (e)
- (l) The reinsurer is authorised to carry on insurance business in the UK.
- (m) The reinsurer is not a connected company of the insurer.
- (n) There are no material contingencies, such as credit risk or legal risk to which the treaties are subject.

(d) Swiss Re

- (e) PHI policies are reinsured on an 85% quota share basis with a maximum retention of £25,000pa. With effect from 1 January 2003, reinsurance is on a risk premium basis.
- (f) See Note 3
- (g) There are no deposit back arrangements.
- (h) The treaty is closed to new business.
- (i) There are no undischarged obligations
- (j) See Note 1
- (k) As (e)
- (l) The reinsurer is authorised to carry on insurance business in the UK.
- (m) The reinsurer is not a connected company of the insurer.
- (n) There are no material contingencies, such as credit risk or legal risk to which the treaties are subject.

(d) Legal and General

- (e) A 50% quota share of Fair Share Whole Life business written between 1.9.74 and 30.9.80.
- (f) The premiums payable by the company under the treaty during the year were £0.1m.
- (g) £ nil
- (h) The treaty is closed to new business.
- (i) There are no undischarged obligations.
- (j) The amount of mathematical reserves ceded under the treaty at the valuation date was £11.0m.
- (k) The treaty is a 50% quota share arrangement.
- (l) The reinsurer is authorised to carry on insurance business in the UK.
- (m) The reinsurer is not a connected company of the insurer.
- (n) There are no material contingencies, such as credit risk or legal risk to which the treaties are subject.
- (o) Under each treaty consideration has been given to the overall position in the event of contracts lapsing. Where the commission refund due to the reinsurer is proportionate to the commission refund due to the company on the original contract, then taking into account the reserves released on the retained benefits, and the refunds of commission expected to be received by the company in respect of the original contracts, it has not been considered necessary to hold any additional reserve. Where the commission refund due to the reinsurer is more than an amount proportionate to the commission refund due to the company on the original contract, then a reserve has been set up to cover the expected shortfall.
- (p) There are no financing reinsurance treaties.

Note 1 The total reserves ceded in respect of treaties covering individual PHI business previously written by SLUK are £23.0m.

Note 2 The total reserves ceded in respect of treaties covering TA, CI and TPD business previously written by SLUK are £33.0m.

Note 3 The total premiums payable by the company during the year in respect of treaties with Swiss Re were £0.1m in respect of business previously written by PLL.

For Policies previously written in Alba, BULA and BA

Not applicable

For Policies previously written in Century

- (d) XL Re**
- (e) 100% of the benefits under the company's ex-OMLA non linked immediate annuity business that was in force at the end of 16 December 1999.
 - (f) No premiums were payable by the company under the treaty during the year.
 - (g) There is no deposit back arrangement
 - (h) The treaty is closed to new business.
 - (i) There are no undischarged obligations
 - (j) The amount of mathematical reserves ceded under the treaty at the valuation date was £282.3m.
 - (k) As (e)
 - (l) XL Re is not authorised to carry on insurance business in the United Kingdom
 - (m) The reinsurer is not a connected company of the insurer.
 - (n) The assets backing the reinsured liabilities are held in a custodian account with appropriate security arrangements in place.
 - (o) No provision has been made for any liability of the insurer to refund any amounts of reinsurance commission in the event of lapses or surrender of the contract.
 - (p) This is not a financing reinsurance treaty

For policies previously written in SMA

- (d) Munich Re**
- (e) The treaty reassures 100% of the liability under the closed book of immediate annuity business covered by the agreement.
 - (f) Premiums of £29.8m were payable by the company under this treaty during the year.
 - (g) There are no deposit back arrangements.
 - (h) The treaty is closed to new business.
 - (i) There are no undischarged obligations.
 - (j) The amount of mathematical reserves ceded under the treaty at the valuation date was £351.6m.
 - (k) There is no retention under the treaty.
 - (l) The reinsurer is authorised to transact business in the UK.
 - (m) The reinsurer is not connected to the company.
 - (n) Loss mitigation exists because this is a longevity swap arrangement under which the insurer has offsetting liabilities to pay reinsurance premiums valued at £375.7m.
 - (o) No commission is payable on the reinsurance premium.
 - (p) This is not a financing reinsurance treaty.

For policies previously written in SPL

- (d) XL Re Ltd**
- (e) The treaty reassures 100% of the liability under the closed book of immediate annuity business covered by the agreement.
 - (f) No premiums were paid by the company under this treaty during the year.
 - (g) There are no deposit back arrangements.
 - (h) The treaty is closed to new business.
 - (i) There are no undischarged obligations.
 - (j) The amount of mathematical reserves ceded under the treaty at the valuation date was £369.9m.
 - (k) There is no retention under the treaty.
 - (l) The reinsurer is authorised to transact business in the UK.
 - (m) The reinsurer is not connected to the company.
 - (n) The assets backing the reinsured liabilities are held in a custodian account with appropriate security arrangements in place.
 - (o) No provision has been made for any liability of the insurer to refund any amounts of reinsurance commission in the event of lapses or surrender of the contract.
 - (p) This is not a financing reinsurance treaty.

- (d) Swiss Re**
- (e) The treaty covers mortality, accelerated critical illness and stand-alone critical illness under Self Assurance contract on a quota share basis.
 - (f) Premiums of £8.2m were paid by the company under this treaty during the year.
 - (g) There are no deposit back arrangements.
 - (h) The treaty is closed to new business.
 - (i) There are no undischarged obligations.
 - (j) The amount of mathematical reserves ceded under the treaty at the valuation date was £38.0m.
 - (k) There is no retention under the treaty.
 - (l) The reinsurer is authorised to transact business in the UK.
 - (m) The reinsurer is not connected to the company.
 - (n) There are no material contingencies, such as credit risk or legal risk, to which the treaty is subject.
 - (o) No provision has been made for any liability of the insurer to refund any amounts of reinsurance commission in the event of lapses or surrender of the contract.
 - (p) This is not a financing reinsurance treaty.

For policies previously written in BRS

- (d) Hanover Rückversicherung AG**
- (e) The treaties provide stop loss mortality cover for a proportion of the business reinsured.
 - (f) No premiums are payable in respect of the treaties. A repayment of the financing advance of £0.5m was made during the year.
 - (g) There is no deposit back arrangement
 - (h) The treaty is closed to new business.
 - (i) The amount of undischarged obligations of the insurer is £1.9m :

Treaty	Undischarged obligation £m
2000	0.5
2001	1.1
2002	0.2
2003	0.0

- (j) The amount of mathematical reserves ceded under the treaties at the valuation date was £57.5m.
- (k) The insurer retains 25% of the mortality risk for the 2000 and 2001 treaties and 50% of the mortality risk for the 2002 and 2003 treaties.
- (l) Hanover Rueckversicherung AG is not authorised to carry on insurance business in the United Kingdom
- (m) The reinsurer is not a connected company of the insurer.
- (n) There are no material contingencies, such as credit risk or legal risk, to which the treaties are subject
- (o) No provision has been made for any liability of the insurer to refund any commission in the event of lapse or surrender of the contract.
- (p)
 - (i) Repayment of the undischarged obligation is contingent on the emergence as surplus of margins in the valuation basis.
 - (ii) No provision has been made in the valuation for the amount of the undischarged obligation at the valuation date. The impact of the arrangements on the valuation result is to increase the fund and surplus carried forward by the amount of the undischarged obligation. No allowance has been made for contingencies, such as credit or legal risk, associated with the financing arrangements.

For policies previously written in NPIL

For the material treaty reinsurances in force at the valuation date as summarised in the table below:

- (g) There is no deposit back arrangement
- (i) There are no undischarged obligations.
- (k) There is no retention under the treaty.

(d) Reinsurer	(e) Nature and Extent of the Cover	(f) Premium	(h) Closed to New Business?	(j) Mathematical Reserves Ceded
		£m		£m
Phoenix Life Assurance Ltd	NPIL Life unitised with profit fully reinsured on original terms except for MVRs on Portfolio Bond 1 switches from unitised with profit to unit-linked	Nil	Yes	63.4
Phoenix Life Assurance Ltd	NPIL Pensions unitised with-profit and capital account fully reinsured on original terms	0.0	Yes	51.1
Phoenix Life Assurance Ltd	PAULP Personal Pensions Guarantees	Nil	No	18.9
Phoenix Life Assurance Ltd	PAULP Guaranteed Annuity Rates	Nil	No	22.6

- (l) The reinsurer is authorised to transact business in the UK.
- (m) The reinsurer is part of the Phoenix Group of companies.
- (n) There are no material contingencies, such as credit risk or legal
- (o) No provision has been made for any liability of the insurer to refund any amounts of reinsurance commission in the event of lapses or surrender of the contract.
- (p) This is not a financing reinsurance treaty.

Pension Scheme Longevity Swap

Reinsurer	Nature and Extent of the Cover	Premium	Premium Withheld	Closed to New Business?	Amount of Undischarged Obligation	Mathematical Reserves Ceded	Retention by the Insurer
		(£m)	(£m)			(£m)	
RGA International Reinsurance Company Limited	Liability to make annuity payments	24	Nil	Yes	Nil	(7.2)	Nil

RGA International Reinsurance Company Limited

- (l) RGA International Reinsurance is not authorised to carry on insurance business in the United Kingdom.
- (m) RGA International Reinsurance Company Limited is not a connected company of the insurer.

- (n) There are no material contingencies, such as credit risk or legal risk, to which the treaty is subject.
- (o) N/A, as there is no reinsurance commission.
- (p) N/A, as the treaty is not a financing arrangement.

REVERSIONARY (OR ANNUAL) BONUS

For policies previously written in NPIL

The following table sets out the annual bonus rates for each class of business:

Bonus Series	31-Dec-15	31-Dec-15	31-Dec-14	31-Dec-15	Product Code
	Basic mathematical reserve	Reversionary bonus	Reversionary bonus	Total guaranteed bonus	
	£m	%	%	%	
WP09L, WP10L (Portfolio Bond 1b & 2)	4.7	1.00%	1.00%	-	500
WP11L EWP1L Series 1 (Investment Bond)	58.6	1.00%	1.00%	-	500
WP05P, CA05P, EWP1P Series 2 (PPP (Series 2), Flexible PPP FSAVC, FIP, FIP (nil bid-offer spread version), PRA and PTP)	14.7	1.5% ⁽¹⁾ 6.00% ⁽²⁾	1.5%(1) 7.25%(2)	-	525, 570
WP07P, CA07P, EWP1P Series 4 (FIP and Flexible PPP (AMC only versions))	0.2	1.76% ⁽¹⁾ 6.27% ⁽²⁾	1.76%(1) 7.52%(2)	-	525, 570
WP06P, CA06P, EWP1P Series 3 (New Approach PPP, FSAVC and EPP)	0.7	2.37% ⁽¹⁾ 6.91% ⁽²⁾	2.37%(1) 8.17%(2)	-	525
Funds 19, 20 and 35 (with underlying AMC of 1%) (GMP, VGPP, GAVC and TTP)	35.5	1.5% ⁽¹⁾ 6.00% ⁽²⁾	1.5%(1) 7.25%(2)	-	535

Notes:

1. Bonus rates suffixed with (1) applied to units invested in the unitised with-profit account (e.g. WP05P) and the socially responsible with-profit account (e.g. EWP1P) where applicable.

2. Bonus rates suffixed by (2) applied to units invested in the unitised capital account (e.g. CA05P).
3. All bonus rates are the compound increases in unit price during the year.
4. For GMP, VGPPP, GAVC, TTP, and PTP unitised with-profit accounts and capital accounts with other rates of underlying annual management charge (AMC), the bonus rate was determined by the following formulae:

$$(1.015 / 0.99) \times (1 - a) - 1 \text{ for unitised with-profit accounts}$$

$$(1.0925 / 0.99) \times (1 - a) - 1 \text{ for capital accounts (for 2014)}$$

$$(1.0725 / 0.99) \times (1 - a) - 1 \text{ for capital accounts (for 2015)}$$

where "a" was the level of AMC and the result was rounded to a percentage with two decimal places.

The basic mathematical reserves in the above tables are the gross mathematical reserves calculated in accordance with paragraph 4 and exclude the special reserves and capital requirements detailed in paragraphs 5 to 8.

Other

Not applicable.

APPENDIX 9.4A

PHOENIX LIFE LIMITED

Abstract of Valuation Report for Realistic Valuation

Change in Methods and Assumptions underlying the Realistic Valuation

1. INTRODUCTION

(1) Valuation Date

The valuation date is 31 December 2015.

(2) Previous Valuation

The previous valuation date was 31 December 2014.

(3) Interim Valuations

An interim valuation was carried out on 30 June 2015.

90% With-Profits Fund

On 1 January 2009 the ex-SLUK Life Unitised With-Profits pensions business that was in the 100% With-Profits Fund was transferred into this Fund. Any changes in respect of this block of business since the previous valuation are included in the sections below.

2. ASSETS

(1) Economic Assumptions For Valuing Non-Profit Business

The economic assumptions used to calculate the value of future profits on non-profit business are as follows:

Risk free yields Term (years)	Risk Free Rate		RPI Inflation	
	Current Valuation	Previous Valuation	Current Valuation	Previous Valuation
1	0.36%	0.43%	1.50%	1.93%
2	0.67%	0.68%	1.81%	2.18%
3	1.02%	0.92%	2.18%	2.41%
4	1.28%	1.13%	2.37%	2.56%
5	1.45%	1.31%	2.43%	2.66%
6	1.60%	1.48%	2.45%	2.73%
7	1.74%	1.62%	2.49%	2.78%
8	1.88%	1.75%	2.57%	2.82%
9	2.01%	1.87%	2.66%	2.86%
10	2.14%	1.97%	2.75%	2.91%
12	2.35%	2.16%	2.94%	3.02%
15	2.59%	2.38%	3.19%	3.17%
20	2.85%	2.62%	3.47%	3.36%
25	2.95%	2.75%	3.58%	3.45%

The expenses inflation is set to 1% above RPI.

(2) Amount Determined Under INSPRU 1.3.33(2)(R)

Not applicable

(3) Valuation Of Contracts Written Outside The Fund

Not applicable

(4) Different Sets Of Assumptions

Not applicable

(5) De Minimis Limit

Not applicable – the assumptions in (1) relate to all non-profit business within the With-Profits Fund.

3. WITH-PROFITS BENEFITS RESERVE LIABILITIES

(1) Calculation Of With-Profits Benefits Reserve

There have been no changes to methods or assumptions since the previous valuation.

Product Type	Method	With-profits benefits reserve	Future policy related liabilities
		£m	£m
UWP Life	Retrospective	0.0	0.0
CWP Life	Retrospective	28.1	2.7

90% With-Profits Fund

Life Total		28.1	2.7
UWP Pensions	Retrospective	42.0	4.0
CWP Pensions	Retrospective	3.4	0.3
Total Pensions		45.3	4.3
Total		73.4	6.9
Form 19 Line 31		73.4	
Form 19 Line 49			6.9

(2) Correspondence With Form 19

The above totals reconcile to lines 31 and 49 of Form 19.

(3) With-Profits Benefits Reserves Below De Minimis Limit

Not applicable as all products have been disclosed.

(4) Types Of Products

The level of disclosure in the table above corresponds to material groupings of contracts offering significant variances in policyholder benefits.

4. WITH-PROFITS BENEFITS RESERVE – RETROSPECTIVE METHOD

(1) Retrospective Methods

- (a) All contracts have been calculated on an individual policy basis.
- (b) No contracts have been valued on a grouped basis.
- (c) Not applicable as no contracts have been valued on a grouped basis.

(2) Significant Changes To Valuation Method

- (a) There are no changes in methods or assumptions since the previous valuation.
- (b) No contract's with-profits benefit reserve has been calculated using an approach that is more approximate than at the previous valuation date.

(3) Expense Allocation

For each with-profits fund, the basis of allocating expenses to that fund during the financial year in question is described in note 4006 to Form 40.

The expenses charged to the with-profits fund are fixed amounts per policy in force, inflating each year and / or an amount per premium received plus investment expenses. Additional expenses may be charged for any additional project or enhanced services provided to the with-profits fund.

- (a) The previous expense investigation was carried out in respect of the financial year ended 31 December 2014.
- (b) Expense investigations are carried out in respect of each financial year. Interim investigations are carried out during financial years for use in interim valuations.
- (c) The expenses charged to the with-profits benefits reserve are the amounts per policy and / or per premium and for some business the investment expenses.

The expenses charged to with-profits fund in addition to those allocated to the with-profits benefits reserve comprise:

- additional project and one-off costs not charged to asset shares;
- expenses in respect of with-profits policies that were in force at the previous financial year end and no longer in force at the current financial year end;
- expenses in respect of non-profit policies;
- investment expenses not charged to asset shares;

90% With-Profits Fund

- prior year adjustments; and
- Balance between aggregation of the amounts charged to assets shares and the items identified above and the aggregate amount allocated to the fund.

The expenses allocated to the with-profits benefits reserve and the residual balances charged to the with-profits fund during the financial year were:

Item	£m
Initial Expenses	0.0
Maintenance Expenses	0.47
Method	Average expense charge deducted
Expenses charged other than to with-profits benefits reserve	0.00

(4) Significant Charges

Charges for cost of guarantees, cost of capital are not charged to with-profits benefit reserves.

(5) Charges For Non-Insurance Risk

No charges were deducted from the with-profits funds for non-insurance risk.

(6) Ratio Of Claims To Reserves

Year	SLUK CWP	SLUK UWP	BULA
Previous year -1	107%	107%	107%
Previous year	99%	99%	101%
Current year	101%	101%	96%

(7) Allocated Return

The rate of investment return attributed to the with-profits benefits reserve of a policy depends on the asset mix for it. The asset mix depends on the outstanding term and the level of guarantees under the policy (see PPFM for more details). The average rates of investment return (after tax for life business) added for the year ending 31 December 2015 were:

Type of business	Investment Returns
SLUK IB	1.12%
SLUK OB CWP	1.21%
SLUK OB UWP	1.73%
BULA	1.12%

5. WITH-PROFITS BENEFITS RESERVE – PROSPECTIVE METHOD

(1) Key Assumptions

Not applicable as Asset Shares now calculated on a retrospective basis.

(2) Different Sets Of Assumptions

Not applicable

6. COSTS OF GUARANTEES, OPTIONS AND SMOOTHING

(1) De Minimis Limit

Not applicable.

(2) Valuation Method For Guarantees etc.

- (a) Guarantees and options are valued on a stochastic basis.
- (b)
 - (i) No projections are carried out on individual policy data.
 - (ii) All of the contracts are valued on a grouped basis. However, the values for the with-profits benefits reserve are calculated on an individual basis.
 - (iii) There has been no change to the cluster modelling technique applied at the previous valuation. The cluster modelling technique has been used to reduce the number of modelled policies whereby all individual policies are assigned to one of a smaller number of representative model points in such a way that the sum of the differences between each individual policy and the representative policy to which it has been assigned in certain key metrics are minimised. Validation of the technique involves ensuring that the difference between the total realistic liabilities, and separately, the asset shares on a deterministic basis calculated on the seriatim data and on the clustered data falls within a set tolerance.

In total there are 71,734 individual policies and members of group schemes, which have been grouped together into 1,226 model points.

(3) Significant Changes

There are no changes in methods or assumptions since the previous valuation.

(4) Further Information On Stochastic Approach

- (a) Stochastic approach
 - (i) All guarantee costs are calculated stochastically. There are no changes in methods or assumptions since the previous valuation.
 - (ii) The asset returns in the stochastic model were generated by a proprietary model purchased from Deloitte. The asset classes modelled are UK equities, overseas equities, UK property, UK corporate bonds and UK gilts.

Interest Rate

UK gilt returns are modelled using a gilts + 10bps calibration using a LIBOR Market Model with displaced diffusion and stochastic volatility. The Government Nominal Bond yield curve is a direct input into the model. The yield curve is provided directly from Deloitte.

The calibration at the valuation date was as follows:

Term	Govt. + 10bp	Model	Difference (Model - Market) bp
1	0.36%	0.36%	(0)
2	0.67%	0.66%	(0)
3	1.02%	1.01%	(1)
4	1.27%	1.27%	(1)
5	1.44%	1.43%	(1)
7	1.72%	1.71%	(1)
10	2.11%	2.10%	(2)
15	2.56%	2.55%	(1)
20	2.81%	2.82%	0
25	2.91%	2.91%	1

90% With-Profits Fund

The volatility within the model is calibrated to the market implied volatility for at the money swaptions (also provided by Deloitte). The calibration at the valuation date is as follows:

Option Term	Swap Term	Model	Target	Difference
5	5	36.08%	34.76%	132
10	10	29.77%	29.90%	(13)
10	20	29.09%	29.67%	(58)
20	10	28.44%	29.54%	(110)
20	20	27.66%	27.71%	(5)

Inflation is derived from the nominal and real yield curves. Real interest rates are modelled using a two-factor Hull-White model, which is calibrated to be consistent with GBP and EUR index linked government bond prices as at 31 December 2015.

Equities and Property

Five asset classes are modelled as equity-type processes: domestic equities, overseas equities, direct property, indirect property and alternative assets.

Separate domestic equity models are used for UK and Euro equities and each model uses a local volatility surface calibrated to market implied volatilities for a range of strikes and maturities using a constant least-squares approach. The equity index is modelled stochastically using Heston's stochastic volatility model and incorporates a discontinuous jump-diffusion component driven by a Poisson process.

Overseas equity, direct property, indirect property and alternative assets are all modelled using a constant volatility Black-Scholes model.

Generated implied volatility data (%) at the valuation date is shown below:

Model

Term	Strike				
	0.8	0.9	1	1.1	1.2
1	21.77%	19.26%	16.66%	14.67%	14.21%
3	20.81%	19.14%	17.63%	16.39%	15.17%
5	20.59%	19.20%	18.09%	16.98%	15.93%
9	21.01%	20.18%	19.45%	18.78%	18.24%

Beyond 10 years the estimated generated volatility implied by the model calibration rises as follows:

Term	Strike				
	0.8	0.9	1	1.1	1.2
15	22.32%	21.84%	21.42%	21.07%	20.80%
20	24.08%	23.73%	23.46%	23.26%	23.07%
25	25.88%	25.68%	25.50%	25.36%	25.18%
30	26.45%	26.28%	26.15%	26.01%	25.86%

The model calibration is close to market implied equity volatility.

There are no tests against market traded instruments for properties since there are no such instruments. A best estimate has therefore been used of 15% constant volatility.

90% With-Profits Fund

Corporate bond

Corporate bond returns are modelled using the extended Jarrow-Lando-Turnbull model. This describes bond prices in terms of a risk-neutral transition matrix, which gives the probability of transitions between credit ratings over one year. Risk neutral transition probabilities are assumed to vary stochastically. The transition matrix is calibrated to the credit spreads on corporate bonds for various ratings and terms. The model was fitted to a sample of predominantly investment grade sterling corporate bonds.

The asset model uses a credit transition matrix. The fit of the model is designed to exactly target the market spread on a 7 year A rated bond. Credit derivatives are not used to derive market implied transition probabilities.

Correlations

The following are examples of observed (generated) correlations of year 10 returns from the scenarios used (ZCB = zero coupon bond):

Output Correlations @ Year 10	Gilts 10Y spot rate	Real 5Y spot rate	UK Equities	Direct Property	7y A-Rated Corp	Overseas Equities	Indirect Property	Quant	Fund
Gilts 10y spot rate	100.0%								
Real 5Y spot rate	-39.1%	100.0 %							
UK Equities	-6.1%	-8.6%	100.0%						
Direct Property	16.4%	14.3%	14.2%	100.0%					
7y A-Rated Corp	-0.8%	-16.9%	10.2%	-14.9%	100.0%				
Overseas Equities	11.4%	-8.6%	40.4%	10.2%	46.4%	100.0%			
Indirect Property	-8.3%	-20.5%	54.6%	20.3%	14.0%	68.8%	100.0%		
Quant	-21.8%	4.9%	22.0%	16.0%	40.9%	29.9%	13.6%	100.0%	
Fund	-34.7%	-2.8%	22.3%	30.1%	43.7%	38.1%	33.4%	53.8%	100.0%

90% With-Profits Fund

(iii) The table below is based on 1,000 scenarios:

n	Asset type (all UK assets)	K=0.75				K=1				K=1.5			
		5	15	25	35	5	15	25	35	5	15	25	35
r	Annualised compound equivalent of the risk free rate assumed for the period. (to two decimal places)	1.45%	2.59%	2.95%	2.75%	x	x	x	x	x	x	x	x
1	Risk-free zero coupon bond	930,485	681,101	483,335	386,522	x	x	x	x	x	x	x	x
2	FTSE All Share Index (p=1)	66,370	178,776	301,361	379,080	155,104	313,368	471,084	566,802	512,739	671,737	857,772	974,654
3	FTSE All Share Index (p=0.8)	63,766	153,788	240,309	291,873	148,471	270,635	377,622	436,633	493,343	585,331	697,296	760,151
4	Property (p=1)	36,450	139,332	244,498	330,507	142,117	279,997	412,583	516,204	523,277	652,270	795,402	925,221
5	Property (p=0.8)	33,633	114,404	184,714	242,916	134,139	234,405	319,802	387,052	504,066	563,952	635,270	709,940
6	15 year risk free zero coupon bond (p=1)	18,772	34,951	18,380	38,131	103,888	128,989	107,899	149,650	502,574	518,600	514,286	536,178
7	15 year risk free zero coupon bond (p=0.8)	17,087	24,013	6,875	11,038	96,716	93,451	48,647	65,206	482,278	416,061	330,099	319,175
8	15 year risk free bonds (p=1)	23,288	46,061	30,476	53,564	110,754	144,327	126,567	171,861	504,580	521,285	519,462	549,981
9	15 year risk free bonds (p=0.8)	21,403	32,784	13,715	22,910	103,483	108,321	64,915	83,229	484,473	423,072	340,768	339,220
10	Portfolio of 65% FTSE All Share and 35% property (p=1)	32,943	121,635	237,469	319,854	115,380	253,834	401,960	502,399	502,579	621,507	783,977	908,543
11	Portfolio of 65% FTSE All Share and 35% property (p=0.8)	30,981	98,780	179,976	235,205	108,579	210,811	310,883	374,913	482,274	531,994	624,323	695,017
12	Portfolio of 65% equity and 35% 15 year risk free zero coupon bonds (p=1)	27,808	80,130	150,255	209,068	106,267	204,026	311,689	386,033	500,153	580,349	705,929	796,999

90% With-Profits Fund

13	Portfolio of 65% equity and 35% 15 year risk free zero coupon bonds (p=0.8)	26,112	61,439	97,982	131,311	99,530	161,954	220,923	262,026	479,389	486,880	540,163	578,308
14	Portfolio of 40% equity, 15% property, 22.5% 15 year risk free zero coupon bonds and 22.5% 15 year corporate bonds (p=1)	10,640	34,670	86,907	147,696	77,908	142,263	235,631	312,562	496,593	537,216	632,163	718,368
15	Portfolio of 40% equity, 15% property, 22.5% 15 year risk free zero coupon bonds and 22.5% 15 year corporate bonds (p=0.8)	9,548	22,302	44,811	80,988	71,103	102,055	149,674	195,745	475,522	438,052	462,465	500,913
		L=15				L=20				L=25			
16	Receiver swaptions	23.03%	19.63%	19.29%	17.08%	28.21%	25.76%	24.22%	20.82%	33.98%	31.41%	28.02%	23.61%

- (iv) Income yields for each asset class are shown in the following table.

Asset Class	Dividend Yield
UK Equity	2.9%
Property	4.3%
OS Equity	1.9%

- (v) Not applicable – there are no significant territories other than the UK.
- (vi) The table shows the proportion of the total present value of cost of the modelled guarantees and options split by term to maturity.

Outstanding Term (Years)	Conventional		Unitised	
	Life	Pensions	Life	Pensions
0 - 5	5.3%	0.0%	0.0%	0.3%
5 - 10	0.2%	0.0%	0.0%	2.6%
10 - 15	0.1%	0.0%	0.0%	3.6%
15 - 20	0.0%	0.0%	0.0%	3.4%
20 - 25	0.0%	0.0%	0.0%	0.5%
25 - 30	83.5%	0.5%	0.0%	0.0%

Policies without a fixed maturity date have been shown in the 25 to 30 outstanding term band.

Calibration of the asset model to market data is shown, where available, in paragraph 6 (4) (a) (ii) above.

- (vii) Comprehensive tests are carried out on the output produced by the Deloitte asset model as follows:

For UK and Overseas equities and for UK property the average (over the simulated scenarios) of the discounted present values of projected asset values (with income reinvested) have been verified to be acceptably close to unity – the martingale property.

The same test has been undertaken for 15-year zero-coupon gilts and for 4 classes of zero-coupon corporate bonds with terms of 1, 5, 10, 15, 20, 25 and 30 years. Departures from unity in the average discounted present values have not had a significant impact on the valuation result.

Zero coupon bond yields calculated from the model cash output have been verified to match yields calculated from input Government spot rates and initial spot rates output from the model at time zero within an acceptable error margin.

For UK equity options verification has been made, within acceptable limits, that the option prices calculated from the model output and converted into implied volatilities using the Black-Scholes formula reproduce the expected volatility surface.

Verification has also been made, within acceptable limits, which implied volatilities calculated from the simulation model output reproduce the market volatility term structure for 20 year at the money swaptions.

- (viii) The stochastic model is run on 1,000 investment scenarios generated by the asset model.

The scenario generation process incorporates variance reduction techniques (antithetic variables) to ensure that the scenarios selected pass the tests described in (vii) to a close tolerance.

- (b) Not applicable

(c) Not applicable

(5) Management Actions

(a) There are no changes in methods or assumptions since the previous valuation.

(b) The following tables show the equity backing ratios for the fund, and annual bonus rates on unitised with-profits business.

% UK & Overseas Equities		Current Valuation Date	Current Valuation Date Plus 5 years	Current Valuation Date Plus 10 years
Type of business				
SLUK	i	36.35%	Unchanged	Unchanged
BULA	i	21.81%	Unchanged	Unchanged
	i			
Combined		28.53%	Unchanged	Unchanged

Reversionary Bonus Rates on accumulating with profits		Current Valuation Date	Projected years
Type of business		p.a	p.a
PLL90_UWP	i	4.00%	Varies Dynamically

Any dynamic projections of minimum guaranteed reversionary bonus rates will be subject to this minimum rate.

(6) Demographic Assumptions

The surrender assumptions are:

Product	Average surrender for the policy years			
	1-5	6-10	11-15	16-20
Conventional whole life withprofits OB	16.8%	16.8%	16.8%	16.8%
Conventional whole life withprofits IB	0.5%	0.5%	0.5%	0.5%
Conventional endowment withprofits OB savings	25.0%	25.0%	25.0%	25.0%
Conventional endowment withprofits OB target cash	3.0%	3.0%	3.0%	3.0%
Conventional endowment withprofits IB	0.5%	0.5%	0.5%	0.5%
Conventional deferred annuity withprofits	0.0%	0.0%	0.0%	0.0%
Regular premium nonprofit WL/EA OB	1.0%	1.0%	1.0%	1.0%
Nonprofit IB	0.5%	0.5%	0.5%	0.5%
Individual pensions UWP	5.0%	5.0%	5.0%	5.0%
DWP National Insurance rebates UWP	5.0%	5.0%	5.0%	5.0%

(7) Policyholders' Actions

No such assumptions were made.

7. FINANCING COSTS

There are no financing arrangements.

8. OTHER LONG-TERM INSURANCE LIABILITIES

No amounts have been included in Line 46 of Form 19. The amount shown in Line 47 of Form 19 is made up as follows:

	£m
Future shareholder transfers not deducted from asset share	3.1
Provision for future tax provision	0.0
Future shareholder transfers from planned enhancements to with-profits benefit reserve	0.3
Additional provision for tax on shareholder transfers	0.0
Future investment expenses and provisions not deducted from asset share	0.0
Future tax adjustment	0.0
Total	3.4
Total Line 47	3.4

9. REALISTIC CURRENT LIABILITIES

The realistic current liabilities are taken to be the same as the regulatory current liabilities.

10. RISK CAPITAL MARGIN

- (a) The risk capital margin is nil.
- (i) The market risk scenario assumes that equities falls by 20% and real estate falls by 12.5% excluding the impact of gearing. The equity fall and the property fall were the more onerous scenarios.
 - (ii) The nominal change in yields for fixed interest securities for the purpose of the market risk scenario is 0.42%. This is consistent with a rise or fall of 17.5% in the long term gilt yield. A fall in yields is the more onerous scenario.
 - (iii) The risk capital margin allows for a widening of the yields available on bonds, where the change in yields depends on the credit rating. The average increase in spread for bonds subject to the test, weighted by market value, was 1.4% for the fund. This change in yields resulted in a movement in the value of these bonds of (10.7)% for the fund.
 - (iv) The average change in persistency experience is a 32.5% reduction in future lapse and paid-up rates. The overall percentage change in the realistic value of liabilities from applying the persistency stress is 0.5%.
 - (v) The change in asset value in (iii) is materially independent of the change in liability values in (iv).
- (b)
- (i) In the stress scenarios the following additional assumption is made:
Reversionary bonus rates will still be reduced to nil in stages over the next year.
 - (ii) Since there is no risk capital margin, the effect of assuming reduced reversionary bonuses is zero. Working capital is reduced by £0.0m.
 - (iii) No changes would apply to the table in paragraph 6 (5) (b) if the management actions were taken

- (vi) The requirements of INSPRU 1.3.188(R) would be met if the actions described in paragraph 10 (b) (i) were integrated into the projection of assets and liabilities. If the most onerous scenario in respect capital requirements increases shareholder transfers, then a scenario with lower shareholder transfers is used to determine the shareholder transfer deductions component in the WPICC calculation.
- (c)
 - (i) The risk capital margin is zero.
 - (ii) The scheme for the funds merger as at 31 December 2008 includes a provision that in the event that the value of the assets of any with-profits fund falls below the regulatory minimum support will be provided to that fund by way of a loan arrangement from the Non-Profit Fund or the Shareholders Fund to the extent that the Board determines there are assets in those funds available to make such a loan.

11. TAX

Tax on assets backing the with-profits benefits reserve for BLAGAB business is charged to those asset shares approximately and allowance is made for relief on expenses.

Tax on any future policy related liabilities for BLAGAB business is allowed for in determining those liabilities.

An approximate adjustment is made to allow for any differences between the tax calculated as described and the tax expected on a corporate basis. The adjustment is calculated within the stochastic model.

12. DERIVATIVES

Future Contract	Position	Net Market Value
		£m
Currencies	Short Long	(0.1)
Fixed-interest securities	Short Long	0.0

13. ANALYSIS OF WORKING CAPITAL

The movement in working capital over the twelve months to the valuation date is shown in the following table.

	£m
Opening working capital	0.0
Write back planned benefit enhancements to zeroise working capital	13.0
Revised opening working capital	13.0
Opening Adjustments	0.0
Restated opening working capital	13.0
New business value	0.0
Experience variances	(0.0)
Assumption changes	(0.1)
Other operating variances	
• Model and methodology changes	0.1
• Management Actions	(3.7)
Economic Variances	0.6
Other projects / provisions	(0.0)
Unexplained	(1.2)
Closing working capital before zeroiation	8.7
Planned benefit enhancements to distribute estate	(8.9)
Impact of planned enhancements on future policy related liabilities	0.2
Closing working capital	0.0

Management Actions above include:

Conditional Estate Distribution (added to Asset Shares):	£0.0m
Temporary Estate Distributions (added to 2015 Claims):	£(3.7)m

14. OPTIONAL DISCLOSURE

Not applicable.

APPENDIX 9.4A

100% With-Profits Fund

2. ASSETS**(1) Economic Assumptions for Valuing Non-Profit Business**

Not applicable as there is no non-profit business valued in the 100% With-Profits Fund.

(2) Amount Determined Under INSPRU 1.3.33(2)(R)

Not applicable.

(3) Valuation of Contracts Written Outside The Fund

Not applicable.

(4) Different Sets of Assumptions

Not applicable.

(5) De Minimis Limit

Not applicable.

3. WITH-PROFITS BENEFITS RESERVE LIABILITIES**(1) Calculation of With-Profits Benefits Reserve**

There have been no changes to methods or assumptions since the previous valuation.

Product Type	Method	With-profits benefits reserve	Future policy related liabilities
		£m	£m
UWP Life	Retrospective	0.0	0.0
CWP Life	Retrospective	55.3	17.9
Life Total		55.3	17.9
UWP Pensions	Retrospective	0.0	0.0
CWP Pensions	Retrospective	0.0	0.0
Total Pensions		0.0	0.0
Total		55.3	17.9
Form 19 Line 31		55.3	
Form 19 Line 49			17.9

(2) Correspondence with Form 19

The above reconciles to lines 31 and 49 of Form 19.

(3) With-Profits Benefits Reserves below De Minimis Limit

Not applicable.

(4) Division of Portfolio

The following classes have similar bonus declaration characteristics to Premium Paying Endowments:

- Paid Up Endowment
- Whole Life Premium Paying
- Whole Life - Paid Up

Other business is distinct from these classes.

4. WITH-PROFITS BENEFITS RESERVE – RETROSPECTIVE METHOD**(1) Retrospective Methods**

- (a) All contracts have been calculated on an individual policy basis.
- (b) No contracts have been valued on a grouped basis.
- (c) Not applicable as no contracts have been valued on a grouped basis.

(2) Significant Changes to Valuation Method

- (a) There have been no changes in the methods or assumptions since the previous valuation
- (b) No contract's with-profits benefit reserve has been calculated using an approach that is more approximate than at the previous valuation date

(3) Expense Allocation

- (a) The previous expense investigation was carried out in respect of the current financial year.
- (b) Expense investigations are carried out annually.

(c)

Item	£m
Initial Expenses	0.0
Maintenance Expenses	0.2
Method	Average expense charge deducted
Expenses charged other than to with-profits benefits reserve	0.0

Since the company is closed to new business (apart from contractual increments etc.), there are no material initial expenses.

Investment expenses are allowed for by deducting the fees payable to the company's investment manager for managing the assets from the investment return credited to asset shares. A rate of 0.14% p.a (net of tax) is applied to life business.

(4) Significant Charges

Not applicable.

(5) Charges for Non-Insurance Risk

Not applicable.

(6) Ratio of Claims To Reserves

There are no changes in methods or assumptions since the previous valuation

Year	Ratio of claims to asset shares (ex-Phoenix Assurance)	Ratio of claims to asset shares (ex_Swiss Life UK)
Previous year -1	125%	100%
Previous year	99%	100%
Current year	101%	101%

(7) Allocated Return

The average rates of investment return (after tax) added for the year ending 31 December 2015 were:

Type of business	Investment Returns
Premium Paying Endowments (PAL)	1.03%
Paid Up Endowment (PAL)	1.03%

During 2015 the asset shares of the fund were enhanced following a distribution of estate to policyholders. This led to an increase in asset shares of 0.6% in addition to the returns in the table above.

5. WITH-PROFITS BENEFITS RESERVE – PROSPECTIVE METHOD**(1) Key Assumptions**

Not applicable as Asset Shares now calculated on a retrospective basis.

(2) Different Sets of Assumptions

Not applicable.

6. COSTS OF GUARANTEES, OPTIONS AND SMOOTHING**(1) De Minimis Limit**

The De Minimis limit is met since the cost of guarantees, options and smoothing are less than 0.5% of the realistic liability. The disclosure of the valuation methods is therefore not required.

(2) Valuation Method Used To Calculate The Costs Of Guarantees**(a) Cost of Guarantees & Options**

Not Applicable

Cost of Smoothing

There is no significant cost of smoothing and this has been taken to be zero. All business has been modelled assuming future payouts of 100% of asset share.

(3) Significant Changes

There are no changes in methods or assumptions since the previous valuation.

(4) Further Information On The Approach Used To Calculate The Cost Of Guarantees

Not applicable.

(5) Management Actions

We do not assume any specific management actions take place during the projection of assets and liabilities.

(6) Demographic Assumptions

Not applicable.

(7) Policyholders' Actions

No such assumptions were made.

7. FINANCING COSTS

There are no financing arrangements.

8. OTHER LONG-TERM INSURANCE LIABILITIES

No amounts have been included in Line 46 of Form 19. The amount shown in Line 47 of Form 19 is made up as follows:

£m	£m
Potential project costs	0.6
Total	0.6
Total Line 47	0.6

9. REALISTIC CURRENT LIABILITIES

The realistic current liabilities are set equal to the regulatory current liabilities.

10. RISK CAPITAL MARGIN

(a) The risk capital margin is nil.

(i) The market risk scenario assumes that equities fall by 20% and real estate falls by 12.5%. The equity fall and the property fall were the more onerous scenarios.

(ii) The nominal change in yields for fixed interest securities for the purpose of the market risk scenario is 0.42%. This is consistent with a rise or fall of 17.5% in the long term gilt yield. A rise in yields is the more onerous scenario.

(iii) The average change in spread is 1.5%. Changes in market values are:

- (11.5)% for bonds
- not applicable
- not applicable
- not applicable
- not applicable

(iv) Not applicable.

(v) The change in asset value in (iii) is materially independent of the change in liability values in (iv).

(b) (i) In the stress scenarios the following actions are assumed:

Terminal bonus rates are changed such that the revised estate is extinguished.

Furthermore, it is assumed that the previous conditional estate distributions will be clawed back, resulting in £nil risk capital under the stresses conditions.

These actions are consistent with the PPFM and investment strategy

(ii) The risk capital margin is nil so there is no impact on the risk capital margin of reducing the planned benefit enhancements.

(iii) Not applicable.

(iv) The requirements of INSPRU 1.3.188(R) would be met if the actions described in paragraph 10 (b) (i) were integrated into the projection of assets and liabilities.

- (c) (i) The risk capital margin is zero.
- (ii) The scheme for the funds merger as at 31 December 2006 includes a provision that in the event that the value of the assets of any with-profits fund falls below the regulatory minimum, support will be provided to that fund by way of a loan arrangement from the Non Profit Fund or the Shareholders' Fund to the extent that the Board determines there are assets in those funds available to make such a loan.

11. TAX

Tax on assets backing the with-profits benefits reserve for BLAGAB business is charged to those asset shares approximately and allowance is made for relief on expenses.

Tax on any future policy related liabilities for BLAGAB business is allowed for in determining those liabilities.

12. DERIVATIVES

The derivative positions of derivative contracts held in the Fund are summarised in the table below.

Future Contract	Position	Net Market Value
		£m
Currencies	Short	(0.1)
	Long	
Equity index	Short	0.0
	Long	
Fixed-interest securities	Short	0.0
	Long	

13. ANALYSIS OF WORKING CAPITAL

The movement in working capital over the twelve months to the valuation date is shown in the following table.

	£m
Opening working capital	0.0
Write back planned benefit enhancements to zeroise working capital	17.0
Revised opening working capital	17.0
Opening Adjustments	0.0
Restated opening working capital	17.0
New business value	0.0
Experience variances	0.9
Assumption changes	(0.0)
Other operating variances	
• Model and methodology changes	(0.0)
• Management Actions	(1.8)
Economic Variances	0.9
Other projects / provisions	(0.0)
Unexplained	(0.4)
Closing working capital before zeroiation	16.6
Planned benefit enhancements to distribute estate	(16.8)
Impact of planned enhancements on future policy related liabilities	0.2
Closing working capital	0.0

Management Actions above include:

Conditional Estate Distribution (added to Asset Shares):	£0.0m
Temporary Estate Distributions (added to 2015 Claims):	£(2.3)m

14. OPTIONAL DISCLOSURE

Not applicable.

APPENDIX 9.4A

Alba With-Profits Fund

2. ASSETS**(1) Economic Assumptions For Valuing Non-Profit Business**

The economic assumptions used to calculate the value of future profits on non-profit business are as follows:

Risk free yields Term (years)	Risk Free Rate		RPI Inflation	
	Current Valuation	Previous Valuation	Current Valuation	Previous Valuation
1	0.36%	0.43%	1.50%	1.93%
2	0.67%	0.68%	1.81%	2.18%
3	1.02%	0.92%	2.18%	2.41%
4	1.28%	1.13%	2.37%	2.56%
5	1.45%	1.31%	2.43%	2.66%
6	1.60%	1.48%	2.45%	2.73%
7	1.74%	1.62%	2.49%	2.78%
8	1.88%	1.75%	2.57%	2.82%
9	2.01%	1.87%	2.66%	2.86%
10	2.14%	1.97%	2.75%	2.91%
12	2.35%	2.16%	2.94%	3.02%
15	2.59%	2.38%	3.19%	3.17%
20	2.85%	2.62%	3.47%	3.36%
25	2.95%	2.75%	3.58%	3.45%

The expenses inflation is set to 1% above RPI.

Allowance has been made under INSPRU 1.3.39G for the illiquid nature of a proportion of the assets (namely the corporate bonds) backing the immediate non-profit annuities within the Fund.

(2) Amount Determined Under INSPRU 1.3.33(2)(R)

Not applicable.

(3) Valuation Of Contracts Written Outside The Fund

Not applicable.

(4) Different Sets Of Assumptions

Not applicable.

(5) De Minimis Limit

Not applicable – the assumptions in (1) relate to all non-profit business within the With-Profits Fund.

3. WITH-PROFITS BENEFITS RESERVE LIABILITIES**(1) Calculation Of With-Profits Benefits Reserve**

There have been no changes in the methods or assumptions since the previous valuation.

Product Type	Method	With-profits benefits reserve	Future policy related liabilities
		£m	£m
UWP Life	Retrospective	5.2	2.7

CWP Life	Retrospective	82.3	41.7
Life Total		87.6	44.4
UWP Pensions	Retrospective	165.1	83.7
CWP Pensions	Retrospective	228.6	115.8
Total Pensions		393.6	199.5
Total		481.2	243.9
Form 19 Line 31		481.2	
Form 19 Line 49			243.9

In the table above, the split of the future policy related liabilities into the same detail as the with-profits benefits reserve is approximated. This is partly because the assessment of prospective items such as the costs of guarantees and smoothing rely on grouped data, and partly because certain realistic future liabilities are not calculated at product level.

(2) Correspondence With Form 19

The above totals reconcile to lines 31 and 49 of Form 19.

(3) With-Profits Benefits Reserves Below De Minimis Limit

Not applicable as all products have been disclosed.

(4) Types Of Products

Alba With-profit Fund has both policies with minimum Annuity Rate Option and Non- minimum Annuity Rate Option. Their costs in respect of premium paying policies are currently of a similar order and together make-up about 29% of the overall future policy related liabilities.

There have been no changes to methods or assumptions since the previous valuation except where previously prospective with-profits benefit reserves were used for some whole of life business, a retrospective method is now used.

4. WITH-PROFITS BENEFITS RESERVE – RETROSPECTIVE METHOD

(1) Retrospective Methods

- (a) All contracts have been calculated on an individual policy basis.
- (b) No contracts have been valued on a grouped basis.
- (c) Not applicable as no contracts have been valued on a grouped basis.

(2) Significant Changes To Valuation Method

- (a) There have been no changes in the methods or assumptions since the previous valuation
- (b) No contract's with-profits benefit reserve has been calculated using an approach that is more approximate than at the previous valuation date

(3) Expense Allocation

- (a) The previous expense investigation was carried out in respect of previous financial year.
- (b) Expense investigations are carried out annually.
- (c) A specific investigation was carried out for this valuation.
 - (i) Being closed to new business, all expenses were identified as maintenance expenses.
 - (ii) Maintenance expenses for the with-profits business for the year to the valuation date were:

Item	£m
Life - individual	0.4
Pensions - individual	1.0
Pensions - corporate	0.0
SLA	2.5
Project Costs	0.4
Other	0.0
Total	4.4

- (iii) Expenses incurred in the year are allocated to specific classes of business, e.g. life / pensions and individual / corporate. The individual / corporate pensions split represent the business administered by Pearl Group Management Services and Capita respectively. These are then apportioned using the number of policies per category.
- (iv) The following expenses were charged to non-profit business for the year to the valuation date:

Item	£m
Life - individual	0.9
Pensions - individual	2.0
Pensions - corporate	0.0
SLA	5.2
Project Costs	0.9
Other	0.0
Total	9.0

(4) Significant Charges

Not Applicable

(5) Charges For Non-Insurance Risk

Not applicable.

(6) Ratio Of Claims To Reserves

Year	Ratio of claims to asset shares
Previous year -1	113.1%
Previous year	97.0%
Current year	98.7%

(7) Allocated Return

The rate of investment return attributed to the with-profits benefits reserve of a policy depends on the asset mix for it. The asset mix depends on the outstanding term and the level of guarantees under the policy (see PPFM for more details). The average rates of investment return (after tax for life business) added for the year ending 31 December 2015 were:

Type of business	Investment Returns
Life policies	-1.13%
Pensions policies	0.47%
Pensions policies (High guarantee)	3.33%

5. WITH-PROFITS BENEFITS RESERVE – PROSPECTIVE METHOD

(1) Key Assumptions

Not applicable as Asset Shares are now calculated on a retrospective basis.

(2) Different Sets Of Assumptions

Not applicable.

6. COSTS OF GUARANTEES, OPTIONS AND SMOOTHING

(1) De Minimis Limit

Not applicable.

(2) Valuation Method For Guarantees etc.

(a) There have been no changes in the methods or assumptions since the previous valuation. All guarantees are valued on a stochastic basis;

(b)

- (i) No projections are carried out on individual policy data.
- (ii) All of the contracts are valued on a grouped basis. However, the values for the with-profits benefits reserve are calculated on an individual basis.
- (iii) There has been no change to the cluster modelling technique applied at the previous valuation. The cluster modelling technique has been used to reduce the number of modelled policies whereby all individual policies are assigned to one of a smaller number of representative model points in such a way that the sum of the differences between each individual policy and the representative policy to which it has been assigned in certain key metrics are minimised. Validation of the technique involves ensuring that the difference between the total realistic liabilities, and separately, the asset shares on a deterministic basis calculated on the seriatim data and on the clustered data falls within a set tolerance.

In total there are 44,308 individual policies and members of group schemes, which have been grouped together into 905 model points.

(3) Significant Changes

There have been no changes in the methods or assumptions since the previous valuation

(4) Further Information on Stochastic Approach

There have been no changes in the methods or assumptions since the previous valuation.

- (a) (i) The stochastic model is used to value the following guarantees and options:
 - No negative terminal bonus guarantees at maturity and death within conventional with-profits contracts;
 - Market value reduction-free spot maturity guarantees within unitised with-profits and deposit administration contracts;
 - Guaranteed annuity options on conventional with-profits contracts;
 - Surrender guarantees on flexible endowments.

Of these, the guarantees and options which are strongly “in the money” at the valuation date are the guaranteed annuity options and maturity guarantees on conventional with-profits pensions policies.

An indication of the extent of these guarantees is given in (vi) below.

- (ii) The asset returns in the stochastic model were generated by a proprietary model purchased from Deloitte. The asset classes modelled are UK equities, overseas equities, UK property, UK corporate bonds and UK gilts.

Interest Rate

UK gilt returns are modelled using a gilts + 10bps calibration using a LIBOR Market Model with displaced diffusion and stochastic volatility. The Government Nominal Bond yield curve is a direct input into the model. The yield curve is provided directly from Deloitte.

The calibration at the valuation date was as follows:

Term	Govt. + 10bp	Model	Difference (Model - Market) bp
1	0.36%	0.36%	(0)
2	0.67%	0.66%	(0)
3	1.02%	1.01%	(1)
4	1.27%	1.27%	(1)
5	1.44%	1.43%	(1)
7	1.72%	1.71%	(1)
10	2.11%	2.10%	(2)
15	2.56%	2.55%	(1)
20	2.81%	2.82%	0
25	2.91%	2.91%	1
30	2.85%	2.85%	1
35	2.72%	2.71%	(1)

The volatility within the model is calibrated to the market implied volatility for at the money swaptions (also provided by Deloitte). The calibration at the valuation date is as follows:

Option Term	Swap Term	Model	Target	Difference
5	5	36.08%	34.76%	132
10	10	29.77%	29.90%	(13)
10	20	29.09%	29.67%	(58)
20	10	28.44%	29.54%	(110)
20	20	27.66%	27.71%	(5)

Inflation is derived from the nominal and real yield curves. Real interest rates are modelled using a two-factor Hull-White model, which is calibrated to be consistent with GBP and EUR index linked government bond prices as at 31 December 2015.

Equity and Property

Five asset classes are modelled as equity-type processes: domestic equities, overseas equities, direct property, indirect property and alternative assets.

Separate domestic equity models are used for UK and Euro equities and each model uses a local volatility surface calibrated to market implied volatilities for a range of strikes and maturities using a constant least-squares approach. The equity index is modelled stochastically using Heston's stochastic volatility model and incorporates a discontinuous jump-diffusion component driven by a Poisson process.

Overseas equity, direct property, indirect property and alternative assets are all modelled using a constant volatility Black-Scholes model.

Generated implied volatility data (%) at the valuation date is shown below:

Model

Term	Strike				
	0.8	0.9	1	1.1	1.2
1	21.77%	19.26%	16.66%	14.67%	14.21%
3	20.81%	19.14%	17.63%	16.39%	15.17%
5	20.59%	19.20%	18.09%	16.98%	15.93%
7	21.15%	20.02%	19.10%	18.30%	17.56%
9	21.01%	20.18%	19.45%	18.78%	18.24%

Beyond 10 years the estimated generated volatility implied by the model calibration rises as follows:

Term	Strike				
	0.8	0.9	1	1.1	1.2
	%	%	%	%	%
15	22.32%	21.84%	21.42%	21.07%	20.80%
20	24.08%	23.73%	23.46%	23.26%	23.07%
25	25.88%	25.68%	25.50%	25.36%	25.18%
30	26.45%	26.28%	26.15%	26.01%	25.86%
35	26.80%	26.67%	26.56%	26.44%	26.34%
40	27.68%	27.58%	27.52%	27.49%	27.48%

The model calibration is close to market implied equity volatility.

There are no tests against market traded instruments for properties since there are no such instruments. A best estimate has therefore been used of 15% constant volatility.

Alba With-Profit Fund has 100% of the total property invested in indirect property. Indirect property investments are assumed to behave as equities.

Corporate bond

Corporate bond returns are modelled using the extended Jarrow-Lando-Turnbull model. This describes bond prices in terms of a risk-neutral transition matrix, which gives the probability of transitions between credit ratings over one year. Risk neutral transition probabilities are assumed to vary stochastically. The transition matrix is calibrated to the credit spreads on corporate bonds for various ratings and terms. The model was fitted to a sample of predominantly investment grade sterling corporate bonds.

The asset model uses a credit transition matrix. The fit of the model is targeted to the market spread on a 7 year A rated bond only. Credit derivatives are not used to derive market implied transition probabilities.

Alba With-Profits Fund

Correlations

The following are examples of observed (generated) correlations of year 10 returns from the scenarios used (ZCB = zero coupon bond):

Output Correlations @ Year 10	Gilts 10Y spot rate	Real 5Y spot rate	UK Equities	Direct Property	7y A-Rated Corp	Overseas Equities	Indirect Property	Quant	Fund
Gilts 10y spot rate	100.0%								
Real 5Y spot rate	-39.1%	100.0%							
UK Equities	-6.1%	-8.6%	100.0%						
Direct Property	16.4%	14.3%	14.2%	100.0%					
7y A-Rated Corp	-0.8%	-16.9%	10.2%	-14.9%	100.0%				
Overseas Equities	11.4%	-8.6%	40.4%	10.2%	46.4%	100.0%			
Indirect Property	-8.3%	-20.5%	54.6%	20.3%	14.0%	68.8%	100.0%		
Quant	-21.8%	4.9%	22.0%	16.0%	40.9%	29.9%	13.6%	100.0%	
Fund	-34.7%	-2.8%	22.3%	30.1%	43.7%	38.1%	33.4%	53.8%	100.0%

(iii) The table below is based on 1,000 scenarios:

n	Asset type (all UK assets)	K=0.75				K=1				K=1.5			
		5	15	25	35	5	15	25	35	5	15	25	35
r	Annualised compound equivalent of the risk free rate assumed for the period. (to two decimal places)	1.45%	2.59%	2.95%	2.75%	x	x	x	x	x	x	x	x
1	Risk-free zero coupon bond	930,485	681,101	483,335	386,522	x	x	x	x	x	x	x	x
2	FTSE All Share Index (p=1)	66,370	178,776	301,361	379,080	155,104	313,368	471,084	566,802	512,739	671,737	857,772	974,654
3	FTSE All Share Index (p=0.8)	63,766	153,788	240,309	291,873	148,471	270,635	377,622	436,633	493,343	585,331	697,296	760,151
4	Property (p=1)	36,450	139,332	244,498	330,507	142,117	279,997	412,583	516,204	523,277	652,270	795,402	925,221
5	Property (p=0.8)	33,633	114,404	184,714	242,916	134,139	234,405	319,802	387,052	504,066	563,952	635,270	709,940
6	15 year risk free zero coupon bond (p=1)	18,772	34,951	18,380	38,131	103,888	128,989	107,899	149,650	502,574	518,600	514,286	536,178
7	15 year risk free zero coupon bond (p=0.8)	17,087	24,013	6,875	11,038	96,716	93,451	48,647	65,206	482,278	416,061	330,099	319,175
8	15 year risk free bonds (p=1)	23,288	46,061	30,476	53,564	110,754	144,327	126,567	171,861	504,580	521,285	519,462	549,981
9	15 year risk free bonds (p=0.8)	21,403	32,784	13,715	22,910	103,483	108,321	64,915	83,229	484,473	423,072	340,768	339,220
10	Portfolio of 65% FTSE All Share and 35% property (p=1)	32,943	121,635	237,469	319,854	115,380	253,834	401,960	502,399	502,579	621,507	783,977	908,543
11	Portfolio of 65% FTSE All Share and 35% property (p=0.8)	30,981	98,780	179,976	235,205	108,579	210,811	310,883	374,913	482,274	531,994	624,323	695,017
12	Portfolio of 65% equity and 35% 15 year risk free zero coupon bonds	27,808	80,130	150,255	209,068	106,267	204,026	311,689	386,033	500,153	580,349	705,929	796,999

Alba With-Profits Fund

	(p=1)												
13	Portfolio of 65% equity and 35% 15 year risk free zero coupon bonds (p=0.8)	26,112	61,439	97,982	131,311	99,530	161,954	220,923	262,026	479,389	486,880	540,163	578,308
14	Portfolio of 40% equity, 15% property, 22.5% 15 year risk free zero coupon bonds and 22.5% 15 year corporate bonds (p=1)	10,640	34,670	86,907	147,696	77,908	142,263	235,631	312,562	496,593	537,216	632,163	718,368
15	Portfolio of 40% equity, 15% property, 22.5% 15 year risk free zero coupon bonds and 22.5% 15 year corporate bonds (p=0.8)	9,548	22,302	44,811	80,988	71,103	102,055	149,674	195,745	475,522	438,052	462,465	500,913
		L=15				L=20				L=25			
16	Receiver swaptions	23.03%	19.63%	19.29%	17.08%	28.21%	25.76%	24.22%	20.82%	33.98%	31.41%	28.02%	23.61%

- (vii) Income yields for each asset class are shown in the following table.

Asset Class	Dividend Yield
UK Equity	2.9%
Property	4.3%
OS Equity	1.9%

- (v) The asset model is not calibrated to any risk-free rates other than those derived from UK assets. There is no calibration to risk-free rates from overseas territories.
- (vi) The table shows the proportion of the total present value of cost of the modelled guarantees and options split by term to maturity.

Outstanding Term (Years)	Conventional		Unitised	
	Life	Pensions	Life	Pensions
0 - 5	0.6%	31.6%	0.1%	5.8%
5 - 10	0.3%	25.1%	0.0%	4.5%
10 - 15	0.0%	15.3%	0.0%	4.2%
15 - 20	0.0%	5.0%	0.0%	3.7%
20 - 25	0.1%	1.7%	0.0%	0.2%
25 - 30	1.0%	0.6%	0.0%	0.0%

Calibration of the asset model to market data is shown, where available, in paragraph 6 (4) (a) (ii) above.

- (vii) Comprehensive tests are carried out on the output produced by Deloitte asset model as follows:

For UK property, the ratio of the average (over the simulated scenarios) of the discounted present values of projected asset values (with income reinvested) to the original asset value has been verified to be acceptably close to unity – the martingale property.

The same test has been undertaken for gilts and bonds with terms of 1, 3, 5, 10, 15, 20, 30 and 40 years. Departures from unity in the average discounted present values have not been significant.

Zero coupon bond yields calculated from the model cash output have been verified to match yields calculated from input Government spot rates and initial spot rates output from the model at time zero within an acceptable error margin. Verification has also been made, within acceptable limits, that implied volatility calculated from the simulation model output reproduces the market volatility term structure for 20 year at the money swaptions.

- (viii) The stochastic model is run on 1,000 investment scenarios generated by the asset model.

The scenario generation process incorporates variance reduction techniques (antithetic variables) to ensure that the scenarios selected pass the tests described in (vii) to a close tolerance.

(b) Not applicable.

(c) Not applicable.

(5) Management Actions

- (a) Reversionary bonus rates are being modelled dynamically driven by targeting a final payout ratio, which is defined as the ratio of final benefits (i.e. maturity benefits) to guaranteed benefits. Bonus rates are increased if the projected payout ratio is higher than target and will be reduced if the projected payout ratio is less than target.
- (b) The following tables show annual bonus rates on unitised with-profits business.

Reversionary Bonus Rates on accumulating with profits		Current Valuation Date	Projected years
Type of business		p.a	p.a
UWP	iii	4.00%	Varies Dynamically

Any dynamic projections of minimum guaranteed reversionary bonus rates will be subject to this minimum rate.

(6) Demographic Assumptions

The surrender assumptions are:

Product	Status (1)	Average surrender rate for the policy years			
		1-5	6-10	11-15	16-20
Conventional whole life withprofits OB	Paying	2.8%	2.8%	2.8%	2.8%
Conventional endowment withprofits OB savings	Paying	2.8%	2.8%	2.8%	2.8%
Conventional endowment withprofits OB target cash	Paying	2.8%	2.8%	2.8%	2.8%
Conventional deferred annuity withprofits	Paying	4.0%	4.0%	4.0%	4.0%
Group conventional deferred annuity withprofits	Paying	3.7%	3.7%	3.7%	3.7%
Regular premium nonprofit WL/EA OB	Paying	2.8%	2.8%	2.8%	2.8%
Single premium nonprofit WL/EA OB	Paying	2.8%	2.8%	2.8%	2.8%
Level term assurance	Paying	5.0%	5.0%	5.0%	5.0%
Decreasing term assurance	Paying	6.0%	6.0%	6.0%	6.0%
Deferred annuity nonprofit	Paying	0.8%	0.8%	0.8%	0.8%
Annuity nonprofit (PLA)	Paying	0.0%	0.0%	0.0%	0.0%
Annuity nonprofit (CPA)	Paying	0.0%	0.0%	0.0%	0.0%
Miscellaneous nonprofit	Paying	4.0%	4.0%	4.0%	4.0%
Life UWP single premium	Paying	2.8%	2.8%	2.8%	2.8%
Life UWP whole life regular premium	Paying	6.0%	6.0%	6.0%	6.0%
Life UWP endowment regular premium savings	Paying	6.0%	6.0%	6.0%	6.0%
Life UWP endowment regular premium – target cash	Paying	6.0%	6.0%	6.0%	6.0%
Individual pensions UWP	Paying	4.9%	4.9%	4.9%	4.9%
Group money purchase pensions UWP	Paying	6.0%	6.0%	6.0%	6.0%
Group deposit administration withprofits	Paying	2.5%	2.5%	2.5%	2.5%
DWP National Insurance rebates UWP	Paying	2.5%	2.5%	2.5%	2.5%
Index linked annuity (CPA)	Paying	0.0%	0.0%	0.0%	0.0%
Conventional whole life withprofits OB	PUP	2.0%	2.0%	2.0%	2.0%
Conventional endowment withprofits OB savings	PUP	2.0%	2.0%	2.0%	2.0%
Conventional endowment withprofits OB target cash	PUP	2.0%	2.0%	2.0%	2.0%
Conventional deferred annuity withprofits	PUP	3.8%	3.8%	3.8%	3.8%
Group conventional deferred annuity withprofits	PUP	2.7%	2.7%	2.7%	2.7%
Regular premium nonprofit WL/EA OB	PUP	2.0%	2.0%	2.0%	2.0%
Single premium nonprofit WL/EA OB	PUP	0.0%	0.0%	0.0%	0.0%
Level term assurance	PUP	1.9%	1.9%	1.9%	1.9%
Decreasing term assurance	PUP	4.5%	4.5%	4.5%	4.5%
Deferred annuity nonprofit	PUP	0.8%	0.8%	0.8%	0.8%
Annuity nonprofit (PLA)	PUP	0.0%	0.0%	0.0%	0.0%
Annuity nonprofit (CPA)	PUP	0.0%	0.0%	0.0%	0.0%
Miscellaneous nonprofit	PUP	3.0%	3.0%	3.0%	3.0%
Life UWP single premium	PUP	2.8%	2.8%	2.8%	2.8%
Life UWP whole life regular premium	PUP	3.5%	3.5%	3.5%	3.5%
Life UWP endowment regular premium savings	PUP	3.5%	3.5%	3.5%	3.5%
Life UWP endowment regular premium – target cash	PUP	4.5%	4.5%	4.5%	4.5%
Individual pensions UWP	PUP	4.4%	4.4%	4.4%	4.4%
Group money purchase pensions UWP	PUP	5.2%	5.2%	5.2%	5.2%

Group deposit administration withprofits	PUP	1.7%	1.7%	1.7%	1.7%
DWP National Insurance rebates UWP	PUP	2.0%	2.0%	2.0%	2.0%
Index linked annuity (CPA)	PUP	0.0%	0.0%	0.0%	0.0%

(1) Status differentiates surrender assumptions between premium paying policies and paid-up policies. There was no change in demographic assumptions from the previous year.

A take up rate of 75% for guaranteed annuity options is assumed. This is consistent with the terms of the agreement with the Britannic With-Profits Fund where any deviation from this assumption is met by that fund.

The annuitant mortality assumptions are shown in the following table:

Annuitant Mortality Assumptions	Projection Basis	
	Male	Female
Annuitant Rate Guarantee – post vesting ⁽¹⁾		
All	97.5% PCMA00	97.5% PCFA00

(1) Improvements CMI_2014 [2.0% for male and 1.75% for female for ages up to age 85, reducing linearly down to 0% from age 110]

(7) Policyholders' Actions

No such assumptions were made.

7. FINANCING COSTS

There are no financing arrangements.

8. OTHER LONG-TERM INSURANCE LIABILITIES

The amount shown in Line 47 of Form 19 is made up as follows:

	£m
Capita Regulatory Buyout	0.5
Fender	0.7
VAT	4.9
Project Alloy	1.3
CEB prepayment	3.4
Solvency II	0.2
MSA Blueprint	(1.8)
Excluded Data	0.2
Costs Falling Outside MSAs	0.6
Other	0.1
Total	9.9
Total L47	9.9

9. REALISTIC CURRENT LIABILITIES

The realistic current liabilities of £48.0m consist of regulatory current liabilities consistent with Form 14 Line 49.

10. RISK CAPITAL MARGIN

- (a) The risk capital margin amounted to nil.
- (i) The market risk scenario assumes that equities falls by 20% and real estate falls by 12.5%. The equity fall and the property fall were the more onerous scenarios.
 - (ii) The nominal change in yields for fixed interest securities for the purpose of the market risk scenario is 0.42%. This is consistent with a rise, or fall of 17.5% in the long term gilt yield. A fall in yields is the most onerous scenario.
 - (iii) The risk capital margin allows for a widening of the yields available on bonds, where the change in yields depends on the credit rating. The average change in spread for bonds subject to the test, weighted by market value, was 1.2% for the fund. This change in yields resulted in a movement in the value of these bonds by an average of (10.1)% for the fund.
 - (iv) The average change in persistency experience is a 32.5% reduction in future lapse and paid-up rates. The impact of the persistency risk scenario is that the realistic value of liabilities increases by 0.9% prior to any management action being taken.
 - (v) These were assumed to be materially independent.
- (b) The working capital takes into account planned enhancements which reflect the intention to distribute to policyholders excess assets within the fund. These enhancements are assumed to be removed in the risk capital margin conditions to the extent that they would not be payable due to reduction in the excess assets.

If the most onerous scenario in respect capital requirements increases shareholder transfers, then a scenario with lower shareholder transfers is used to determine the shareholder transfer deductions component in the WPICC calculation.

- (c) (i) The risk capital margin is zero.
- (ii) The scheme for the funds merger as at 31 December 2006 includes a provision that in the event that the value of the assets of any with-profits fund falls below the regulatory minimum, support will be provided to that fund by way of a loan arrangement from the Non Profit Fund or the Shareholders' Fund to the extent that the Board determines there are assets in those funds available to make such a loan.

11. TAX

- (i) The investment returns used in the calculation of the with-profits benefits reserve are net of policyholder tax, where appropriate. The calculation of the net rate allows for tax on income and gains, split by asset class and using assumed rates appropriate to those assets.
- Expenses attributed to the with-profits benefits reserve are reduced to reflect tax relief where appropriate, based on assumed rates.
- (ii) In calculating the value of future policy related liabilities, tax is allowed for as follows.
- Asset shares (or proxies to asset shares) are projected by the stochastic model used to determine the value of guarantees, and this allows for policyholder tax as described in (i).
- (iii) The realistic value of the current liabilities is taken to be equal to the regulatory value. The value of any tax provisions resulting from the company's tax computation is included here.

12. DERIVATIVES

The fund has a portfolio of European-style receiver swaptions, to mitigate the effect that falls in interest rates have on the value of contracts written with a guaranteed annuity option. As at the valuation date, the fund held swaptions valued at £43.3m with an aggregate nominal value of £102.7m.

The option dates for swaptions range from the current year until 2038, with swap tenors of between 15 and 25 years. The majority of contracts are for a strike rate of interest of 5%. In recognition of an agreement with the Britannic With-Profits Fund (referred to in paragraph 6 (6)), the relevant policies were modelled assuming a 75% take-up rate for the option. Impact of the excess take-up rate above the 75% (if any) is met by Britannic With-Profits Fund as per paragraph 6 (6).

The fund also has a relatively small holding in Fixed Interest Futures. These had a market value of £(0.06)m at the valuation date.

13. ANALYSIS OF WORKING CAPITAL

The movement in working capital over the twelve months to the valuation date is shown in the following table.

	£m
Opening working capital	0.0
Write back planned benefit enhancements to zeroise working capital	59.6
Revised opening working capital	59.6
Opening Adjustments	0.0
Restated opening working capital	59.6
New business value	0.0
Experience variances	(4.6)
Assumption changes	(6.3)
Operating variances	
• Model and methodology changes	1.4
• Management Actions	0.0
Economic Variances	2.2
Other projects / provisions	(8.0)
Unexplained	4.0
Closing working capital before zeroiation	48.3
Provision to repay contingent loan	(13.4)
Planned benefit enhancements to distribute estate	(38.7)
Impact of planned enhancements on future policy related liabilities	3.9
Closing working capital	0.0

14. OPTIONAL DISCLOSURE

Not applicable.

Britannic Industrial Branch Fund

2. ASSETS

(1) Economic Assumptions For Valuing Non-Profit Business

The following table shows the principal economic assumptions that have been used to determine the value of future profits arising from non-profit life business written in the fund.

Risk free yields Term (years)	Risk Free Rate		RPI Inflation	
	Current Valuation	Previous Valuation	Current Valuation	Previous Valuation
1	0.36%	0.43%	1.50%	1.93%
2	0.67%	0.68%	1.81%	2.18%
3	1.02%	0.92%	2.18%	2.41%
4	1.28%	1.13%	2.37%	2.56%
5	1.45%	1.31%	2.43%	2.66%
6	1.60%	1.48%	2.45%	2.73%
7	1.74%	1.62%	2.49%	2.78%
8	1.88%	1.75%	2.57%	2.82%
9	2.01%	1.87%	2.66%	2.86%
10	2.14%	1.97%	2.75%	2.91%
12	2.35%	2.16%	2.94%	3.02%
15	2.59%	2.38%	3.19%	3.17%
20	2.85%	2.62%	3.47%	3.36%
25	2.95%	2.75%	3.58%	3.45%

Expense inflation is assumed to be RPI inflation plus 1%.

(2) Amount Determined Under INSPRU 1.3.33(2)(R)

Not applicable.

(3) Valuation Of Insurance Contracts Written Outside The Fund

Not applicable.

(4) Different Sets Of Assumptions

Not applicable.

(5) De Minimis Limit

Not applicable – the assumptions in (1) relate to all non-profit business within the fund.

3. WITH-PROFITS BENEFITS RESERVE LIABILITIES

(1) Calculation Of With-Profits Benefits Reserve

There have been no changes in the methods or assumptions since the previous valuation

Product Type	Method	With-profits benefits reserve	Future policy related liabilities
		£m	£m
UWP Life	Retrospective	0.0	0.0
CWP Life	Retrospective	124.3	84.5
Life Total		124.3	84.5
UWP Pensions	Retrospective	0.0	0.0
CWP Pensions	Retrospective	0.0	0.0
Total Pensions		0.0	0.0
Total		124.3	84.5
Form 19 Line 31		124.3	
Form 19 Line 49			84.5

(2) Correspondence With Form 19

The amounts in (1) above reconcile directly to Form 19.

(3) With-Profits Benefits Reserves Below De Minimis Limit

Not applicable.

(4) Types Of Products

The level of disclosure in the table above corresponds to material groupings of contracts offering significant variances in policyholder benefits.

4. WITH-PROFITS BENEFITS RESERVE – RETROSPECTIVE METHOD

(1) Retrospective Methods

- (a) All contracts have been calculated on an individual policy basis.
- (b) No contracts have been valued on a grouped basis.
- (c) Not applicable as no contracts have been valued on a grouped basis.

(2) Significant Changes to Valuation Method

- (a) There have been no changes in the methods or assumptions since the previous valuation
- (b) No contract's with-profits benefit reserve has been calculated using an approach that is more approximate than at the previous valuation date.

(3) Expense Allocation

For each with-profits fund, the basis of allocating expenses to that fund during the financial year in question is described in note 4006 to Form 40.

- (a) The previous expense investigation was carried out in respect of the financial year ended 31 December 2014.
- (b) Expense investigations are carried out in respect of each financial year. Interim investigations are carried out during financial years for use in interim valuations.

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(c) The method by which expenses are charged to the with-profits benefits reserve in respect of individual contracts depends on the type of business and the method of determining asset shares:

- Traditional with-profits business asset shares are charged expenses based on the expenses charged by the outsourcers in respect of this business. The expenses are an amount per policy which varies by product type and by premium paying status. The amount charged to asset shares is subject to an uplift to cover direct costs and an element of project costs. Additional one-off project costs are not charged to asset shares. Investment expenses are charged to asset shares by reducing the investment return allocated.

The expenses charged to asset shares are all charged as maintenance expenses as the fund is no longer actively seeking new business and, for the purposes of this expense investigation all expenses have been treated as maintenance and consequently the subsequent analysis does not identify any initial expenses.

The expenses charged to the with-profits fund in addition to those allocated to the with-profits benefits reserve comprise:

- one-off costs not charged to asset shares;
- expenses in respect of with-profits policies that were in force at the previous financial year end and no longer in force at the current financial year end;
- the expenses incurred in respect of non-profit business in the fund;
- the investment expenses reduction not charged to asset shares;
- investment expenses associated with the investments backing other with-profits reserves and the estate;
- prior year adjustments; and
- balance between aggregation of the amounts charged to assets shares and the items identified above and the aggregate amount allocated to the fund.

The expenses allocated to the with-profits benefits reserve and the residual balance charged to the fund during the financial year were:

Item		Expenses £m
expenses charged to with-profits benefit reserve	traditional with-profits business	2.1
other expenses charged to fund	other project costs	0.3
	exiting with-profits policies	0.0
	non-profit policies	0.8
	investment expenses	0.4
	prior year adjustments	0.0
	Balance	0.9
Total expenses		4.5

(4) Significant Charges

Not applicable.

(5) Charges For Non-Insurance Risk

No charges were deducted from this fund for non-insurance risk.

(6) Ratio Of Claims To Reserve

The average percentage of the ratio of total claims paid on with-profits insurance contracts compared to the sum of the with-profits benefits reserve for those claims plus any past miscellaneous surplus attributed to the with-profits benefits reserve less any miscellaneous deficit attributed to the with-profits benefits reserves in respect of those claims, for the three preceding financial years is:

Year	Average total with-profits claim ratio for financial year
Previous year -1	97%
Previous year	99%
Current year	100%

(7) Allocated Return

The rate of investment return attributed to the with-profits benefits reserve of a policy depends on the asset mix for it. The asset mix depends on the outstanding term and the level of guarantees under the policy (see PPFM for more details). The investment return for 2015 was 1.4% (after tax and expenses).

During 2015 the asset shares of the fund were enhanced following a distribution of estate to policyholders. This led to an increase in asset shares of 2.2% in addition to the return above.

5. WITH-PROFITS BENEFITS RESERVE – PROSPECTIVE METHOD

(1) Key Assumptions

Not applicable as Asset Shares now calculated on a retrospective basis.

(2) Different Sets Of Assumptions

Not applicable.

6. COSTS OF GUARANTEES, OPTIONS AND SMOOTHING

(1) De Minimis Limit

Not applicable.

(2) Valuation Methods For Guarantees etc.

(a) There have been no changes in the methods or assumptions since the previous valuation. All guarantees are calculated stochastically;

(b) (i) In the model, no projections are carried out on individual policy data.

(ii) All of the contracts are valued on a grouped basis. However, the values for the with-profits benefits reserve are calculated on an individual basis.

(iii) There has been no change to the cluster modelling technique applied at the previous valuation. The cluster modelling technique has been used to reduce the number of modelled policies whereby all individual policies are assigned to one of a smaller number of representative model points in such a way that the sum of the differences between each individual policy and the representative policy to which it has been assigned in certain key metrics are minimised. Validation of the technique involves ensuring that the difference between the total realistic liabilities, and separately, the asset shares on a deterministic basis calculated on the seriatim data and on the clustered data falls within a set tolerance.

In total there are 119,274 individual policies and members of group schemes, which have been grouped together into 1,781 model points.

(3) Significant Changes

There have been no significant changes since the previous valuation.

(4) Further Information On Stochastic Approach

There have been no changes in the methods or assumptions since the previous valuation

(a) The stochastic model is used to place a value on:

- Maturity guarantees on conventional endowments;
- The impact of bonus smoothing.

Allowing for the distribution of the estate to asset shares, there is no residual cost of guarantees or smoothing in the fund.

(ii) There are no changes in methods or assumptions since the previous valuation other than those detailed below.

Interest Rate

UK gilt returns are modelled using a gilts + 10bps calibration using a LIBOR Market Model with displaced diffusion and stochastic volatility. The Government Nominal Bond yield curve is a direct input into the model. The yield curve is provided directly from Deloitte.

The calibration at the valuation date was as follows:

Term	Govt. + 10bp (%)	Model (%)	Difference (Model - Market) bp
1	0.36%	0.36%	(0)
2	0.67%	0.66%	(0)
3	1.02%	1.01%	(1)
4	1.27%	1.27%	(1)
5	1.44%	1.43%	(1)
6	1.58%	1.57%	(1)
7	1.72%	1.71%	(1)
8	1.86%	1.85%	(1)
9	1.99%	1.98%	(1)
10	2.11%	2.10%	(2)
15	2.56%	2.55%	(1)
20	2.81%	2.82%	0
25	2.91%	2.91%	1
30	2.85%	2.85%	1

The volatility within the model is calibrated to the market implied volatility for at the money swaptions (also provided by Deloitte). The calibration at the valuation date is as follows:

Option Term	Swap Term	Model	Target	Difference
5	5	36.08%	34.76%	132
10	10	29.77%	29.90%	(13)
10	20	29.09%	29.67%	(58)
20	10	28.44%	29.54%	(110)
20	20	27.66%	27.71%	(5)

Inflation is derived from the nominal and real yield curves. Real interest rates are modelled using a two-factor Hull-White model, which is calibrated to be consistent with GBP and EUR index linked government bond prices as at 31 December 2015.

Equity and Property

Five asset classes are modelled as equity-type processes: domestic equities, overseas equities, direct property, indirect property and alternative assets.

Separate domestic equity models are used for UK and Euro equities and each model uses a local volatility surface calibrated to market implied volatilities for a range of strikes and maturities using a constant least-squares approach. The equity index is modelled stochastically using Heston's stochastic volatility model and incorporates a discontinuous jump-diffusion component driven by a Poisson process.

Overseas equity, direct property, indirect property and alternative assets are all modelled using a constant volatility Black-Scholes model.

Generated implied volatility data (%) at the valuation date is shown below:

Model

Term	Strike				
	0.8	0.9	1	1.1	1.2
1	21.77%	19.26%	16.66%	14.67%	14.21%
3	20.81%	19.14%	17.63%	16.39%	15.17%
5	20.59%	19.20%	18.09%	16.98%	15.93%
7	21.15%	20.02%	19.10%	18.30%	17.56%
9	21.01%	20.18%	19.45%	18.78%	18.24%

Beyond 10 years the estimated generated volatility implied by the model calibration rises as follows:

Term	Strike				
	0.8	0.9	1	1.1	1.2
	%	%	%	%	%
15	22.32%	21.84%	21.42%	21.07%	20.80%
20	24.08%	23.73%	23.46%	23.26%	23.07%
25	25.88%	25.68%	25.50%	25.36%	25.18%
30	26.45%	26.28%	26.15%	26.01%	25.86%
35	26.80%	26.67%	26.56%	26.44%	26.34%
40	27.68%	27.58%	27.52%	27.49%	27.48%

The model calibration is close to market implied equity volatility.

There are no tests against market traded instruments for properties since there are no such instruments. A best estimate has therefore been used of 15% constant volatility.

Corporate bond

Corporate bond returns are modelled using the extended Jarrow-Lando-Turnbull model. This describes bond prices in terms of a risk-neutral transition matrix, which gives the probability of transitions between credit ratings over one year. Risk neutral transition probabilities are assumed to vary stochastically. The transition matrix is calibrated to the credit spreads on corporate bonds for various ratings and terms. The model was fitted to a sample of predominantly investment grade sterling corporate bonds.

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The asset model uses a credit transition matrix. The fit of the model is designed to exactly target the market spread on a 7 year A rated bond. Credit derivatives are not used to derive market implied transition probabilities.

Correlations

The following are examples of observed (generated) correlations of year 10 returns from the scenarios used (ZCB = zero coupon bond):

Output Correlations @ Year 10	Gilts 10Y spot rate	Real 5Y spot rate	UK Equities	Direct Property	7y A-Rated Corp	Overseas Equities	Indirect Property	Quant	Fund
Gilts 10y spot rate	100.0%								
Real 5Y spot rate	-39.1%	100.0%							
UK Equities	-6.1%	-8.6%	100.0%						
Direct Property	16.4%	14.3%	14.2%	100.0%					
7y A-Rated Corp	-0.8%	-16.9%	10.2%	-14.9%	100.0%				
Overseas Equities	11.4%	-8.6%	40.4%	10.2%	46.4%	100.0%			
Indirect Property	-8.3%	-20.5%	54.6%	20.3%	14.0%	68.8%	100.0%		
Quant	-21.8%	4.9%	22.0%	16.0%	40.9%	29.9%	13.6%	100.0%	
Fund	-34.7%	-2.8%	22.3%	30.1%	43.7%	38.1%	33.4%	53.8%	100.0%

(iii) The table below is based on 1,000 scenarios:

n	Asset type (all UK assets)	K=0.75				K=1				K=1.5			
		5	15	25	35	5	15	25	35	5	15	25	35
r	Annualised compound equivalent of the risk free rate assumed for the period. (to two decimal places)	1.45%	2.59%	2.95%	2.75%	x	x	x	x	x	x	x	x
1	Risk-free zero coupon bond	930,485	681,101	483,335	386,522	x	x	x	x	x	x	x	x
2	FTSE All Share Index (p=1)	66,370	178,776	301,361	379,080	155,104	313,368	471,084	566,802	512,739	671,737	857,772	974,654
3	FTSE All Share Index (p=0.8)	63,766	153,788	240,309	291,873	148,471	270,635	377,622	436,633	493,343	585,331	697,296	760,151
4	Property (p=1)	36,450	139,332	244,498	330,507	142,117	279,997	412,583	516,204	523,277	652,270	795,402	925,221
5	Property (p=0.8)	33,633	114,404	184,714	242,916	134,139	234,405	319,802	387,052	504,066	563,952	635,270	709,940
6	15 year risk free zero coupon bond (p=1)	18,772	34,951	18,380	38,131	103,888	128,989	107,899	149,650	502,574	518,600	514,286	536,178
7	15 year risk free zero coupon bond (p=0.8)	17,087	24,013	6,875	11,038	96,716	93,451	48,647	65,206	482,278	416,061	330,099	319,175
8	15 year risk free bonds (p=1)	23,288	46,061	30,476	53,564	110,754	144,327	126,567	171,861	504,580	521,285	519,462	549,981
9	15 year risk free bonds (p=0.8)	21,403	32,784	13,715	22,910	103,483	108,321	64,915	83,229	484,473	423,072	340,768	339,220
10	Portfolio of 65% FTSE All Share and 35% property (p=1)	32,943	121,635	237,469	319,854	115,380	253,834	401,960	502,399	502,579	621,507	783,977	908,543
11	Portfolio of 65% FTSE All Share and 35% property (p=0.8)	30,981	98,780	179,976	235,205	108,579	210,811	310,883	374,913	482,274	531,994	624,323	695,017
12	Portfolio of 65% equity and 35% 15 year risk free zero coupon bonds	27,808	80,130	150,255	209,068	106,267	204,026	311,689	386,033	500,153	580,349	705,929	796,999

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	(p=1)												
13	Portfolio of 65% equity and 35% 15 year risk free zero coupon bonds (p=0.8)	26,112	61,439	97,982	131,311	99,530	161,954	220,923	262,026	479,389	486,880	540,163	578,308
14	Portfolio of 40% equity, 15% property, 22.5% 15 year risk free zero coupon bonds and 22.5% 15 year corporate bonds (p=1)	10,640	34,670	86,907	147,696	77,908	142,263	235,631	312,562	496,593	537,216	632,163	718,368
15	Portfolio of 40% equity, 15% property, 22.5% 15 year risk free zero coupon bonds and 22.5% 15 year corporate bonds (p=0.8)	9,548	22,302	44,811	80,988	71,103	102,055	149,674	195,745	475,522	438,052	462,465	500,913
		L=15				L=20				L=25			
16	Receiver swaptions	23.03%	19.63%	19.29%	17.08%	28.21%	25.76%	24.22%	20.82%	33.98%	31.41%	28.02%	23.61%

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- (iv) Income yields for each asset class are shown in the following table.

Asset Class	Dividend Yield
UK Equity	2.9%
Property	4.3%
OS Equity	1.9%

- (v) The asset model is not calibrated to any risk-free rates other than those derived from UK assets. There is no calibration to risk-free rates from overseas territories.
- (vi) Allowing for the distribution of the estate to asset shares, there is no residual cost of guarantees or smoothing in the fund.

Calibration of the asset model to market data is shown, where available, in paragraph 6 (4) (a) (ii) for the Britannic With-Profits Fund.

- (vii) Comprehensive tests are carried out on the output produced by Deloitte asset model as described for the Britannic With-Profits Fund.
- (viii) The stochastic model is run on 1,000 investment scenarios generated by the asset model.

The scenario generation process incorporates variance reduction techniques (antithetic variables) to ensure that the scenarios selected pass the tests described in (vii) to a close tolerance.

(b) Not applicable.

(c) Not applicable.

(5) Management Actions

- (a) The stochastic model does not take into account the possibility of actions taken by management in the projected investment scenarios, other than to the extent described below.

Bonus Policy

Future reversionary bonus rates are assumed to be zero.

Maturity payouts are targeted to be 100% of asset share, subject to the company's smoothing policy. To achieve this, the model compares policies maturing in one year against similar policies maturing in the previous year and derives a scale of terminal bonus rates such that the maximum change in payout from year to year is 15%.

Investment Mix

The proportion of real assets (UK equities, overseas equities and property) is assumed to be 38% at the valuation date and to remain constant for all future periods.

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- (b) The following tables show the equity backing ratios for the fund, annual bonus rates for unitised with-profit business are not shown as BIB contains no UWP business.

% UK & Overseas Equities		Current Valuation Date	Current Valuation Date Plus 5 years	Current Valuation Date Plus 10 years
Type of business				
All Business	i	38%	38%	38%
All Business	ii	Unchanged	Unchanged	Unchanged
All Business	iii	Unchanged	Unchanged	Unchanged

(6) Demographic Assumptions

The surrender assumptions are:

Product	Average surrender rate for the policy years			
	1-5	6-10	11-15	16-20
Conventional whole life withprofits IB	1.0%	1.0%	1.0%	1.0%
Conventional endowment withprofits IB	2.0%	2.0%	2.0%	2.0%
Nonprofit IB	1.3%	1.3%	1.3%	1.3%

The fund has no exposure to guaranteed annuity options.

(7) Policyholders' Actions

Not applicable.

7. FINANCING COSTS

There are no financing arrangements currently in place for the fund.

8. OTHER LONG TERM INSURANCE LIABILITIES

No amounts have been included in Line 46 of Form 19. The amount shown in Line 47 of Form 19 is made up as follows:

	£m
VAT	0.4
Strachan Policy Review	0.3
Solvency II	0.0
Capita Regulatory Buyout	0.2
Project Costs	0.0
Compensation for BAM Investment Expense	0.9
Asset Management Services	0.3
Sale of Ignis	0.1
MSA Blueprint Expense Reserve	(10.8)
Costs falling outside MSAs	0.3
Reallocation of IB gone away policies	14.8
Other	(0.2)
Total	6.3

Other is made up of WP gross premium reserves and WP tax on sh transfers

9. REALISTIC CURRENT LIABILITIES

The realistic value of current liabilities, shown at line 51 of Form 19, is taken to be equal to the value assessed on a regulatory basis, this being £11.8m. The figure includes creditors (including outstanding claims), provisions (including taxation), accruals and deferred income.

10. RISK CAPITAL MARGIN

(a) The risk capital margin for the fund was calculated to be zero at the valuation date.

(i) The risk capital margin allows for a fall in equity values of 20%. This was compared to a rise in equity values of the same amount and found to be more onerous for the fund.

A fall of 12.5% was allowed for in the value of property assets, and this was found to be more onerous than a rise in property values of the same amount.

(ii) The scenario of a rise in fixed interest yields of 17.5% of the long-term gilt yield was compared against a fall in yields of the same amount. The more onerous result was assumed and represented a rise in yields. The nominal rise and fall in the (annualised) yields was 0.42%.

There are no significant overseas territories. Overseas stocks were subjected to the same basis point adjustment as for UK stocks.

(iii) The risk capital margin allows for a widening of the yields available on bonds, where the change in yields depends on the credit rating. The average change in spread for bonds subject to the test, weighted by market value, was 1.2% for the fund. This change in yields resulted in a fall in the value of these bonds by an average of 10.1% for the fund.

(iv) Persistency rates were assumed to improve by 32.5%. This was allowed for in the projections by multiplying the assumed lapse, paid-up and surrender rates at each duration by 67.5%.

(v) Not applicable

(b) The working capital takes into account planned enhancements which reflect the intention to distribute to policyholders excess assets within the fund. These enhancements are assumed to be removed in the risk capital margin conditions to the extent that they would not be payable due to reduction in the excess assets.

Some policies have been granted discretionary enhancements to investment returns attributed to asset shares. These enhancements will be removed if the estate of the fund is insufficient to finance them. No removal of enhancements has been assumed for the fund in the risk capital margin conditions.

If the most onerous scenario in respect capital requirements increases shareholder transfers, then a scenario with lower shareholder transfers is used to determine the shareholder transfer deductions component in the WPICC calculation.

(c) (i) The risk capital margin is zero.

(ii) The scheme for the funds merger as at 31 December 2006 includes a provision that in the event that the value of the assets of any with-profits fund falls below the regulatory minimum, support will be provided to that fund by way of a loan arrangement from the Non Profit Fund or the Shareholders' Fund to the extent that the Board determines there are assets in those funds available to make such a loan.

11. TAX

(i) The investment returns used in the calculation of the with-profits benefits reserve are net of policyholder tax, where appropriate. The calculation of the net rate allows for tax on income and gains, split by asset class and using assumed rates appropriate to those assets. For unrealised gains, a reduced rate is used in order to reflect deferral of the gain.

Expenses attributed to the with-profits benefits reserve are reduced to reflect tax relief where appropriate, based on assumed rates.

Where asset share calculations are used, the value of outstanding tax relief arising on acquisition expenses is not capitalised. This asset is reflected in Line 47 of Form 19.

Additional tax arising on shareholder transfers is met from the estate and is not chargeable to asset shares.

- (ii) In calculating the value of future policy related liabilities, tax is allowed for in a number of ways.

Asset shares (or proxies to asset shares) are projected by the stochastic model used to determine the value of guarantees and smoothing, and this allows for policyholder tax as described in (i).

Additional tax on shareholder transfers, which is payable from the estate, is reflected in Line 47 of Form 19 and is derived from the stochastic model results.

The accrued amount of any tax on unrealised capital gains is included in Line 47 of Form 19. This is based on the actual unrealised gains on the valuation date multiplied by a tax rate that does not allow for deferral of the gain being realised.

Outstanding tax relief on acquisition expenses is allowed for in Line 47 of Form 19 and is based on outstanding amounts from the company's tax computation, discounted at a risk-free rate.

The tax relief from any deferred expenses from the company's tax computation is assumed to be recovered after one year, and the discounted value (at a risk-free rate) is included in Line 47 of Form 19.

In Line 47 of Form 19, adjustments are made in respect of any amounts already included as current liabilities.

- (iii) The realistic value of the current liabilities is taken to be equal to the regulatory value. The value of any tax provisions resulting from the company's tax computation is included here.

12. DERIVATIVES

On the valuation date, the fund held futures contracts as described in the table below.

Derivative	Position	£m
Fixed Interest Futures	Long	0.0
Currency Futures	Long	0.0
Currency Futures	Short	0.2
Equity Futures	Long	0.2

13. ANALYSIS OF WORKING CAPITAL

The movement in working capital over the twelve months to the valuation date is shown in the following table:

	£m
Opening working capital	0.0
Write back planned benefit enhancements to zeroise working capital	91.0
Revised opening working capital	91.0
Opening Adjustments	0.0
Restated opening working capital	91.0
New business value	0.0
Experience variances	(0.3)
Assumption changes	10.6
Other operating variances	
• Model and methodology changes	(13.9)
• Management Actions	(21.3)
Economic Variances	1.9
Other projects / provisions	0.1
Unexplained	(0.3)
Closing working capital before zeroiation	67.7
Planned benefit enhancements to distribute estate	(70.2)
Impact of planned enhancements on future policy related liabilities	2.5
Closing working capital	(0.0)

Management Actions above include:

Conditional Estate Distribution (added to Asset Shares): £(4.1)m
 Temporary Estate Distributions (added to 2015 Claims): £(17.2)m

14. OPTIONAL DISCLOSURE

Not applicable.

APPENDIX 9.4A

Britannic With-Profits Fund

2. ASSETS

(1) Economic Assumptions For Valuing Non-Profit Business

The following table shows the principal economic assumptions that have been used to determine the value of future profits arising from non-profit business written in the fund.

Risk free yields Term (years)	Risk Free Rate		RPI Inflation	
	Current Valuation	Previous Valuation	Current Valuation	Previous Valuation
1	0.36%	0.43%	1.50%	1.93%
2	0.67%	0.68%	1.81%	2.18%
3	1.02%	0.92%	2.18%	2.41%
4	1.28%	1.13%	2.37%	2.56%
5	1.45%	1.31%	2.43%	2.66%
6	1.60%	1.48%	2.45%	2.73%
7	1.74%	1.62%	2.49%	2.78%
8	1.88%	1.75%	2.57%	2.82%
9	2.01%	1.87%	2.66%	2.86%
10	2.14%	1.97%	2.75%	2.91%
12	2.35%	2.16%	2.94%	3.02%
15	2.59%	2.38%	3.19%	3.17%
20	2.85%	2.62%	3.47%	3.36%
25	2.95%	2.75%	3.58%	3.45%

Expense Inflation is assumed to be RPI Inflation plus 1%.

* The experience interest rates and risk discount rates are shown gross of tax and before deduction of investment expenses of 0.08% gross per annum.

(2) Amount Determined Under INSPRU 1.3.33(2)(R)

Not applicable.

(3) Valuation Of Insurance Contracts Written Outside The Fund

Not applicable.

(4) Different Sets Of Assumptions

Not applicable.

(5) De Minimis Limit

Not applicable – the assumptions in (1) relate to all non-profit business within the With-Profits Fund.

3. WITH-PROFITS BENEFITS RESERVE LIABILITIES

Where previously prospective with-profits benefit reserves were used for some whole of life business, a retrospective method is now used.

(1) Calculation Of With-Profits Benefits Reserve

In determining the with-profits benefits reserve shown in Line 31 of Form 19, the fund uses several methods. The methods can be summarised as:

(i) Asset Share Calculations

Asset shares are a roll up, at historic achieved investment returns, of premiums, less expenses, charges and tax, adjusted for the profit or loss on providing death benefits and the profit or loss from contracts that terminated early.

For the former Century business, the with-profits benefits reserve is based on the amount transferred from the former Century Life With Profit Fund as at 31 December 2006 in respect of this business (excluding the value of future profits and loss transfers). The amount transferred was determined using a bonus reserve valuation approach with future bonuses set so as to equal the amount available for transfer. This amount transferred became the opening asset share as at 31 December 2006 in the Britannic With-Profits Fund in respect of this business. This opening asset share has been rolled up with the actual historic experience as described above.

(ii) Prospective Method

Not Applicable

(iii) Shadow Funds

For most unitised with-profits contracts the with-profits benefits reserve is taken as the shadow fund available from the company's mainframe systems. The shadow fund is the result of accumulating premiums less policy charges at the earned investment rate.

(iv) Regulatory Reserves

For some small classes of business it is not practical to apply any of the methods in (i) to (iii). In these cases the realistic reserve is taken as the regulatory reserve, excluding the long term insurance capital requirement (and, in the case of the Insurance ISA, the sterling reserves).

The table below shows the breakdown of the with-profits benefits reserve into these methods.

Product Type	Method	With-profits benefits reserve	Future policy related liabilities
		£m	£m
UWP Life	Retrospective	110.6	10.5
CWP Life	Retrospective	167.4	16.0
Life Total		278.0	26.5
UWP Pensions	Retrospective	3,282.0	312.9
CWP Pensions	Retrospective	36.6	3.5
Total Pensions		3,318.7	316.3
Total		3,596.7	342.9
Form 19 Line 31		3,596.7	
Form 19 Line 49			342.9

In the table above, the split of the future policy related liabilities into the same detail as the with-profits benefits reserve is approximated. This is partly because the assessment of prospective items such as the costs of guarantees and smoothing rely on grouped data, and partly because certain realistic future liabilities are not calculated at product level.

(2) Correspondence With Form 19

The amounts in (1) above reconcile directly to Form 19.

(3) With-Profits Benefits Reserves Below De Minimis Limit

Not applicable.

(4) Types Of Products

The level of disclosure in the table above corresponds to material groupings of contracts offering significant variances in policyholder benefits. For example, unitised with-profits business is separated from conventional with-profits business.

4. WITH-PROFITS BENEFITS RESERVE – RETROSPECTIVE METHOD

(1) Retrospective Methods

- (a) All contracts have been calculated on an individual policy basis.
- (b) No contracts have been valued on a grouped basis.
- (c) Not applicable as no contracts have been valued on a grouped basis.

(2) Significant Changes to Valuation Method

- (a) There have been no changes in the methods or assumptions since the previous valuation
- (b) No contract's with-profits benefit reserve has been calculated using an approach that is more approximate than at the previous valuation date.

(3) Expense Allocation

For each with-profits fund, the basis of allocating expenses to that fund during the financial year in question is described in note 4006 to Form 40.

- (a) The previous expense investigation was carried out in respect of financial year ended 31 December 2014.
- (b) Expense investigations are carried out in respect of each financial year. Interim investigations are carried out during financial years for use in interim valuations.
- (c) The method by which expenses are charged to the with-profits benefits reserve in respect of individual contracts depends on the type of business and the method of determining asset shares:
 - Traditional with-profits business asset shares are charged expenses based on the expenses charged by the outsourcers in respect of this business. The expenses are an amount per policy which varies by product type and by premium paying status. The amount charged to asset shares is subject to an uplift to cover direct costs and an element of project costs. Additional one-off project costs are not charged to asset shares. Investment expenses are charged to asset shares by reducing the investment return allocated.
 - Unitised with-profits business asset shares are charged expenses using product charges, rather than actual expenses. The product charges cover acquisition, maintenance and investment expenses.
 - Smoothed return business, that is with-profits annuity business, overseas with-profits bond business and with-profits bond business, asset shares are charged expenses using product charges, rather than actual expenses. The product charges cover acquisition, maintenance and investment expenses.

The expenses charged to asset shares are all charged as maintenance expenses as the fund is no longer actively seeking new business and, for the purposes of this expense investigation, all expenses have been treated as maintenance. Consequently the subsequent analysis does not identify any initial expenses.

The expenses charged to the With-Profits Fund in addition to those allocated to the with-profits benefits reserve comprise:

Britannic With-Profits Fund

- One-off costs not charged to asset shares;
- The difference between the expenses charged to the fund in respect of unitised with-profits business and smoothed business and the product charges charged to the associated asset shares;
- Expenses in respect of with-profits contracts that were in force at the previous financial year-end and are no longer in force at the current financial year-end;
- The expenses incurred in respect of non-profit business in the fund;
- The investment expenses reduction not charged to asset shares;
- Investment expenses associated with the investments backing other with-profits reserves and the estate;
- Prior year adjustments; and
- Balance between aggregation of the amounts charged to asset shares and the items identified above and the aggregate amount allocated to the fund.

The expenses allocated to the with-profits benefits reserve and the residual balance charged to the fund during the financial year were:

Item		£m
Expenses charged to with profits benefits reserve	traditional with-profits business	1.2
	unitised with-profits business	23.2
	smoothed return business	0.3
other expenses charged to fund	other project costs	3.2
	excess product charges	-10.7
	exiting with-profits policies	0.3
	non-profit policies	1.0
	investment expenses	7.1
	prior year adjustments	0.0
	balance	-0.2
Total expenses		25.3

(4) Significant Charges

Charges for cost of guarantees and cost of capital are not charged to conventional business or unitised with-profits business with-profits benefits reserves. Charges for cost of guarantees and cost of capital are included in the product charges for smoothed return business and hence are charged to the with-profits benefits reserves. The cost of capital funds the shareholder profit and loss transfer and associated tax in respect of this business. The amounts charged to the with-profits benefits reserves are:

Policies previously written in	During financial year		Preceding financial year	
	cost of guarantees	cost of capital	cost of guarantees	cost of capital
	£m	£m	£m	£m
BA	0.0	0.1	0.0	0.1

(5) Charges For Non-Insurance Risk

No charges were deducted from the fund for non-insurance risk.

(6) Ratio Of Claims To Reserves

The average percentage of the ratio of total claims paid on with-profits insurance contracts compared to the sum of the with-profits benefits reserve for those claims plus any past miscellaneous surplus attributed to the with-profits benefits reserve less any miscellaneous deficit attributed to the with-profits benefits reserves in respect of those claims, for the three preceding financial years is:

Year	Average total with-profits claim ratio for financial year
Previous year -1	100%
Previous year	99%
Current year	100%

(7) Allocated Return

The rate of investment return attributed to the with-profits benefits reserve of a policy depends on the asset mix for it. The asset mix depends on the outstanding term and the level of guarantees under the policy (see PPFM for more details). The investment returns (after tax for life business) allocated to the with-profits benefits reserve in respect of the 12 months to end December 2015 were as follows:

Type of business	Investment Returns
Former Britannic Assurance sterling denominated business	1.47%
Former Britannic Assurance euro denominated business	2.72%
Former Century Life business	0.76%

During 2015 the asset shares of the fund were enhanced following a distribution of estate to policyholders. This led to an increase in asset shares of 2.2% in addition to the returns in the table above.

5. WITH-PROFITS BENEFITS RESERVE – PROSPECTIVE METHOD

(1) Key Assumptions

Not applicable as Asset Shares now calculated on a retrospective basis.

(2) Different Sets Of Assumptions

Not applicable.

6. COSTS OF GUARANTEES, OPTIONS AND SMOOTHING

(1) De Minimis Limit

Not applicable.

(2) Valuation Method For Guarantees etc.

(a) There have been no changes in the methods or assumptions since the previous valuation. All guarantees are calculated stochastically;

(b) (i) No projections are carried out on individual policy data.

(ii) All of the contracts are valued on a grouped basis. However, the values for the with-profits benefits reserve are calculated on an individual basis.

(iii) There has been no change to the cluster modelling technique applied at the previous valuation. The cluster modelling technique has been used to reduce the number of modelled policies whereby all individual policies are assigned to one of a smaller number of representative model points in such a way that the sum of the differences between each individual policy and the representative policy to which it has been assigned in certain key metrics are minimised. Validation of the technique involves ensuring that the difference between the total realistic liabilities, and separately, the

asset shares on a deterministic basis calculated on the seriatim data and on the clustered data falls within a set tolerance.

In total there are 335,273 individual policies and members of group schemes, which have been grouped together into 3,687 model points.

(3) Significant Changes

There have been no changes in the methods or assumptions since the previous valuation. .

(4) Further Information On Stochastic Approach

- (a) (i) The stochastic model is used to place a value on:
- Maturity guarantees on conventional endowments;
 - Guarantees on vesting of deferred annuity contracts;
 - Guarantees on maturity or retirement for unitised with-profits contracts;
 - Nil-penalty guarantees on the surrender of with-profits bonds at certain durations;
 - The impact of bonus smoothing.

As at 31st December 2015, a significant proportion of the with-profits business maturity payouts (including retirements) exceed asset shares. It is intended to reduce this overpayment in line with the company's smoothing policy subject to the level of guarantees. The impact of bonus smoothing is shown in Line 44 of Form 19.

- (ii) The asset returns in the stochastic model were generated by a proprietary model purchased from Deloitte. The asset classes modelled are UK equities, overseas equities, UK property, UK corporate bonds and UK gilts.

Interest Rate

UK gilt returns are modelled using a gilts + 10bps calibration using a LIBOR Market Model with displaced diffusion and stochastic volatility. The Government Nominal Bond yield curve is a direct input into the model. The yield curve is provided directly from Deloitte.

The calibration at the valuation date was as follows:

Term	Govt. + 10bp (%)	Model (%)	Difference (Model - Market) bp
1	0.36%	0.36%	(0)
2	0.67%	0.66%	(0)
3	1.02%	1.01%	(1)
4	1.27%	1.27%	(1)
5	1.44%	1.43%	(1)
6	1.58%	1.57%	(1)
7	1.72%	1.71%	(1)
8	1.86%	1.85%	(1)
9	1.99%	1.98%	(1)
10	2.11%	2.10%	(2)
15	2.56%	2.55%	(1)
20	2.81%	2.82%	0
25	2.91%	2.91%	1
30	2.85%	2.85%	1

The volatility within the model is calibrated to the market implied volatility for at the money swaptions (also provided by Deloitte). The calibration at the valuation date is as follows:

Option Term	Swap Term	Model	Target	Difference
5	5	36.08%	34.76%	132
10	10	29.77%	29.90%	(13)
10	20	29.09%	29.67%	(58)
20	10	28.44%	29.54%	(110)
20	20	27.66%	27.71%	(5)

Inflation is derived from the nominal and real yield curves. Real interest rates are modelled using a two-factor Hull-White model, which is calibrated to be consistent with GBP and EUR index linked government bond prices as at 31 December 2015.

Equities and Property

Five asset classes are modelled as equity-type processes: domestic equities, overseas equities, direct property, indirect property and alternative assets.

Separate domestic equity models are used for UK and Euro equities and each model uses a local volatility surface calibrated to market implied volatilities for a range of strikes and maturities using a constant least-squares approach. The equity index is modelled stochastically using Heston's stochastic volatility model and incorporates a discontinuous jump-diffusion component driven by a Poisson process.

Overseas equity, direct property, indirect property and alternative assets are all modelled using a constant volatility Black-Scholes model.

Generated implied volatility data (%) at the valuation date is shown below:

Model

Term	Strike				
	0.8	0.9	1	1.1	1.2
1	21.77%	19.26%	16.66%	14.67%	14.21%
3	20.81%	19.14%	17.63%	16.39%	15.17%
5	20.59%	19.20%	18.09%	16.98%	15.93%
7	21.15%	20.02%	19.10%	18.30%	17.56%
9	21.01%	20.18%	19.45%	18.78%	18.24%

Beyond 10 years the estimated generated volatility implied by the model calibration rises as follows:

Term	Strike				
	0.8	0.9	1	1.1	1.2
	%	%	%	%	%
15	22.32%	21.84%	21.42%	21.07%	20.80%
20	24.08%	23.73%	23.46%	23.26%	23.07%
25	25.88%	25.68%	25.50%	25.36%	25.18%
30	26.45%	26.28%	26.15%	26.01%	25.86%
35	26.80%	26.67%	26.56%	26.44%	26.34%
40	27.68%	27.58%	27.52%	27.49%	27.48%

Model calibration is close to market implied equity volatility as confirmed by our validations.

There are no tests against market traded instruments for properties since there are no such instruments. A best estimate has therefore been used of 15% constant volatility.

Corporate bond

Corporate bond returns are modelled using the extended Jarrow-Lando-Turnbull model. This describes bond prices in terms of a risk-neutral transition matrix, which gives the probability of transitions between credit ratings over one year. Risk neutral transition probabilities are assumed to vary stochastically. The transition matrix is calibrated to the credit spreads on corporate bonds for various ratings and terms. The model was fitted to a sample of predominantly investment grade sterling corporate bonds.

The asset model uses a credit transition matrix. The fit of the model is designed to exactly target the market spread on a 7 year A rated bond. Credit derivatives are not used to derive market implied transition probabilities.

Correlations

The following are examples of observed (generated) correlations of year 10 returns from the scenarios used (ZCB = zero coupon bond):

Output Correlations @ Year 10	Gilts 10Y spot rate	Real 5Y spot rate	UK Equities	Direct Property	7y A-Rated Corp	Overseas Equities	Indirect Property	Quant	Fund
Gilts 10y spot rate	100.0%								
Real 5Y spot rate	-39.1%	100.0%							
UK Equities	-6.1%	-8.6%	100.0%						
Direct Property	16.4%	14.3%	14.2%	100.0%					
7y A-Rated Corp	-0.8%	-16.9%	10.2%	-14.9%	100.0%				
Overseas Equities	11.4%	-8.6%	40.4%	10.2%	46.4%	100.0%			
Indirect Property	-8.3%	-20.5%	54.6%	20.3%	14.0%	68.8%	100.0%		
Quant	-21.8%	4.9%	22.0%	16.0%	40.9%	29.9%	13.6%	100.0%	
Fund	-34.7%	-2.8%	22.3%	30.1%	43.7%	38.1%	33.4%	53.8%	100.0%

(iii) The table below is based on 1,000 scenarios:

n	Asset type (all UK assets)	K=0.75				K=1				K=1.5			
		5	15	25	35	5	15	25	35	5	15	25	35
r	Annualised compound equivalent of the risk free rate assumed for the period. (to two decimal places)	1.45%	2.59%	2.95%	2.75%	x	x	x	x	x	x	x	x
1	Risk-free zero coupon bond	930,485	681,101	483,335	386,522	x	x	x	x	x	x	x	x
2	FTSE All Share Index (p=1)	66,370	178,776	301,361	379,080	155,104	313,368	471,084	566,802	512,739	671,737	857,772	974,654
3	FTSE All Share Index (p=0.8)	63,766	153,788	240,309	291,873	148,471	270,635	377,622	436,633	493,343	585,331	697,296	760,151
4	Property (p=1)	36,450	139,332	244,498	330,507	142,117	279,997	412,583	516,204	523,277	652,270	795,402	925,221
5	Property (p=0.8)	33,633	114,404	184,714	242,916	134,139	234,405	319,802	387,052	504,066	563,952	635,270	709,940
6	15 year risk free zero coupon bond (p=1)	18,772	34,951	18,380	38,131	103,888	128,989	107,899	149,650	502,574	518,600	514,286	536,178
7	15 year risk free zero coupon bond (p=0.8)	17,087	24,013	6,875	11,038	96,716	93,451	48,647	65,206	482,278	416,061	330,099	319,175
8	15 year risk free bonds (p=1)	23,288	46,061	30,476	53,564	110,754	144,327	126,567	171,861	504,580	521,285	519,462	549,981
9	15 year risk free bonds (p=0.8)	21,403	32,784	13,715	22,910	103,483	108,321	64,915	83,229	484,473	423,072	340,768	339,220
10	Portfolio of 65% FTSE All Share and 35% property (p=1)	32,943	121,635	237,469	319,854	115,380	253,834	401,960	502,399	502,579	621,507	783,977	908,543
11	Portfolio of 65% FTSE All Share and 35% property (p=0.8)	30,981	98,780	179,976	235,205	108,579	210,811	310,883	374,913	482,274	531,994	624,323	695,017
12	Portfolio of 65% equity and 35% 15 year risk free zero coupon bonds (p=1)	27,808	80,130	150,255	209,068	106,267	204,026	311,689	386,033	500,153	580,349	705,929	796,999

Britannic With-Profits Fund

13	Portfolio of 65% equity and 35% 15 year risk free zero coupon bonds (p=0.8)	26,112	61,439	97,982	131,311	99,530	161,954	220,923	262,026	479,389	486,880	540,163	578,308
14	Portfolio of 40% equity, 15% property, 22.5% 15 year risk free zero coupon bonds and 22.5% 15 year corporate bonds (p=1)	10,640	34,670	86,907	147,696	77,908	142,263	235,631	312,562	496,593	537,216	632,163	718,368
15	Portfolio of 40% equity, 15% property, 22.5% 15 year risk free zero coupon bonds and 22.5% 15 year corporate bonds (p=0.8)	9,548	22,302	44,811	80,988	71,103	102,055	149,674	195,745	475,522	438,052	462,465	500,913
		L=15				L=20				L=25			
16	Receiver swaptions	23.03%	19.63%	19.29%	17.08%	28.21%	25.76%	24.22%	20.82%	33.98%	31.41%	28.02%	23.61%

- (iv) Income yields for each asset class are shown in the following table.

Asset Class	Dividend Yield
UK Equity	2.9%
Property	4.3%
OS Equity	1.9%

- (v) The asset model is not calibrated to any risk-free rates other than those derived from UK assets. There is no calibration to risk-free rates from overseas territories, even where Britannic has significant investments in those territories.
- (vi) The table shows the proportion of the total present value of the cost of modelled guarantees and options split by term to maturity.

Outstanding Term (Years)	Conventional		Unitised	
	Life	Pensions	Life	Pensions
0 - 5	0.2%	17.2%	0.0%	0.0%
5 - 10	0.4%	20.3%	0.0%	4.0%
10 - 15	0.1%	18.8%	0.0%	9.6%
15 - 20	0.0%	5.5%	0.0%	11.0%
20 - 25	0.0%	1.0%	0.0%	7.6%
25 - 30	0.0%	0.0%	0.0%	1.2%
30 - 35	0.0%	0.0%	0.0%	0.0%
35 - 40	0.5%	0.0%	3.2%	0.0%

Policies without a fixed maturity date have been shown in the 35 to 40 outstanding term band.

Calibration of the asset model to market data is shown, where available, in paragraph 6 (4) (a) (ii) above.

- (vii) Comprehensive tests are carried out on the output produced by Deloitte asset model as follows:

For UK and Overseas equities and for UK property the ratio of the average (over the simulated scenarios) of the discounted present values of projected asset values (with income reinvested) to the original asset value has been verified to be acceptably close to unity – the martingale property.

The same test has been undertaken for gilts and bonds with terms of 1, 3, 5, 10, 15, 20, 30 and 40 years. Departures from unity in the average discounted present values have not been significant.

Zero coupon bond yields calculated from the model cash output have been verified to match yields calculated from input Government spot rates and initial spot rates output from the model at time zero within an acceptable error margin.

For UK equity options verification has been made, within acceptable limits, that the option prices calculated from the model output and converted into implied volatilities using Black-Scholes formula reproduce the expected volatility surface.

Verification has also been made, within acceptable limits, that implied volatility calculated from the simulation model output reproduces the market volatility term structure for 20 year at the money swaptions.

- (viii) The stochastic model is run on 1,000 investment scenarios generated by the asset model.

The scenario generation process incorporates variance reduction techniques (antithetic variables) to ensure that the scenarios selected pass the tests described in (vii) to a close tolerance.

(b) Not applicable.

(c) Not applicable.

(5) Management Actions

- (a) The stochastic model does not take into account the possibility of actions taken by management in the projected investment scenarios, other than to the extent described below.

Reversionary bonus rates are modelled dynamically driven by targeting a final payout ratio, which is defined as the ratio of final benefits (i.e. maturity benefits) to guaranteed benefits. Bonus rates are increased if the projected payout ratio is higher than target and will be reduced if the projected payout ratio is less than target.

Bonus Policy – Conventional With-Profits Business

Future reversionary bonus rates are assumed to be zero except for business formerly written in Century. For business formerly written in Century, the reversionary bonuses are those declared at the valuation date and are kept constant over the projection period. The cost of guarantees on business formerly written in Century is immaterial.

Maturity payouts are targeted to be 100% of asset share, subject to the company’s smoothing policy. To achieve this, the model compares policies maturing in one year against similar policies maturing in the previous year and derives a scale of terminal bonus rates such that the maximum change in payout from year to year is 15%.

Bonus Policy – Unitised With-Profits Business

The reversionary bonus rate is zero for unitised with-profits life business. For pensions business, no reversionary bonus is paid unless the ratio (in aggregate) of the shadow fund to the unit fund (including bonus units) exceeds 115%. In this case a 3% bonus is paid.

Terminal bonus rates are calculated based on a vintage unit method, by month of purchase. The bonus smoothing logic as described for conventional business is then applied to each monthly payout. Terminal bonus rates for each calendar year are taken as an average of the calculated monthly values.

Investment Mix

Appropriate allowance is made for the expectation that the exposure of the fund to real assets (UK equities, overseas equities and property) will reduce as the portfolios reach maturity. The proportion of real assets is assumed to reduce by 0.08% per month from 38% at the valuation date to 28% after 10 years.

- (b) The following tables show the equity backing ratios for the fund, and annual bonus rates for unitised with-profit business.

% UK & Overseas Equities		Current Valuation Date	Current Valuation Date Plus 5 years	Current Valuation Date Plus 10 years
Type of business				
All	i	38%	33%	28%
All	ii	Unchanged	Unchanged	Unchanged
All	ii	Unchanged	Unchanged	Unchanged
	i			

Britannic With-Profits Fund

Reversionary Bonus Rates on accumulating with profits		Current Valuation Date	Projected years
Type of business		p.a	p.a
UWP Life Regular Premium	i	0.0%	Varies Dynamically
UWP Life Single Premium	i	3.0%	Varies Dynamically
UWP Pensions	i	3.5%	Varies Dynamically
UWP Life Regular Premium	ii	0.0%	Varies Dynamically
UWP Life Single Premium	ii	3.0%	Varies Dynamically
UWP Pensions	ii	3.5%	Varies Dynamically
UWP Life Regular Premium	iii	0.0%	Varies Dynamically
UWP Life Single Premium	iii	3.0%	Varies Dynamically
UWP Pensions	iii	3.5%	Varies Dynamically

Any dynamic projections of minimum guaranteed reversionary bonus rates will be subject to this minimum rate.

(6) Demographic Assumptions

The surrender assumptions are:

Product	Status ⁽¹⁾	Average surrender rate for the policy years			
		1-5	6-10	11-15	16-20
Conventional whole life withprofits OB	Paying	1.0%	1.0%	1.0%	1.0%
Conventional endowment withprofits OB savings	Paying	2.6%	2.6%	2.6%	2.6%
Conventional endowment withprofits OB target cash	Paying	3.7%	3.7%	3.7%	3.7%
Conventional deferred annuity withprofits	Paying	2.0%	2.0%	2.0%	2.0%
Group conventional deferred annuity withprofits	Paying	0.0%	0.0%	0.0%	0.0%
Annuity withprofits (CPA)	Paying	0.0%	0.0%	0.0%	0.0%
Regular premium nonprofit WL/EA OB	Paying	2.1%	2.1%	2.1%	2.1%
Single premium nonprofit WL/EA OB	Paying	1.0%	1.0%	1.0%	1.0%
Deferred annuity nonprofit	Paying	0.0%	0.0%	0.0%	0.0%
Life UWP single premium	Paying	10.0%	10.0%	10.0%	10.0%
Life UWP whole life regular premium (ISA)	Paying	8.0%	8.0%	8.0%	8.0%
Life UWP endowment regular premium savings	Paying	5.0%	5.0%	5.0%	5.0%
Life UWP endowment regular premium – target cash	Paying	5.0%	5.0%	5.0%	5.0%
Individual pensions UWP	Paying	1.0%	1.0%	1.0%	1.0%
Life property linked single premium	PUP	0.0%	0.0%	0.0%	0.0%
Life property linked endowment regular premium savings	PUP	0.0%	0.0%	0.0%	0.0%
Individual pensions property linked	PUP	5.0%	5.0%	5.0%	5.0%
Individual pensions UWP	PUP	1.5%	1.5%	1.5%	1.5%

⁽¹⁾ Status differentiates surrender assumptions between premium paying policies and paid-up policies.

There is an exposure to guaranteed annuity options in respect of an agreement with the Alba With-Profits Fund. In summary the agreement is such that the Alba With-Profits Fund pays the Britannic With-Profits Fund 75% of the potential guaranteed annuity cost which could arise when a customer retires and the Britannic With-Profits Fund pays the actual cost.

Thus the Britannic With-Profits Fund bears the cost (or takes the profits) if the take up rate is more (less) than 75%. When calculating the realistic estate, we assume that the take up rate is 75%, as indicated by recent experience. There is a further stress for RCM of the take up rate increasing to 95%.

The annuitant mortality is shown in the following table:

Annuitant Mortality Assumptions		
	Projection Basis	
Annuity Rate Guarantee – post vesting ⁽¹⁾	Male	Female
Ex-BA	115% RMV00	122.5% RFV00
Ex-Century	92.5% PCMA00	95% PCFA00

⁽¹⁾ Improvements CMI_2014 [2.0% for male and 1.75% for female for ages up to age 85, reducing linearly down to 0% from age 110]

(7) Policyholders' Actions

Take-up rates of Guaranteed Annuity Options are now dynamic, dependent on the moneyness of the option which is measured as the ratio of the market annuity factors to the guaranteed annuity factors. When out of the money there is a fixed assumption for the take-up rate which varies by product. When in the money the take-up rate is subject to a lower and upper bound with a separate assumption controlling the speed at which the rate varies linearly between these bounds.

7. FINANCING COSTS

There are no financing arrangements currently in place for the fund.

8. OTHER LONG-TERM INSURANCE LIABILITIES

No amounts have been included in Line 46 of Form 19. The amount shown in Line 47 of Form 19 is made up as follows:

	£m
Mortgage Endowment Review	0.1
Pensions Mis-Selling	12.9
Costs Falling Outside MSAs	0.8
TCF Reserves	0.4
VAT	8.2
Solvency II	0.1
Strachan Policy Review	0.0
Capita Regulatory Buyout	0.5
Asset Management Services	3.2
Sale of IGNIS	1.8
UWP Expenses less Charges Plus Shareholder Transfers	8.5
Corporation tax step changes	0.0
Tax on Shareholder Transfers Plus Tax on Shareholders's Share of Estate	36.3
Century Shareholder Transfers	0.4
Compensation for BAM Investment Expense	2.4
Capita Additional Regulatory Fees	1.4
ALBA GAO	(14.1)
CWP APM	(5.8)
Total	57.1

9. REALISTIC CURRENT LIABILITIES

The realistic value of current liabilities, shown at line 51 of Form 19, is taken to be equal to the value assessed on a regulatory basis, this being £46.2m. The figure includes creditors (including outstanding claims), provisions (including taxation), accruals and deferred income.

10. RISK CAPITAL MARGIN

- (a) The risk capital margin for the fund was calculated to be zero at the valuation date.
- (i) The market risk scenario assumes that equities fall by 20% and property fall by 12.50%. The more onerous result was a rise in equities and property.
 - (ii) The scenario of a rise in fixed interest yields of 17.5% of the long-term gilt yield was compared against a fall in yields of the same amount. The more onerous result was assumed and represented a rise in yields. The nominal rise and fall in the (annualised) yields was 0.42%.

Overseas stocks were subjected to the same basis point adjustment as for UK stocks.
 - (iii) The risk capital margin allows for a widening of the yields available on bonds, where the change in yields depends on the credit rating. The average change in the spread for bonds subject to the test, weighted by market value, was 1.4% for the fund. This change in yields resulted in a fall in the value of these bonds by an average of 11.5% for the fund
 - (iv) Persistency rates were assumed to improve by 32.5%. This was allowed for in the projections by multiplying the assumed lapse, paid-up and surrender rates at each duration by 67.5%, with the exception of surrender rates on unutilised with-profits contracts at dates when market value reductions cannot be applied.

The GAO take-up rate was assumed to be 95%.

- (v) Not applicable.
- (b) The working capital takes into account planned enhancements which reflect the intention to distribute to policyholders excess assets within the With-Profits Fund. These enhancements are assumed to be removed in the risk capital margin conditions to the extent that they would not be payable due to reductions in the excess assets.

Some policies have been granted discretionary enhancements to investment returns attributed to asset shares or shadow units. These enhancements will be removed if the estate of the With-Profits Fund is insufficient to finance them. No removal of enhancements has been assumed for the fund in the risk capital margin conditions.

For the fund, the effect of the above management actions would be to leave a working capital of zero in the risk capital margin conditions.

If the most onerous scenario in respect capital requirements increases shareholder transfers, then a scenario with lower shareholder transfers is used to determine the shareholder transfer deductions component in the WPICC calculation.

- (c) (i) The risk capital margin is zero.
- (ii) The scheme for the funds merger as at 31 December 2006 includes a provision that in the event that the value of the assets of any with-profits fund falls below the regulatory minimum, support will be provided to that fund by way of a loan arrangement from the Non Profit Fund or the Shareholders' Fund to the extent that the Board determines there are assets in those funds available to make such a loan.
- (d) The cost of the profit margin used in the annuity pricing basis for the base position is stressed to reflect the stressed market conditions. This is then applied to the estate as in the base case.

11. TAX

- (i) The investment returns used in the calculation of the with-profits benefits reserve are net of policyholder tax, where appropriate. The calculation of the net rate allows for tax on income and gains, split by asset class and using assumed rates appropriate to those assets. For unrealised gains, a reduced rate is used in order to reflect deferral of the gain.

Expenses attributed to the with-profits benefits reserve are reduced to reflect tax relief where appropriate, based on assumed rates.

Where asset share calculations are used, the value of outstanding tax relief arising on acquisition expenses is not capitalised. This asset is reflected in Line 47 of Form 19.

Additional tax arising on shareholder transfers is met from the estate and is not chargeable to asset shares.

- (ii) In calculating the value of future policy related liabilities, tax is allowed for as follows.

Asset shares (or proxies to asset shares) are projected by the stochastic model used to determine the value of guarantees and smoothing, and this allows for policyholder tax as described in (i).

Additional tax on shareholder transfers, which is payable from the estate, is reflected in Line 47 of Form 19 and is derived from the stochastic model results.

The accrued amount of any unrealised capital gains is included in Line 47 of Form 19. This is based on the actual unrealised gains on the valuation date multiplied by a tax rate that does not allow for deferral of the gain being realised.

Outstanding tax relief on acquisition expenses is allowed for in Line 47 of Form 19 and is based on outstanding amounts from the company's tax computation, discounted at a risk-free rate.

The tax relief from any deferred expenses from the company's tax computation is assumed to be recovered after one year, and the discounted value (at a risk free rate) is included in Line 47 of Form 19.

In Line 47 of Form 19, adjustments are made in respect of any amounts already included as current liabilities.

- (iii) The realistic value of the current liabilities is taken to be equal to the regulatory value. The value of any tax provisions resulting from the company's tax computation is included here.

12. DERIVATIVES

On the valuation date, the fund held futures contracts as described in the table below.

Derivative	Position	£m
Fixed Interest Futures	Long	0.4
Currency Futures	Long	0.1
Currency Futures	Short	6.4

13. ANALYSIS OF WORKING CAPITAL

The movement in working capital over the twelve months to the valuation date is shown in the following table.

	£m
Opening working capital	0.0
Write back planned benefit enhancements to zeroise working capital	310.0
Revised opening working capital	310.0
Opening Adjustments	0.0
Restated opening working capital	310.0
New business value	0.0
Experience variances	5.7
Assumption changes	(18.0)
Other operating variances	
• Model and methodology changes	(12.2)
• Management Actions	(105.1)
Economic Variances	(14.0)
Other projects / provisions	5.9
Unexplained	(2.1)
Closing working capital before zeroiation	170.1
Planned benefit enhancements to distribute estate	(171.0)
Impact of planned enhancements on future policy related liabilities	0.9
Closing working capital	0.0

Management Actions above include:

Conditional Estate Distribution (added to Asset Shares): £(81.2)m
 Temporary Estate Distributions (added to 2015 Claims): £(24.0)m

14. OPTIONAL DISCLOSURE

Not applicable.

APPENDIX 9.4A

PWP With-Profits Fund

2. ASSETS**(1) Economic Assumptions For Valuing Non-Profit Business**

The economic assumptions used to calculate the value of future profits on non-profit products are as follows:

Risk free yields Term (years)	Risk Free Rate		RPI Inflation	
	Current Valuation	Previous Valuation	Current Valuation	Previous Valuation
1	0.36%	0.43%	1.50%	1.93%
2	0.67%	0.68%	1.81%	2.18%
3	1.02%	0.92%	2.18%	2.41%
4	1.28%	1.13%	2.37%	2.56%
5	1.45%	1.31%	2.43%	2.66%
6	1.60%	1.48%	2.45%	2.73%
7	1.74%	1.62%	2.49%	2.78%
8	1.88%	1.75%	2.57%	2.82%
9	2.01%	1.87%	2.66%	2.86%
10	2.14%	1.97%	2.75%	2.91%
12	2.35%	2.16%	2.94%	3.02%
15	2.59%	2.38%	3.19%	3.17%
20	2.85%	2.62%	3.47%	3.36%
25	2.95%	2.75%	3.58%	3.45%

The expenses inflation is set to 1% above RPI.

Allowance has been made under INSPRU 1.3.39G for the illiquid nature of a proportion of the assets (namely the corporate bonds) backing the immediate non-profit annuities within the Fund.

A liquidity premium has been calculated by taking the difference between the present value of the cash flows arising from these bonds on two yields. The first is a yield equal to the equivalent risk free rate for the bond, increased by an allowance for the risk of default; the second is the gross redemption yield of the bond. The adjustment for the risk of default varies on a bond by bond basis.

(2) Amount Determined Under INSPRU 1.3.33(2)(R)

Not applicable.

(3) Valuation Of Contracts Written Outside The Fund

Not applicable.

(4) Different Sets Of Assumptions

Not applicable.

(5) De Minimis Limit

Not applicable – the assumptions in (1) relate to all non-profit business within the With-Profits Fund.

3. WITH-PROFITS BENEFITS RESERVE LIABILITIES**(1) Calculation Of With-Profits Benefits Reserve**

There have been no changes in the methods or assumptions since the previous valuation.

Product Type	Method	With-profits benefits reserve	Future policy related liabilities
		£m	£m
UWP Life	Retrospective	210.8	57.3
CWP Life	Retrospective	702.2	191.0
Life Total		912.9	248.3
UWP Pensions	Retrospective	644.2	175.2
CWP Pensions	Retrospective	415.5	113.0
Total Pensions		1,059.7	288.2
Total		1,972.7	536.6
Form 19 Line 31		1,972.7	
Form 19 Line 49			536.6

In the table above, the future policy related liabilities have been split in proportion to the with-profits benefits reserves.

(2) Correspondence With Form 19

The above reconciles to lines 31 and 49 of Form 19.

(3) With-Profits Benefits Reserves Below De Minimis Limit

Not applicable.

(4) Types Of Products

The level of disclosure in the table above corresponds to material groupings of contracts offering significant variances in policyholder benefits. For example, unitised with-profits business is separated from conventional with-profits business.

4. WITH-PROFITS BENEFITS RESERVE – RETROSPECTIVE METHOD**(1) Retrospective Methods**

- (a) All contracts have been calculated on an individual policy basis.
- (b) No contracts have been valued on a grouped basis.
- (c) Not applicable as no contracts have been valued on a grouped basis.

(2) Significant Changes To Valuation Method

- (a) There have been no changes in the methods or assumptions since the previous valuation
- (b) No contract's with-profits benefit reserve has been calculated using an approach that is more approximate than at the previous valuation date.

(3) Expense Allocation

- (a) The previous expense investigation was carried out in the fourth quarter of the current financial year.

(b) Expense investigations are carried out annually.

(c)

Item	£m
Initial Expenses	0.0
Maintenance Expenses	7.1
Investment Expenses	2.9
Method	Average expense charge deducted
Expenses charged other than to with-profits benefits reserve	13.2

Since the company is closed to new business (apart from contractual increments etc.), there are no material acquisition expenses.

The investment expenses for life fund business have been netted down for policyholder tax at 20%.

(4) Significant Charges

The charges deducted from the with-profits benefits reserve in the year to the valuation date and the preceding year were:

	Current Valuation	Previous Valuation
	£m	£m
Charges for guarantees and smoothing	0.0	0.0
Net losses on non-profit business	16.7	3.1
Proportion of up-front outsourcing costs attributable to the period	0.0	0.0
Write-off of initial spreads on derivative contracts	0.0	0.0

(5) Charges For Non-Insurance Risk

Not applicable.

(6) Ratio Of Claims To Reserves

Terminal bonus rates are set in advance for conventional with-profits policies. The terminal bonus rate is set based on assumptions about future investment returns. Terminal bonus rates on maturing endowment life policies and pension policies vesting at the intended retirement date were set to give the following percentages of the with-profits benefits reserve plus any past miscellaneous surplus less any miscellaneous deficit attributed to the with-profits benefits reserve, for the following specimen products and terms:

	Endowment Policies	Regular Premium Personal Retirement Plan	Single Premium Personal Retirement Plan	Regular Premium Retirement Plan	Single Premium Retirement Plan
1/1/2011 to 30/06/2011					
10 year term	100	100	121	100	131
15 year term	100	100	114	100	129
20 year term	100	100	100	104	100
25 year term	100	100	114	104	113
1/7/2011 to 31/12/2011					

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10 year term	100	100	107	100	117
15 year term	100	100	113	100	132
20 year term	100	99	100	100	88
25 year term	100	100	103	106	106
1/1/2012 to 30/06/2012					
10 year term	100	100	103	100	113
15 year term	100	100	123	100	145
20 year term	100	100	100	100	101
25 year term	100	101	101	103	103
1/7/2012 to 31/12/2012					
15 year term	100	100	119	99	143
20 year term	100	100	100	100	100
25 year term	100	100	98	98	100
30 year term	98	100	100	98	105
1/1/2013 to 30/06/2013					
15 year term	100	100	123	100	148
20 year term	100	100	101	100	103
25 year term	100	100	100	100	100
30 year term	100	100	100	100	100
1/7/2013 to 31/12/2013					
15 year term	99	100	121	100	159
20 year term	100	100	100	100	102
25 year term	100	100	100	100	100
30 year term	100	100	100	100	100
1/7/2013 to 31/12/2013					
15 year term	99	100	121	100	159
20 year term	100	100	100	100	102
25 year term	100	100	100	100	100
30 year term	100	100	100	100	100
1/7/2014 to 31/12/2014					
15 year term	100	100	100	100	106
20 year term	100	100	100	100	174
25 year term	100	100	100	100	103
30 year term	100	100	100	100	116
1/7/2015 to 31/12/2015					
10 year term	100	101	100	100	101
15 year term	100	100	100	100	155
20 year term	100	100	100	100	106
25 year term	100	100	100	100	100

Payouts on surrenders are based on the with-profits benefits reserve plus any past miscellaneous surplus less any miscellaneous deficit attributed to the with-profits benefits reserve.

Payouts on surrenders of unitised with-profits bonds have been set to the following percentages of the with-profits benefits reserve plus any past miscellaneous surplus less any miscellaneous deficit attributed to the with-profits benefits reserve but not less any exit charge:

Year	Ratio of claims to asset shares
Previous year -1	100.00%

Previous year	100.00%
Current year	100.00%

(7) Allocated Return

The rate of investment return attributed to the with-profits benefits reserve of a policy depends on the asset mix for it. The asset mix and the outstanding term of the hypothecated fixed interest securities depend on the outstanding term and the level of guarantees under the policy (see PPFM for more details).

The average rates of investment return (after tax for life business) are:

Type of business	Investment return
Conventional Life	-0.41%
Conventional Pensions	-0.03%
UWP Bonds	0.03%
UWP Pensions	0.03%
Profit Plus Fund	1.17%

During 2015 the asset shares of the fund were enhanced following a distribution of estate to policyholders. This led to an increase in asset shares of 4.3% in addition to the returns in the table above.

5. WITH-PROFITS BENEFITS RESERVE – PROSPECTIVE METHOD**(1) Key Assumptions**

Not applicable as Asset Shares now calculated on a retrospective basis.

(2) Different Sets Of Assumptions

Not applicable.

6. COSTS OF GUARANTEES, OPTIONS AND SMOOTHING**(1) De Minimis Limit**

Not applicable.

(2) Valuation Methods For Guarantees etc.

(a) There have been no changes in the methods or assumptions since the previous valuation. All guarantees are valued on a stochastic basis;

- (b) (i) No projections are carried out on individual policy data.
- (ii) All of the contracts are valued on a grouped basis. However, the values for the with-profits benefits reserve are calculated on an individual basis.
- (iii) There has been no change to the cluster modelling technique applied at the previous valuation. The cluster modelling technique has been used to reduce the number of modelled policies whereby all individual policies are assigned to one of a smaller number of representative model points in such a way that the sum of the differences between each individual policy and the representative policy to which it has been assigned in certain key metrics are minimised. Validation of the technique involves ensuring that the difference between the total realistic liabilities, and separately, the asset shares on a deterministic basis calculated on the seriatim data and on the clustered data falls within a set tolerance.

In total there are 104,993 individual policies and members of group schemes, which have been grouped together into 1,610 model points.

(3) Significant Changes

There have been no changes in the methods or assumptions since the previous valuation.

(4) Further Information on Stochastic Approach

- (a) (i) The guarantees and options being valued using a full stochastic approach are described in paragraph 6 (2) (a) above.
- (ii) The asset returns in the stochastic model were generated by a proprietary model licensed from Deloitte. The asset classes modelled are UK equities, overseas equities, UK property, UK corporate bonds and UK gilts.

Interest Rate

UK gilt returns are modelled using a gilts + 10bps calibration using a LIBOR Market Model with displaced diffusion and stochastic volatility. The Government Nominal Bond yield curve is a direct input into the model. The yield curve is provided directly from Deloitte.

The calibration at the valuation date was as follows:

Term	Govt. + 10bp	Model	Difference (Model - Market) bp
1	0.36%	0.36%	(0)
2	0.67%	0.66%	(0)
3	1.02%	1.01%	(1)
4	1.27%	1.27%	(1)
5	1.44%	1.43%	(1)
7	1.72%	1.71%	(1)
10	2.11%	2.10%	(2)
15	2.56%	2.55%	(1)
20	2.81%	2.82%	0
25	2.91%	2.91%	1

The volatility within the model is calibrated to the market implied volatility for at the money swaptions (also provided by Deloitte). The calibration at the valuation date is as follows:

Option Term	Swap Term	Model	Target	Difference
5	5	36.08%	34.76%	132
10	10	29.77%	29.90%	(13)
10	20	29.09%	29.67%	(58)
20	10	28.44%	29.54%	(110)
20	20	27.66%	27.71%	(5)

Inflation is derived from the nominal and real yield curves. Real interest rates are modelled using a two-factor Hull-White model, which is calibrated to be consistent with GBP and EUR index linked government bond prices as at 31 December 2015.

Equities and Property

Five asset classes are modelled as equity-type processes: domestic equities, overseas equities, direct property, indirect property and alternative assets.

Separate domestic equity models are used for UK and Euro equities and each model uses a local volatility surface calibrated to market implied volatilities for a range of strikes and maturities using a constant least-squares approach. The equity index is modelled stochastically using Heston's stochastic volatility model and incorporates a discontinuous jump-diffusion component driven by a Poisson process.

Overseas equity, direct property, indirect property and alternative assets are all modelled using a constant volatility Black-Scholes model.

Generated implied volatility data (%) at the valuation date is shown below:

Model

	Strike				
Term	0.8	0.9	1	1.1	1.2
1	21.77%	19.26%	16.66%	14.67%	14.21%
3	20.81%	19.14%	17.63%	16.39%	15.17%
5	20.59%	19.20%	18.09%	16.98%	15.93%
9	21.01%	20.18%	19.45%	18.78%	18.24%

Beyond 10 years the estimated generated volatility implied by the model calibration rises as follows:

	Strike				
Term	0.8	0.9	1	1.1	1.2
15	22.32%	21.84%	21.42%	21.07%	20.80%
20	24.08%	23.73%	23.46%	23.26%	23.07%
25	25.88%	25.68%	25.50%	25.36%	25.18%
30	26.45%	26.28%	26.15%	26.01%	25.86%

Model calibration is close to market implied equity volatility as confirmed by our validations.

There are no tests against market traded instruments for properties since there are no such instruments. A best estimate has therefore been used of 15% constant volatility.

Corporate bond

Corporate bond returns are modelled using the extended Jarrow-Lando-Turnbull model. This describes bond prices in terms of a risk-neutral transition matrix, which gives the probability of transitions between credit ratings over one year. Risk neutral transition probabilities are assumed to vary stochastically. The transition matrix is calibrated to the credit spreads on corporate bonds for various ratings and terms. The model was fitted to a sample of predominantly investment grade sterling corporate bonds.

The asset model uses a credit transition matrix. The fit of the model is designed to exactly target the market spread on a 7 year A rated bond. Credit derivatives are not used to derive market implied transition probabilities.

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Correlations

The following are examples of observed (generated) correlations of year 10 returns from the scenarios used (ZCB = zero coupon bond):

Output Correlations @ Year 10	Gilts 10Y spot rate	Real 5Y spot rate	UK Equities	Direct Property	7y A-Rated Corp	Overseas Equities	Indirect Property	Quant	Fund
Gilts 10y spot rate	100.0%								
Real 5Y spot rate	-39.1%	100.0%							
UK Equities	-6.1%	-8.6%	100.0%						
Direct Property	16.4%	14.3%	14.2%	100.0%					
7y A-Rated Corp	-0.8%	-16.9%	10.2%	-14.9%	100.0%				
Overseas Equities	11.4%	-8.6%	40.4%	10.2%	46.4%	100.0%			
Indirect Property	-8.3%	-20.5%	54.6%	20.3%	14.0%	68.8%	100.0%		
Quant	-21.8%	4.9%	22.0%	16.0%	40.9%	29.9%	13.6%	100.0%	
Fund	-34.7%	-2.8%	22.3%	30.1%	43.7%	38.1%	33.4%	53.8%	100.0%

Nominal foreign exchange rates are modelled as the combination of real exchange rates and inflation rates where real exchange rates follow a mean-reverting process and are calibrated to the long-term best estimates.

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(iii) The table below is based on 1,000 scenarios:

n	Asset type (all UK assets)	K=0.75				K=1				K=1.5			
		5	15	25	35	5	15	25	35	5	15	25	35
r	Annualised compound equivalent of the risk free rate assumed for the period. (to two decimal places)	1.45%	2.59%	2.95%	2.75%	x	x	x	x	x	x	x	x
1	Risk-free zero coupon bond	930,485	681,101	483,335	386,522	x	x	x	x	x	x	x	x
2	FTSE All Share Index (p=1)	66,370	178,776	301,361	379,080	155,104	313,368	471,084	566,802	512,739	671,737	857,772	974,654
3	FTSE All Share Index (p=0.8)	63,766	153,788	240,309	291,873	148,471	270,635	377,622	436,633	493,343	585,331	697,296	760,151
4	Property (p=1)	36,450	139,332	244,498	330,507	142,117	279,997	412,583	516,204	523,277	652,270	795,402	925,221
5	Property (p=0.8)	33,633	114,404	184,714	242,916	134,139	234,405	319,802	387,052	504,066	563,952	635,270	709,940
6	15 year risk free zero coupon bond (p=1)	18,772	34,951	18,380	38,131	103,888	128,989	107,899	149,650	502,574	518,600	514,286	536,178
7	15 year risk free zero coupon bond (p=0.8)	17,087	24,013	6,875	11,038	96,716	93,451	48,647	65,206	482,278	416,061	330,099	319,175
8	15 year risk free bonds (p=1)	23,288	46,061	30,476	53,564	110,754	144,327	126,567	171,861	504,580	521,285	519,462	549,981
9	15 year risk free bonds (p=0.8)	21,403	32,784	13,715	22,910	103,483	108,321	64,915	83,229	484,473	423,072	340,768	339,220
10	Portfolio of 65% FTSE All Share and 35% property (p=1)	32,943	121,635	237,469	319,854	115,380	253,834	401,960	502,399	502,579	621,507	783,977	908,543
11	Portfolio of 65% FTSE All Share and 35% property (p=0.8)	30,981	98,780	179,976	235,205	108,579	210,811	310,883	374,913	482,274	531,994	624,323	695,017
12	Portfolio of 65% equity and 35% 15 year risk free zero coupon bonds (p=1)	27,808	80,130	150,255	209,068	106,267	204,026	311,689	386,033	500,153	580,349	705,929	796,999
13	Portfolio of 65% equity	26,112	61,439	97,982	131,311	99,530	161,954	220,923	262,026	479,389	486,880	540,163	578,308

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	and 35% 15 year risk free zero coupon bonds (p=0.8)												
14	Portfolio of 40% equity, 15% property, 22.5% 15 year risk free zero coupon bonds and 22.5% 15 year corporate bonds (p=1)	10,640	34,670	86,907	147,696	77,908	142,263	235,631	312,562	496,593	537,216	632,163	718,368
15	Portfolio of 40% equity, 15% property, 22.5% 15 year risk free zero coupon bonds and 22.5% 15 year corporate bonds (p=0.8)	9,548	22,302	44,811	80,988	71,103	102,055	149,674	195,745	475,522	438,052	462,465	500,913
		L=15				L=20				L=25			
16	Receiver swaptions	23.03%	19.63%	19.29%	17.08%	28.21%	25.76%	24.22%	20.82%	33.98%	31.41%	28.02%	23.61%

- (iv) Income yields for each asset class are shown in the following table.

Asset Class	Dividend Yield
UK Equity	2.9%
Property	4.3%
OS Equity	1.9%

- (v) Not applicable – there are no significant territories other than the UK.
- (vi) The following table proportion of the total present value of the cost of modelled guarantees and options split by term to maturity.

Outstanding Term (Years)	Conventional		Unitised	
	Life	Pensions	Life	Pensions
0 - 5	0.2%	37.3%	0.0%	0.0%
5 - 10	0.7%	25.2%	0.0%	0.6%
10 - 15	0.2%	18.5%	0.0%	3.7%
15 - 20	0.0%	2.7%	0.0%	5.4%
20 - 25	0.0%	1.1%	0.0%	3.2%
25 - 30	0.0%	0.0%	0.0%	0.3%
30 - 35	0.1%	0.0%	0.9%	0.1%

Policies without a fixed maturity date have been shown in the 35 to 40 outstanding term band.

Specimen cash option rates per £100 p.a. pension for annuities guaranteed five years and payable monthly in advance:

	Retirement Age	Cash Option £	
		Male	Female
Retirement Plan	60	1,000	1,100
	65	900	1,000
	70	800	900

Specimen minimum rates per £1,000 cash for annuities with no guarantee period and payable yearly in arrears:

	Retirement Age	Annuity £ p.a.	
		Male	Female
Personal Retirement Plan	60	77.24	67.77
	65	89.98	76.79
	70	108.28	89.64
	75	128.88	104.03

Calibration of the asset model to market data is shown, where available, in paragraph 6 (4) (a) (ii) above.

- (vii) Comprehensive tests are carried out on the output produced by the Deloitte asset model as follows:

For UK and Overseas equities and for UK property the average (over the simulated scenarios) of the discounted present values of projected asset values (with income reinvested) have been verified to be acceptably close to unity – the martingale property.

The same test has been undertaken for 15-year zero-coupon gilts and for 4 classes of zero-coupon corporate bonds with terms of 1, 5, 10, 15, 20, 25 and 30 years. Departures from unity in the average discounted present values have not had a significant impact on the valuation result.

Zero coupon bond yields calculated from the model cash output have been verified to match yields calculated from input Government spot rates and initial spot rates output from the model at time zero within an acceptable error margin.

For UK equity options verification has been made, within acceptable limits, that the option prices calculated from the model output and converted into implied volatilities using the Black-Scholes formula reproduce the expected volatility surface.

Verification has also been made, within acceptable limits, that implied volatilities calculated from the simulation model output reproduce the market volatility term structure for 20 year at the money swaptions.

- (viii) The stochastic model is run on 1,000 investment scenarios generated by the asset model.

The scenario generation process incorporates variance reduction techniques (antithetic variables) to ensure that the scenarios selected pass the tests described in (vii) to a close tolerance.

(b) Not applicable.

(c) Not applicable.

(5) Management Actions

- (a) The management actions applied at YE15 are as follows:

- i) Close matching by outstanding term of fixed interest assets to liabilities by means of a swap overlay.
- ii) An internal delta-hedge for equities and property which has an effect in the stress scenario.
- iii) Reduction in equity/property backing as policies near guarantee date.
- iv) The asset mix of individual policies is variable depending on the moneyness of the policy guarantees, and this is dynamically calculated in each stochastic scenario and in each projection period. The dynamic calculation has a minimum threshold for investment in fixed interest dependent on the level of the asset shares compared with a Gross Premium Valuation calculation of future payouts discounted at low, medium and high interest rates.

We assume that the guarantee charge will remain fixed at its current level, although in practice it may reduce from its current capped level in some scenarios or, in extreme scenarios, rise above it.

Phoenix With-Profits Fund

Reversionary bonus are being modelled dynamically driven by targeting a final payout ratio, which is defined as the ratio of final benefits (i.e. maturity benefits) to guaranteed benefits. Bonus rates are increased if the projected payout ratio is higher than target and will be reduced if the projected payout ratio is less than target.

Future miscellaneous surplus will be nil.

(b)

% UK & Overseas Equities		Current Valuation Date	Current Valuation Date Plus 5 years	Current Valuation Date Plus 10 years
UWP Bond 4 & Lifestyle Bond	i	26%	41%	52%
All other Business	ii	26%	41%	52%
	iii			
Reversionary bonus rates on accumulating with-profits				
Unitised With-Profits Bond	i	3.50%	Varies Dynamically	Varies Dynamically
	ii			
	iii			
Unitised With-Profits Pensions	i	3.50%	Varies Dynamically	Varies Dynamically
	ii			
	iii			
PPF	i	0.10%	Varies Dynamically	Varies Dynamically
	ii			
	iii			

Derivative contracts do not have any significant impact on the figures shown.

Any dynamic projections of minimum guaranteed reversionary bonus rates will be subject to this minimum rate.

(6) Demographic Assumptions

The surrender assumptions for premium paying policies are:

Product	Status ⁽¹⁾	Average surrender rate for premium paying policies for the policy years			
		1-5	6-10	11-15	16-20
Conventional whole life withprofits OB	Paying	4.0%	4.0%	4.0%	4.0%
Conventional endowment withprofits OB savings	Paying	10.4%	11.8%	5.0%	5.0%
Conventional endowment withprofits OB target cash	Paying	4.0%	4.0%	4.0%	4.0%
Conventional pensions endowment withprofits	Paying	4.0%	4.1%	3.0%	3.0%
Conventional deferred annuity withprofits	Paying	4.6%	4.6%	2.8%	2.8%
Group conventional deferred annuity withprofits	Paying	3.4%	3.5%	3.0%	3.0%
Group conventional pensions endowment withprofits	Paying	3.0%	3.0%	3.0%	3.0%
Miscellaneous conventional withprofits	Paying	7.7%	10.4%	3.5%	3.5%
Regular premium nonprofit WL/EA OB	Paying	10.3%	11.7%	2.0%	2.0%
Single premium nonprofit WL/EA OB	Paying	8.5%	9.5%	3.4%	3.4%
Level term assurance	Paying	7.7%	10.4%	5.0%	5.0%
Decreasing term assurance	Paying	7.4%	10.2%	3.5%	3.5%
Standalone critical illness (guaranteed premiums)	Paying	7.4%	10.2%	3.5%	3.5%
Deferred annuity nonprofit	Paying	0.0%	0.0%	0.0%	0.0%
Annuity nonprofit (PLA)	Paying	0.0%	0.0%	0.0%	0.0%
Annuity nonprofit (CPA)	Paying	0.0%	0.0%	0.0%	0.0%
Miscellaneous nonprofit	Paying	0.0%	0.0%	0.0%	0.0%
Life UWP single premium	Paying	11.0%	24.6%	8.4%	8.4%
Individual pensions UWP	Paying	4.0%	4.0%	4.0%	4.0%
Group money purchase pensions UWP	Paying	6.0%	6.0%	4.5%	4.5%
DWP National Insurance rebates UWP	Paying	2.4%	2.4%	2.2%	2.2%
Life property linked whole life regular premium	Paying	0.0%	0.0%	0.0%	0.0%

Phoenix With-Profits Fund

The surrender assumptions for paid-up policies are:

Product	Status ⁽¹⁾	Average surrender rate for paid-up policy for the policies years			
		1-5	6-10	11-15	16-20
Conventional whole life withprofits OB	PUP	4.0%	4.0%	4.0%	4.0%
Conventional endowment withprofits OB savings	PUP	10.4%	11.8%	5.0%	5.0%
Conventional endowment withprofits OB target cash	PUP	4.0%	4.0%	4.0%	4.0%
Conventional pensions endowment withprofits	PUP	4.0%	4.1%	2.8%	2.8%
Conventional deferred annuity withprofits	PUP	4.6%	4.6%	2.5%	2.5%
Group conventional deferred annuity withprofits	PUP	3.4%	3.5%	3.0%	3.0%
Group conventional pensions endowment withprofits	PUP	3.0%	3.0%	3.0%	3.0%
Miscellaneous conventional withprofits	PUP	7.7%	10.4%	3.5%	3.5%
Regular premium nonprofit WL/EA OB	PUP	0.0%	0.0%	2.0%	2.0%
Single premium nonprofit WL/EA OB	PUP	0.0%	0.0%	0.0%	0.0%
Level term assurance	PUP	0.0%	0.0%	3.5%	3.5%
Decreasing term assurance	PUP	0.0%	0.0%	3.5%	3.5%
Standalone critical illness (guaranteed premiums)	PUP	0.0%	0.0%	3.5%	3.5%
Deferred annuity nonprofit	PUP	0.0%	0.0%	0.0%	0.0%
Annuity nonprofit (PLA)	PUP	0.0%	0.0%	0.0%	0.0%
Annuity nonprofit (CPA)	PUP	0.0%	0.0%	0.0%	0.0%
Miscellaneous nonprofit	PUP	0.0%	0.0%	0.0%	0.0%
Life UWP single premium	PUP	11.0%	24.6%	8.3%	8.3%
Individual pensions UWP	PUP	4.0%	4.0%	4.0%	4.0%
Group money purchase pensions UWP	PUP	6.0%	6.0%	4.9%	4.9%
DWP National Insurance rebates UWP	PUP	2.4%	2.4%	0.0%	0.0%
Life property linked whole life regular premium	PUP	0.0%	0.0%	0.0%	0.0%

⁽¹⁾ Status differentiates surrender assumptions between premium paying policies and paid-up policies.

For Personal Retirement Plans the assumption is that there will be no surrenders after age 50 on the grounds that they would then be able to take their retirement benefits.

Policies that are taking automatic withdrawals are assumed to continue to do so at the current rates.

For Personal Retirement Plans lives under age 65 at the valuation date are assumed to retire at age 65; otherwise they are assumed to retire at 75 (or the maximum retirement age under the contract, if earlier).

There is no other allowance for early retirements.

The annuity mortality and take-up rate assumptions are shown in the following tables:

Annuitant Mortality Assumptions		
	Projection Basis	
Annuity Rate Guarantee – post vesting ⁽¹⁾	Male	Female
All - excluding STG contracts	90% PCMA00	102.5% PCFA00
Scottish Transport Group (STG) contracts	135% PCMA00	125% PCFA00

⁽¹⁾ Improvements CMI_2014 [2.0% for male and 1.75% for female for ages up to age 85, reducing linearly down to 0% from age 110]

Take Up Rates	
GAO Settings	Deferred Annuities - All
GAO Upper bound	52%
GAO Lower bound	36%

We assume a take up rate of nil for guarantees that are out of the money at retirement. We assume take up rates of 100% on policies with guaranteed cash options.

(7) Policyholders' Actions

Take up rates of Guaranteed Annuity Options are dependent on the moneyness of the option which is measured as the ratio of the market annuity factors to the guaranteed annuity factors. When out of the money there is a fixed assumption for the take-up rate which varies by product. When in the money the take-up rate is subject to a lower and upper bound with a separate assumption controlling the speed at which the rate varies linearly between these bounds.

7. FINANCING COSTS

The fund has no financing costs as at the valuation date.

8. OTHER LONG-TERM INSURANCE LIABILITIES

No amounts have been included in Line 46 of Form 19. The amount shown in Line 47 of Form 19 is made up as follows:

	£m
Future projects and issues	0.9
MER	1.2
IBNR, Overdue Claims and underpaid claims	2.5
Solvency II	0.5
Outsourcer Expenses Risk Transfer	9.0
Asset Management Services	2.0
Pillar 3 Reporting Project costs and Proposals to IGC	0.5
Strachan Policy Review	0.3
Costs falling outside MSAs	0.6
Sale of Ignis	2.3
Army Scheme Deposits	0.6
Aurora Reassurance	1.0
UWP Bond Additional Expense Reserve	1.8
Missing CWP commission	2.7
Category 4 policy reserve	1.5
Other	1.8
Total	29.3

9. REALISTIC CURRENT LIABILITIES

The reconciliation of the realistic current liabilities is equal to the regulatory current liabilities is:

	£m
Regulatory current liabilities	192.4
Realistic current liabilities	192.4

10. RISK CAPITAL MARGIN

(a) The risk capital margin is nil.

- (i) The market risk scenario assumes that equities fall by 20% and property fall by 12.50%. A rise in equities and property is the more onerous scenario.
- (ii) The nominal change in yields for fixed interest securities for the purpose of the market risk scenario is 0.42%. This is consistent with a rise or fall of 17.5% in the long term gilt yield. A rise in yields is the more onerous scenario.
- (iii) The average change in spread is 1.4%. Changes in market values are:
 - (10.8)% for bonds
 - Not applicable
 - Not applicable
 - Not applicable
 - Not applicable
- (iv) The average change in persistency experience is a 32.5% reduction in future lapse and paid-up rates. The overall percentage change in the realistic value of liabilities from applying the persistency stress is 0.2%.
- (v) The change in asset value in (iii) is materially independent of the change in liability values in (iv).

- (b) (i) In the stress scenarios the following additional assumptions are made:
- Reversionary bonus rates will be reduced to nil.
- The impact of the combined stress will be partially offset by increasing guarantee charges.
- An introduction of an exit charge of 1% of asset share on terminations is assumed.
- Furthermore, it is assumed that the planned benefit enhancements will be decreased resulting in £nil risk capital under the stressed conditions.
- These actions are consistent with the PPFM and investment strategy.
- (ii) The risk capital margin is nil so there is no impact from assuming reduced reversionary bonuses and of introducing a 1% exit charge.
- (iii) No changes would apply to the table in paragraph 6 (5) (b) if the management actions were taken
- (iv) The requirements of INSPRU 1.3.188(R) would be met if the actions described in paragraph 10 (b) (i) were integrated into the projection of assets and liabilities.
- (c) (i) The risk capital margin is zero.
- (ii) The scheme for the funds merger as at 31 December 2008 includes a provision that in the event that the value of the assets of any with-profits fund falls below the regulatory minimum support will be provided to that fund by way of a loan arrangement from the Non-Profit Fund or the Shareholders Fund to the extent that the Board determines there are assets in those funds available to make such a loan.

11. TAX

Tax on assets backing the with-profits benefits reserve for BLAGAB business is charged to those asset shares approximately and allowance is made for relief on expenses.

Tax on any future policy related liabilities for BLAGAB business is allowed for in determining those liabilities.

12. DERIVATIVES

At the valuation date the fund had a number of significant positions in swaptions, currency future and equity future.

The fund holds a small amount of exchange traded equity futures to assist efficient portfolio management. The fund holds currency futures to hedge currency risk on overseas bonds.

The interest rate swaptions are held in respect of the guaranteed annuity rate liabilities. Receiver swaptions are held to cover part of the guaranteed annuity rate liability where the with-profits benefits reserve is invested in equities or property. Payer swaptions are held where the with-profits benefits reserve is invested in fixed interest assets and the expected annuity benefit arising is matched by fixed interest investments. The quantum of swaptions held is based on a prudent assessment of future guaranteed annuity rate liabilities taking account of expected future lapse rates and take up rates. The duration and tenor of the swaptions corresponds broadly with the liabilities. The strike rates for the payer swaptions vary according to the rate at which it is expected the cash option will become more valuable than the guaranteed annuity rate allowing for future improvements in mortality.

The fund holds a small amount of currency futures to hedge currency risk on overseas bonds.

The swaps and swaptions are wholly sterling denominated. As at the valuation date, the type and value of derivatives held are as follows:

Derivative	£m
Swaps	111.0
Swaptions	54.1
Currency Futures	(3.4)
Fixed Interest Futures	(0.0)

The counterparties to the swaps and swaptions are approved credit institutions. Variation margin (collateral) arrangements are in place under both the swaps and swaptions. In addition the swaps provide for initial margins by both parties.

13. ANALYSIS OF WORKING CAPITAL

The movement in working capital over the twelve months to the valuation date is shown in the following table.

	£m
Opening working capital	0.0
Write back planned benefit enhancements to zeroise working capital	423.3
Revised opening working capital	423.3
Opening Adjustments	0.0
Restated opening working capital	423.3
New business value	0.0
Experience variances	2.0
Assumption changes	(7.3)
Other operating variances	
• Model and methodology changes	27.8
• Management Actions	(115.5)
Economic Variances	20.8
Other projects / provisions	0.5
Unexplained	(0.4)
Closing working capital before zeroiation	351.3
Planned benefit enhancements to distribute estate	(361.2)
Impact of planned enhancements on future policy related liabilities	9.9
Closing working capital	(0.0)

Management Actions above include:

Conditional Estate Distribution (added to Asset Shares):	£(88.4)m
Temporary Estate Distributions (added to 2015 Claims):	£(27.1)m

14. OPTIONAL DISCLOSURE

Not applicable

APPENDIX 9.4A

SAL WITH-PROFITS FUND

2. ASSETS

(1) Economic Assumptions for Valuing Non-Profit Business

There have been no changes in methods since the previous valuation. The economic assumptions used to calculate the value of future profits on non-profit products are as follows:

Risk free yields	Risk Free Rate		RPI Inflation	
	Current Valuation	Previous Valuation	Current Valuation	Previous Valuation
Term (years)				
1	0.36%	0.43%	1.50%	1.93%
2	0.67%	0.68%	1.81%	2.18%
3	1.02%	0.92%	2.18%	2.41%
4	1.28%	1.13%	2.37%	2.56%
5	1.45%	1.31%	2.43%	2.66%
6	1.60%	1.48%	2.45%	2.73%
7	1.74%	1.62%	2.49%	2.78%
8	1.88%	1.75%	2.57%	2.82%
9	2.01%	1.87%	2.66%	2.86%
10	2.14%	1.97%	2.75%	2.91%
12	2.35%	2.16%	2.94%	3.02%
15	2.59%	2.38%	3.19%	3.17%
20	2.85%	2.62%	3.47%	3.36%
25	2.95%	2.75%	3.58%	3.45%

The expenses inflation is set to 1% above RPI.

Allowance has been made under INSPRU 1.3.39G for the illiquid nature of a proportion of the assets (namely the corporate bonds) backing the immediate non-profit annuities within the Fund.

A liquidity premium has been calculated by taking the difference between the present value of the cash flows arising from these bonds on two yields. The first is a yield equal to the equivalent risk free rate for the bond, increased by an allowance for the risk of default; the second is the gross redemption yield of the bond. The adjustment for the risk of default varies on a bond by bond basis.

(2) Amount Determined Under INSPRU 1.3.33R(2)

Not applicable.

(3) With-Profits Benefits Reserves Below de Minimis Limit

Not applicable.

(4) Different Sets of Assumptions

Not applicable.

(5) De Minimis Limit

Not applicable – the assumptions in (1) relate to all non-profit business within the With-Profits Fund.

3. WITH-PROFITS BENEFITS RESERVE LIABILITIES

(1) Calculation of With-Profits Benefits Reserve

There have been no changes in the methods or assumptions since the previous valuation. .

Product Type	Method	With-profits benefits reserve	Future policy related liabilities
		£m	£m
UWP Life	Retrospective	31.1	10.6
CWP Life	Retrospective	179.9	61.2
Life Total		211.0	71.8
UWP Pensions	Retrospective	0.0	0.0
CWP Pensions	Retrospective	2,053.2	698.2
Total Pensions		2,053.2	698.2
Total		2,264.2	770.0
Form 19 Line 31		2,264.2	
Form 19 Line 49			770.0

(2) Correspondence with Form 19

The above reconciles to lines 31 and 49 of Form 19.

(3) With-Profits Benefit Reserves Below de minimis Limit

Not applicable.

(4) Types Of Products

A scheme of arrangement under Part 26 of the Companies Act 2006 has been implemented with effect from 31 December 2009 to remove guaranteed annuity rates from certain UK individual with-profits pensions (pure endowment) policies in exchange for potential increases to non-guaranteed benefits. The policies affected are described as Libra policies.

The level of disclosure in the table above corresponds to material groupings of contracts offering significant variances in policyholder benefits. For example, unitised with-profits business is separated from conventional with-profits business.

4. WITH-PROFITS BENEFITS RESERVE – RETROSPECTIVE METHOD

(1) Retrospective Methods

- (a) All contracts have been calculated on an individual policy basis.
- (b) No contracts have been valued on a grouped basis.
- (c) Not applicable as no contracts have been valued on a grouped basis.

(2) Significant Changes To Valuation Methods

- (a) There have been no changes in the methods or assumptions since the previous valuation.

- (b) No contract's with-profits benefit reserve has been calculated using an approach that is more approximate than at the previous valuation date.

(3) Expense Allocation

- (a) The previous expense investigation was carried out in the fourth quarter of 2015.
- (b) Expense investigations are normally carried out on an annual basis.

(c)

Item	£m
Initial Expenses	0.0
Maintenance Expenses	7.5
Investment Expenses	1.2
Method	Average expense charge deducted
Expenses charged other than to with-profits benefits reserve	10.3

The expenses included in the above table include further investment expenses, other policy expenses that are not charged to asset shares (including the expenses associated with the non profit business), project costs and commission payments.

Since the company is closed to new business (apart from contractual increments etc.), there are no material acquisition expenses.

(4) Significant Charges

There have been no changes in the guarantee charge from 0.0%.

	Current Valuation	Previous Valuation
	£m	£m
Net losses on non-profit business	0.5	0.4
Proportion of up-front outsourcing costs attributable to the period	0.0	0.0

(5) Charges For Non-Insurance Risk

Not applicable.

(6) Ratio Of Claims To Reserves

Terminal bonus rates are set in advance for conventional with-profits policies. The terminal bonus rate is set based on assumptions about future investment returns. Terminal bonus rates on maturing endowment life policies and pension policies vesting at the intended retirement date were set to give the following percentages of the with-profits benefits reserve plus any past miscellaneous surplus less any miscellaneous deficit attributed to the with-profits benefits reserve but not less any exit charge, for the following specimen products and terms:

	Endowment Policies	Regular Premium Personal Pension Plan	Single Premium Personal Pension Plan	Regular Premium Executive Benefits Plan	Single Premium Executive Benefits Plan
1/1/2011 to 30/06/2011					
10 year term	100*	115*	100*	100*	159*
15 year term	106*	121*	154*	103*	146*
20 year term	102*	122*	131*	121*	132*

SAL With-Profits Fund

	Endowment Policies	Regular Premium Personal Pension Plan	Single Premium Personal Pension Plan	Regular Premium Executive Benefits Plan	Single Premium Executive Benefits Plan
25 year term	100*				
1/7/2011 to 31/12/2011					
10 year term	N/A	117*	93*	105*	162*
15 year term	102*	121*	138*	109*	167*
20 year term	100*	124*	139*	110*	145*
25 year term	100*	127*	159*	113*	158*
1/1/2012 to 30/06/2012					
10 year term	N/A	119*	100	106*	165*
15 year term	101*	122*	151*	112*	184*
20 year term	100	128*	150*	115*	156*
25 year term	100	131*	168*	119*	167*
1/7/2012 to 31/12/2012					
10 year term	N/A	N/A	N/A	N/A	N/A
15 year term	100	111*	145*	100	173*
20 year term	100	113*	145*	119*	148*
25 year term	100	123*	159*	114*	137*
1/1/2013 to 30/06/2013					
10 year term	N/A	N/A	N/A	N/A	N/A
15 year term	100	105*	146*	100	175*
20 year term	100	110*	149*	117*	160*
25 year term	100	120*	158*	115*	145*
1/7/2013 to 31/12/2013					
10 year term	N/A	N/A	N/A	N/A	N/A
15 year term	100	105	100	100	176
20 year term	100	109	143	103	155
25 year term	100	111	141	120	169
30 year term	100	110	102	109	105
35 year term	100			100	100
1/1/2014 to 30/06/2014					
10 year term	N/A	N/A	N/A	N/A	N/A
15 year term	100	105	100	100	176
20 year term	100	109	143	103	155
25 year term	100	111	141	120	169
30 year term	100	110	102	109	105
35 year term	100			100	100
30/06/2014 to 31/12/2014					
10 year term	N/A	N/A	N/A	N/A	N/A
15 year term	100	103	100	100	182
20 year term	100	110	129	105	149
25 year term	100	110	154	121	189
30 year term	100	104	116	113	125
35 year term	100			100	100
01/07/2015 to 31/12/2015					

	Endowment Policies	Regular Premium Personal Pension Plan	Single Premium Personal Pension Plan	Regular Premium Executive Benefits Plan	Single Premium Executive Benefits Plan
10 year term	100%	130%	100%	100%	100%
15 year term	100%	109%	100%	100%	184%
20 year term	100%	111%	120%	106%	157%
25 year term	100%	114%	141%	120%	151%
30 year term	100%	100%	137%	106%	124%
35 year term	100%			100%	106%

* Denotes that a zero terminal bonus rate applied

Payouts on surrenders for conventional with-profits policies will generally have been based on a lower percentage of the with-profits benefits reserve plus any past miscellaneous surplus less any miscellaneous deficit attributed to the with-profits benefits reserve before deducting any exit charge.

Payouts on surrenders of unitised with-profits bonds have been set to the following percentages of the with-profits benefits reserve plus any past miscellaneous surplus less any miscellaneous deficit attributed to the with-profits benefits reserve but not less any exit charge.

Year	Ratio of claims to asset shares
Previous year -1	100.00%
Previous year	108.00%
Current year	109.00%

(7) Allocated Return

The rate of investment return attributed to the with-profits benefits reserve of a policy depends on the asset mix for it. The asset mix and the outstanding term of the hypothecated fixed interest securities depend on the outstanding term and the level of guarantees under the policy (see PPFM for more details).

The average rates of investment return (after tax for life business) are:

Type of business	Investment return
Conventional Life	-0.04%
Conventional Pensions	1.38%
UWP Bond and Group Pension	-0.18%
Other UWP Life	-0.18%

5. WITH-PROFITS BENEFITS RESERVE – PROSPECTIVE METHOD

(1) Key Assumptions

Not applicable as all Asset Share calculated on a retrospective basis.

(2) Different Sets of Assumptions

Not applicable.

6. COST OF GUARANTEES, OPTIONS AND SMOOTHING

(1) De Minimis Limit

Not applicable.

(2) Valuation Methods For Guarantees etc

- (a) There have been no changes in the methods or assumptions since the previous valuation. All guarantees are calculated stochastically.
- (b) (i) In the model, no projections are carried out on individual policy data.
- (ii) All of the contracts are valued on a grouped basis. However, the values for the with-profits benefits reserve are calculated on an individual basis.
- (iii) There has been no change to the cluster modelling technique applied at the previous valuation. The cluster modelling technique has been used to reduce the number of modelled policies whereby all individual policies are assigned to one of a smaller number of representative model points in such a way that the sum of the differences between each individual policy and the representative policy to which it has been assigned in certain key metrics are minimised. Validation of the technique involves ensuring that the difference between the total realistic liabilities, and separately, the asset shares on a deterministic basis calculated on the seriatim data and on the clustered data falls within a set tolerance.

In total there are 78,639 individual policies and members of group schemes, which have been grouped together into 4,665 model points.

(3) Significant Changes

There have been no changes in the methods or assumptions since the previous valuation.

(4) Further Information on Stochastic Approach

- (a) (i) The guarantees and options being valued using a full stochastic approach are described in paragraph 6 (2) (a) above.
- (ii) The asset returns in the stochastic model were generated by a proprietary model licensed from Deloitte. The asset classes modelled are UK equities, overseas equities, UK property, UK corporate bonds and UK gilts. Changes in the assumptions are detailed below.

Interest Rate

UK gilt returns are modelled using a gilts + 10bps calibration using a LIBOR Market Model with displaced diffusion and stochastic volatility. The Government Nominal Bond yield curve is a direct input into the model. The yield curve is provided directly from Deloitte.

The calibration at the valuation date was as follows:

Term	Govt. + 10bp	Model	Difference (Model - Market) bp
1	0.36%	0.36%	(0)
2	0.67%	0.66%	(0)
3	1.02%	1.01%	(1)
4	1.27%	1.27%	(1)

5	1.44%	1.43%	(1)
7	1.72%	1.71%	(1)
10	2.11%	2.10%	(2)
15	2.56%	2.55%	(1)
20	2.81%	2.82%	0
25	2.91%	2.91%	1

The volatility within the model is calibrated to the market implied volatility for at the money swaptions (also provided by Deloitte). The calibration at the valuation date is as follows:

Option Term	Swap Term	Model	Target	Difference
5	5	36.08%	34.76%	132
10	10	29.77%	29.90%	(13)
10	20	29.09%	29.67%	(58)
20	10	28.44%	29.54%	(110)
20	20	27.66%	27.71%	(5)

Inflation is derived from the nominal and real yield curves. Real interest rates are modelled using a two-factor Hull-White model, which is calibrated to be consistent with GBP and EUR index linked government bond prices as at 31 December 2015.

UK Equities and Property

Five asset classes are modelled as equity-type processes: domestic equities, overseas equities, direct property, indirect property and alternative assets.

Separate domestic equity models are used for UK and Euro equities and each model uses a local volatility surface calibrated to market implied volatilities for a range of strikes and maturities using a constant least-squares approach. The equity index is modelled stochastically using Heston's stochastic volatility model and incorporates a discontinuous jump-diffusion component driven by a Poisson process.

Overseas equity, direct property, indirect property and alternative assets are all modelled using a constant volatility Black-Scholes model.

Generated implied volatility data (%) at the valuation date is shown below:

Model

Term	Strike				
	0.8	0.9	1	1.1	1.2
1	21.77%	19.26%	16.66%	14.67%	14.21%
3	20.81%	19.14%	17.63%	16.39%	15.17%
5	20.59%	19.20%	18.09%	16.98%	15.93%
9	21.01%	20.18%	19.45%	18.78%	18.24%

Beyond 10 years the estimated generated volatility implied by the model calibration rises as follows:

Term	Strike				
	0.8	0.9	1	1.1	1.2
15	22.32%	21.84%	21.42%	21.07%	20.80%
20	24.08%	23.73%	23.46%	23.26%	23.07%
25	25.88%	25.68%	25.50%	25.36%	25.18%
30	26.45%	26.28%	26.15%	26.01%	25.86%

Model calibration is close to market implied equity volatility as confirmed by our validations.

Corporate Bonds

Corporate bond returns are modelled using the extended Jarrow-Lando-Turnbull model. This describes bond prices in terms of a risk-neutral transition matrix, which gives the probability of transitions between credit ratings over one year. Risk neutral transition probabilities are assumed to vary stochastically. The transition matrix is calibrated to the credit spreads on corporate bonds for various ratings and terms. The model was fitted to a sample of predominantly investment grade sterling corporate bonds.

The asset model uses a credit transition matrix. The fit of the model is designed to exactly target the market spread on a 7 year A rated bond. Credit derivatives are not used to derive market implied transition probabilities.

Correlations

The following are examples of observed (generated) correlations of year 10 returns from the scenarios used (ZCB = zero coupon bond):

Output Correlations @ Year 10	Gilts 10y spot rate	Real 5Y spot rate	UK Equities	Direct Property	7y A-Rated Corp	Overseas Equities	Indirect Property	Quant	Fund
Gilts 10y spot rate	100.0%								
Real 5Y spot rate	-39.1%	100.0%							
UK Equities	-6.1%	-8.6%	100.0%						
Direct Property	16.4%	14.3%	14.2%	100.0%					
7y A-Rated Corp	-0.8%	-16.9%	10.2%	-14.9%	100.0%				
Overseas Equities	11.4%	-8.6%	40.4%	10.2%	46.4%	100.0%			
Indirect Property	-8.3%	-20.5%	54.6%	20.3%	14.0%	68.8%	100.0%		
Quant	-21.8%	4.9%	22.0%	16.0%	40.9%	29.9%	13.6%	100.0%	
Fund	-34.7%	-2.8%	22.3%	30.1%	43.7%	38.1%	33.4%	53.8%	100.0%

Nominal foreign exchange rates are modelled as the combination of real exchange rates and inflation rates where real exchange rates follow a mean-reverting process and are calibrated to the long-term best estimates.

(iii)

The table below is based on 1000 scenarios

n	Asset type (all UK assets)	K=0.75				K=1				K=1.5			
		5	15	25	35	5	15	25	35	5	15	25	35
r	Annualised compound equivalent of the risk free rate assumed for the period. (to two decimal places)	1.45%	2.59%	2.95%	2.75%	x	x	x	x	x	x	x	x
1	Risk-free zero coupon bond	930,485	681,101	483,335	386,522	x	x	x	x	x	x	x	x
2	FTSE All Share Index (p=1)	66,370	178,776	301,361	379,080	155,104	313,368	471,084	566,802	512,739	671,737	857,772	974,654
3	FTSE All Share Index (p=0.8)	63,766	153,788	240,309	291,873	148,471	270,635	377,622	436,633	493,343	585,331	697,296	760,151
4	Property (p=1)	36,450	139,332	244,498	330,507	142,117	279,997	412,583	516,204	523,277	652,270	795,402	925,221
5	Property (p=0.8)	33,633	114,404	184,714	242,916	134,139	234,405	319,802	387,052	504,066	563,952	635,270	709,940
6	15 year risk free zero coupon bond (p=1)	18,772	34,951	18,380	38,131	103,888	128,989	107,899	149,650	502,574	518,600	514,286	536,178
7	15 year risk free zero coupon bond (p=0.8)	17,087	24,013	6,875	11,038	96,716	93,451	48,647	65,206	482,278	416,061	330,099	319,175
8	15 year risk free bonds (p=1)	23,288	46,061	30,476	53,564	110,754	144,327	126,567	171,861	504,580	521,285	519,462	549,981
9	15 year risk free bonds (p=0.8)	21,403	32,784	13,715	22,910	103,483	108,321	64,915	83,229	484,473	423,072	340,768	339,220
10	Portfolio of 65% FTSE All Share and 35% property (p=1)	32,943	121,635	237,469	319,854	115,380	253,834	401,960	502,399	502,579	621,507	783,977	908,543
11	Portfolio of 65% FTSE All Share and 35% property (p=0.8)	30,981	98,780	179,976	235,205	108,579	210,811	310,883	374,913	482,274	531,994	624,323	695,017
12	Portfolio of 65% equity and 35% 15 year risk free zero coupon bonds (p=1)	27,808	80,130	150,255	209,068	106,267	204,026	311,689	386,033	500,153	580,349	705,929	796,999
13	Portfolio of 65% equity	26,112	61,439	97,982	131,311	99,530	161,954	220,923	262,026	479,389	486,880	540,163	578,308

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	and 35% 15 year risk free zero coupon bonds (p=0.8)												
14	Portfolio of 40% equity, 15% property, 22.5% 15 year risk free zero coupon bonds and 22.5% 15 year corporate bonds (p=1)	10,640	34,670	86,907	147,696	77,908	142,263	235,631	312,562	496,593	537,216	632,163	718,368
15	Portfolio of 40% equity, 15% property, 22.5% 15 year risk free zero coupon bonds and 22.5% 15 year corporate bonds (p=0.8)	9,548	22,302	44,811	80,988	71,103	102,055	149,674	195,745	475,522	438,052	462,465	500,913
		L=15				L=20				L=25			
16	Receiver swaptions	23.03%	19.63%	19.29%	17.08%	28.21%	25.76%	24.22%	20.82%	33.98%	31.41%	28.02%	23.61%

- (iv) Income yields for each asset class are shown in the following table.

Asset Class	Dividend Yield
UK Equity	2.9%
Property	4.3%
OS Equity	1.9%

- (v) Not applicable – there are no significant territories other than the UK.
- (vi) The table shows the proportion of the total present value of the cost of modelled guarantees and options split by term to maturity.

Outstanding Term (Years)	Conventional		Unitised	
	Life	Pensions	Life	Pensions
0 - 5	0.0%	47.9%	0.0%	0.0%
5 - 10	0.0%	25.9%	0.0%	0.0%
10 - 15	0.0%	13.4%	0.0%	0.0%
15 - 20	0.0%	8.7%	0.0%	0.0%
20 - 25	0.0%	2.9%	0.0%	0.0%
25 - 30	0.0%	0.2%	0.0%	0.0%
30 - 35	0.1%	0.0%	0.7%	0.0%

Policies without a fixed maturity date have been shown in the 30 to 35 outstanding term band.

Specimen guaranteed annuity (£) per £1,000 cash:

	Retirement Age	Annuity £ p.a.	
		Male	Female
Executive Benefits Plan ¹	60	86.58	78.43
	65	100.00	88.50
	70	117.65	102.04
Personal Pension Plan ²	60	92.60	82.50
	65	109.30	94.20
	70	133.80	111.30
	75	170.30	136.70

¹ guaranteed five years and payable monthly in advance

² payable annually in arrears

- (vii) We carry out comprehensive tests on the output produced by the Deloitte asset model as follows:

For UK and Overseas equities and for UK property we have verified that the ratio of the average (over the simulated scenarios) of the discounted present values of projected asset values (with income reinvested) to the original asset value are acceptably close to unity– the martingale property.

The same test has been undertaken for 15-year zero-coupon gilts and for 4 classes of zero-coupon corporate bonds with terms of 1, 5, 10, 15, 20, 25 and 30 years. Departures from unity in the average discounted present values have not had a significant impact on the valuation result.

We have verified that zero coupon bond yields calculated from the model cash output matches yields calculated from input Government spot rates and initial spot rates output from the model at time zero within an acceptable error margin.

For UK equity options we have verified, within acceptable limits, that the option prices calculated from the model output and converted into implied volatilities using the Black-Scholes formula reproduce the expected volatility surface.

We have also verified, within acceptable limits, that implied volatilities calculated from the simulation model output reproduces the market volatility term structure for 20 year at the money swaptions.

- (viii) The stochastic model is run on 1,000 investment scenarios generated by the asset model.

The scenario generation process incorporates variance reduction techniques (antithetic variables) to ensure that the scenarios selected pass the tests described in (vii) to a close tolerance.

(b) Not applicable.

(c) Not applicable.

(5) Management Actions

- (a) We do not assume that any scenario specific management actions take place in the stochastic model. However the model allows for our investment strategy as follows:

- i) Close matching by outstanding term of fixed interest assets to liabilities by means of a swap overlay.
- ii) An internal delta-hedge for equities and property which has an effect in the stress scenario.
- iii) Reduction in equity/property backing as policies near guarantee date.
- iv) The asset mix of individual policies is variable depending on the moneyness of the policy guarantees, and this is dynamically calculated in each stochastic scenario and in each projection period. The dynamic calculation has a minimum threshold for investment in fixed interest dependent on the level of the asset shares compared with a Gross Premium Valuation calculation of future payouts discounted at low, medium and high interest rates.

We assume that the guarantee charge will remain fixed at its current level, although in practice it may reduce from its current capped level in some scenarios or, in extreme scenarios, rise above it.

Reversionary bonus rates are being modelled dynamically driven by targeting a final payout ratio, which is defined as the ratio of final benefits (i.e. maturity benefits) to guaranteed benefits. Bonus rates are increased if the projected payout ratio is higher than target and will be reduced if the projected payout ratio is less than target.

Future miscellaneous surplus will be nil.

- v) Except when less than the discounted value of maturity guarantees, exit charges on surrender for non-Libra policies will be 5% higher than on maturity. This differential reduces to nil over the last 10 years of the policy term.

For Libra policies, this exit charge on surrender will be 3% higher than on maturity. This differential also reduces to nil over the last 10 years of the policy term.

(b)

% UK & Overseas Equities		Current Valuation Date	Current Valuation Date Plus 5 years	Current Valuation Date Plus 10 years
Libra Policies	i	30%	47%	60%
All other policies	ii	15%	30%	43%

Reversionary Bonus Rates on accumulating with profits		Current Valuation Date	Current Valuation Date Plus 5 years	Current Valuation Date Plus 10 years
		p.a	p.a	p.a
UWP Life	i	2.00%	Varies Dynamically	Varies Dynamically
UWP Pensions	ii	3.00%	Varies Dynamically	Varies Dynamically
UWP Bond	iii	1.50%	Varies Dynamically	Varies Dynamically

Derivative contracts do not have any significant impact on the figures shown.

Any dynamic projections of minimum guaranteed reversionary bonus rates will be subject to this minimum rate.

(6) Demographic Assumptions

The surrender assumptions are:

Product	Status ⁽¹⁾	Average surrender rate for the policy years			
		1-5	6-10	11-15	16-20
Conventional whole life withprofits OB	Paying	2.0%	3.0%	1.5%	1.5%
Conventional endowment withprofits OB savings	Paying	2.0%	3.0%	1.5%	1.5%
Conventional endowment withprofits OB target cash	Paying	4.0%	4.0%	3.5%	3.5%
Conventional pensions endowment withprofits	Paying	1.5%	1.5%	1.5%	1.5%
Conventional deferred annuity withprofits	Paying	2.2%	1.7%	2.5%	2.5%
Group conventional pensions endowment withprofits	Paying	5.0%	5.0%	3.0%	3.0%
Regular premium nonprofit WL/EA OB	Paying	2.4%	2.9%	2.0%	2.0%
Single premium nonprofit WL/EA OB	Paying	3.6%	1.3%	1.3%	1.3%
Level term assurance	Paying	3.0%	3.0%	2.0%	2.0%
Decreasing term assurance	Paying	7.0%	7.0%	7.0%	7.0%
Accelerated critical illness (reviewable premiums)	Paying	3.0%	3.0%	7.0%	7.0%
Standalone critical illness (reviewable premiums)	Paying	3.0%	3.0%	3.0%	3.0%
Income protection nonprofit (guaranteed premiums)	Paying	3.0%	3.0%	9.0%	9.0%
Income protection nonprofit (reviewable premiums)	Paying	3.0%	3.0%	2.0%	2.0%
Miscellaneous protection rider	Paying	3.0%	3.0%	2.0%	2.0%
Income protection claims in payment	Paying	3.0%	3.0%	2.0%	2.0%
Deferred annuity nonprofit	Paying	3.0%	3.0%	0.0%	0.0%
Annuity nonprofit (PLA)	Paying	0.0%	0.0%	0.0%	0.0%
Annuity nonprofit (PLA)	Paying	0.0%	0.0%	0.0%	0.0%

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Annuity nonprofit (CPA)	Paying	0.0%	0.0%	0.0%	0.0%
Group Life	Paying	0.0%	0.0%	0.0%	0.0%
Miscellaneous nonprofit	Paying	0.0%	0.0%	0.0%	0.0%
Additional reserves nonprofit OB	Paying	0.0%	0.0%	0.0%	0.0%
Life UWP single premium	Paying	3.6%	30.2%	7.0%	7.0%
Life UWP whole life regular premium	Paying	1.4%	8.6%	7.0%	7.0%
Life UWP endowment regular premium savings	Paying	1.4%	8.6%	7.0%	7.0%
Life UWP endowment regular premium – target cash	Paying	1.4%	8.6%	7.0%	7.0%
Individual pensions UWP	Paying	4.0%	4.0%	4.0%	4.0%
Group money purchase pensions UWP	Paying	5.0%	6.6%	9.0%	9.0%
Additional reserves UWP	Paying	0.0%	0.0%	0.0%	0.0%
Life property linked single premium	Paying	0.0%	0.0%	0.0%	0.0%
Life property linked whole life regular premium	Paying	0.0%	0.0%	0.0%	0.0%
Individual pensions property linked	Paying	3.0%	3.0%	3.0%	3.0%
Group money purchase pensions property linked	Paying	5.0%	5.0%	5.0%	5.0%
Index linked annuity (CPA)	Paying	0.0%	0.0%	0.0%	0.0%
Miscellaneous index linked	Paying	0.0%	0.0%	0.0%	0.0%
Conventional pensions endowment withprofits	PUP	1.5%	1.5%	1.5%	1.5%
Conventional deferred annuity withprofits	PUP	5.1%	3.1%	2.5%	2.5%
Group conventional pensions endowment withprofits	PUP	5.0%	5.0%	4.0%	4.0%
Other	PUP	0.0%	0.0%	0.0%	0.0%

⁽¹⁾ Status differentiates surrender assumptions between premium paying policies and paid-up policies.

The surrender rate for UWP bonds in the above table excludes an additional assumption for surrenders at the 10 year “no MVA” guarantee point. We assume 90% of policies surrender at this date. The figure in the table above has been derived assuming a 10% lapse rate in the tenth policy year which is consistent with the lapse rate for policies that have been in force for longer than 10 years.

We assume that policies that are taking automatic withdrawals will continue to do so at the current rates.

For pension policies surrendering within 15 years of normal retirement date a proportion of surrenders are deemed to be early retirements with associated guaranteed annuity option entitlements. The proportion of surrenders assumed to be early retirements is 100% at normal retirement decreasing linearly to 0% 15 years prior to normal retirement.

The annuity mortality and take-up rate assumptions are shown in the following tables:

Annuitant Mortality Assumptions		
	Projection Basis	
Annuity Rate Guarantee – post vesting ⁽¹⁾	Male	Female
All	95% PCMA00	97.5% PCFA00

⁽¹⁾ Improvements CMI_2014 [2.0% for male and 1.75% for female ages up to age 85, reducing linearly down to 0% from age 110]

Take Up Rates	
GAO Settings	Deferred Annuities - All excluding LIBRA
GAO Upper bound	68%
GAO Lower bound	60%

We assume a take up rate of nil for Libra contracts and guarantees that are out of the money at retirement.

(7) Policyholder Actions

The setting of take-up rates of Guaranteed Annuity Options follows a dynamic approach. The rates are dependent on the moneyness of the option which is measured as the ratio of the market annuity factors to the guaranteed annuity factors. When out of the money there is a fixed assumption for the take-up rate which varies by product. When in the money the take-up rate is subject to a lower and upper bound with a separate assumption controlling the speed at which the rate varies linearly between these bounds.

7. FINANCING COSTS

There are no financing arrangements currently in place for the fund.

8. OTHER LONG-TERM INSURANCE LIABILITIES

No amounts have been included in Line 46 of Form 19. The amount shown in Line 47 of Form 19 is made up as follows:

	£m
Mortgage Endowment Reserve	0.5
Future projects	1.2
IBNR	2.1
Solvency II	0.6
Asset Management Services	2.4
Outsourcer Expenses Risk Transfer	8.1
Costs falling outside MSAs	0.6
Strachan Policy Review	0.2
Sale of Ignis	2.7
MSA Blueprint	0.1
Total	18.5

9. REALISTIC CURRENT LIABILITIES

The reconciliation of the realistic current liabilities to the regulatory current liabilities is:

	£m
Regulatory current liabilities	604.0
Reinsurances	(35.2)
Realistic current liabilities	568.8

(a) Future Reinsurance Profits

The Company reinsures part of its endowment and whole life liabilities to the PLL 100% Fund and part of its UWP liabilities to the PLL Phoenix WP Fund.

We recognise the value of the excess of future expected reinsurance claims over payments to the Company's policyholders.

At the valuation date the value of these excesses amounted to £25.0m in respect of endowment and whole life reinsurances to the PLL 100% Fund and £10.1m in respect of the UWP reinsurances to the PLL Phoenix WP Fund.

10. RISK CAPITAL MARGIN

- (a) The risk capital margin (RCM) is nil.
- (i) The market risk scenario assumes that equities rise by 20% and property rises by 12.5%. A rise in equities and property is the more onerous scenario.
 - (ii) The nominal change in yields for fixed interest securities for the purpose of the market risk scenario is 0.42%. This is consistent with a rise, or fall of 17.5% in the long term gilt yield. A rise in yields is the most onerous scenario.
 - (iii) The average change in spread for bonds backing with-profits liabilities, other than those issued or guaranteed by a credit risk scenario exempt organisation, is 1.3%:
 - The change in the market value of bonds backing with profits liabilities, other than those issued or guaranteed by a credit risk scenario exempt organisation, is (10.8)%.
 - not applicable
 - not applicable
 - not applicable
 - not applicable
 - (iv) The average change in persistency experience is a 32.5% reduction in future lapse and paid-up rates. The overall percentage change in the realistic value of liabilities from applying the persistency risk is 0.3%.
 - (v) The change in asset value in (iii) is materially independent of the change in liability values in (iv).
- (b) In the stress scenarios we further assume that:
- (i) Annual bonus rates will be reduced to nil on traditional business and UWP business.

An introduction of an exit charge of 1.5% of asset share on terminations is assumed.

Furthermore, it is assumed that the planned benefit enhancements will be decreased resulting in £nil risk capital under the stressed conditions.

These actions are consistent with the PPFM and investment strategy.
 - (ii) The risk capital margin is nil so there is no impact from assuming reduced reversionary bonuses and of introducing a 1% exit charge.
 - (iii) No changes would apply to the table in paragraph 6 (5) (b) if the management actions were taken
 - (iv) The requirements of INSPRU 1.3.188(R) would be met if the actions described in paragraph 10 (b) (i) were integrated into the projection of assets and liabilities.
- (c)
- (i) The risk capital margin is zero.
 - (ii) The 2011 scheme includes a provision that in the event that the value of the assets of any with-profits fund falls below the regulatory minimum support will be provided to that fund by way of a loan arrangement from the Non-Profit Fund or the Shareholders Fund to the extent that the Board determines there are assets in those funds available to make such a loan.

11. TAX

Tax on assets backing the with-profits benefits reserve for BLAGAB business is charged to those asset shares approximately and allowance is made for relief on expenses.

Tax on any future policy related liabilities for BLAGAB business is allowed for in determining those liabilities.

12. DERIVATIVES

At the valuation date the fund had a number of significant positions in swaptions and equity future.

The interest rate swaptions are held in respect of the guaranteed annuity rate liabilities. Receiver swaptions are held to cover part of the guaranteed annuity rate liability where the with-profits benefits reserve is invested in equities or property. Payer swaptions are held where the with-profits benefits reserve is invested in fixed interest assets and the expected annuity benefit arising is matched by fixed interest investments. The quantum of swaptions held is based on a prudent assessment of future guaranteed annuity rate liabilities taking account of expected future lapse rates and take up rates. The duration and tenor of the swaptions corresponds broadly with the liabilities. The strike rates for the payer swaptions vary according to the rate at which it is expected the cash option will become more valuable than the guaranteed annuity rate allowing for future improvements in mortality.

The fund holds a small amount of currency futures to hedge currency risk on overseas bonds.

The interest rate swaps are held in connection with the fixed interest portfolio and are used to improve the matching between the assets and the liabilities against changes in the yield curve for the long-term fund as a whole.

The swaps and swaptions are wholly sterling denominated. As at the valuation date, the type and value of derivatives held are as follows:

Derivative	£m
Swaps	(291.5)
Swaptions	3.1
Currency Forwards	(0.7)
Fixed Interest Futures	0.1

The counterparties to the swaps and swaptions are approved credit institutions. Variation margin (collateral) arrangements are in place under both the swaps and swaptions. In addition the swaps provide for initial margins by both parties.

13. ANALYSIS OF WORKING CAPITAL

The movement in working capital over the twelve months to the valuation date is shown in the following table.

	£m
Opening working capital	0.0
Write back planned benefit enhancements to zeroise working capital	221.6
Revised opening working capital	221.6
Opening Adjustments	0.0
Restated opening working capital	221.6
New business value	0.0
Experience variances	(2.1)
Assumption changes	(15.5)
Other operating variances	
• Model and methodology changes	4.4
• Management Actions	0.0
Economic Variances	4.6
Other projects / provisions	1.4
Unexplained	10.0
Closing working capital before zeroiation	224.4
Planned benefit enhancements to distribute estate	(231.3)
Impact of planned enhancements on future policy related liabilities	6.9
Closing working capital	0.0

14. OPTIONAL DISCLOSURE

Not applicable.

APPENDIX 9.4A

Scottish Mutual With-Profits Fund

2. ASSETS

(1) Economic Assumptions For Valuing Non-Profit Business

The value of future profits on non-profit products was calculated by assuming risk free rates of investment return and discount rates. These were based on a zero coupon gilt yield curve plus 10 basis points as at the valuation date.

Earned rates of return were assumed to be annual forward yields derived from the curve, net of tax and investment expenses.

The risk free yield curve (gilt yield curve plus 10 basis points) and RPI curve were:

Risk free yields Term (years)	Risk Free Rate		RPI Inflation	
	Current Valuation	Previous Valuation	Current Valuation	Previous Valuation
1	0.36%	0.43%	1.50%	1.93%
2	0.67%	0.68%	1.81%	2.18%
3	1.02%	0.92%	2.18%	2.41%
4	1.28%	1.13%	2.37%	2.56%
5	1.45%	1.31%	2.43%	2.66%
6	1.60%	1.48%	2.45%	2.73%
7	1.74%	1.62%	2.49%	2.78%
8	1.88%	1.75%	2.57%	2.82%
9	2.01%	1.87%	2.66%	2.86%
10	2.14%	1.97%	2.75%	2.91%
12	2.35%	2.16%	2.94%	3.02%
15	2.59%	2.38%	3.19%	3.17%
20	2.85%	2.62%	3.47%	3.36%
25	2.95%	2.75%	3.58%	3.45%

Expense inflation is assumed to be RPI plus 1%.

(2) Amount Determined Under INSPRU 1.3.33(2)(R)

Not applicable.

(3) Valuation Of Contracts Written Outside The Fund

Not applicable.

(4) Different Sets Of Assumptions

Not applicable.

(5) De Minimis Limit

Not applicable.

3. WITH-PROFITS BENEFITS RESERVE LIABILITIES

(1) Calculation Of With-Profits Benefits Reserve

There have been no changes in the methods or assumptions since the previous valuation.

Scottish Mutual With-Profits Fund

The with-profits benefits reserve and the future policy related liabilities for the different classes of business are shown in the following table:

Product Type	Method	With-profits benefits reserve	Future policy related liabilities
		£m	£m
UWP Life	Retrospective	215.9	109.2
CWP Life	Retrospective	74.8	37.8
Life Total		290.7	147.0
UWP Pensions	Retrospective	578.8	292.8
CWP Pensions	Retrospective	639.3	323.3
Total Pensions		1,218.1	616.1
Total		1,508.8	763.1
Form 19 Line 31		1,508.8	
Form 19 Line 49			763.1

(2) Correspondence With Form 19

The above reconciles to lines 31 and 49 of Form 19.

(3) With-Profits Benefits Reserves Below De Minimis Limit

Not applicable: the table in (1) covers all products in the Fund.

(4) Types Of Products

The level of disclosure in the table above corresponds to material groupings of contracts offering significant variances in policyholder benefits. For example, unitised with-profits business is separate from conventional with-profits business.

4. WITH-PROFITS BENEFITS RESERVE – RETROSPECTIVE METHOD

(1) Retrospective Methods

- (a) All contracts have been calculated on an individual policy basis.
- (b) No contracts have been valued on a grouped basis.
- (c) Not applicable as no contracts have been valued on a grouped basis.

(2) Significant Changes To Valuation Method

- (a) Charging for guaranteed annuity options by way of the Grabiner Option was removed following changes in the 2014 Budget announcement.
- (b) No contract's with-profits benefit reserve has been calculated using an approach that is more approximate than at the previous valuation date.

(3) Expense Allocation

- (a) Expenses are equal to the fixed policy fee charged by Pearl Group Management Services for the provision of administration services, as set out in the management services agreement.
- (b) Expense investigations (reviews of the management services agreement) are carried out annually.
- (c) The expenses for the business for the year to the valuation date were:

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Item	£m
Initial Expenses ¹	0.0
Maintenance Expenses	4.7
Investment Expenses	3.8
Method	Average expense charge deducted
Expenses charged other than to with-profits benefits reserve	0.0

¹ Since the company is closed to new business (apart from contractual increments etc.) the initial expenses are negligible.

Investment expenses were deducted from the with-profits benefits reserve at a rate of 0.141% p.a for life business and 0.152% p.a. for pensions business.

(4) Significant Charges

There is a hedge asset in place to cover a substantial part of the guarantees within the fund. The costs of rebalancing this hedge are charged to the with-profits benefits reserve. Asset share enhancements together with these charges are combined, to give the percentage change in the with-profits benefits reserve shown in the following tables:

Asset Share Group	Current Valuation	Previous Valuation
CWP Life	(0.04)%	(1.68)%
CWP Pensions	(0.04)%	(0.18)%
UWP Life	(0.00)%	(0.18)%
UWP Pensions	(0.00)%	(0.18)%
UWP GBP SMI Bond	0.00%	0.00%
UWP USD SMI Bond	0.00%	0.00%
UWP EUR SMI Bond	0.00%	0.00%

(5) Charges For Non-Insurance Risk

Annual management charges deducted from the fund in respect of unitised with-profits business amounted to £6.4m over the period.

(6) Ratio Of Claims To Reserve

The average percentage of the ratio of total claims paid on with-profits insurance contracts compared to the sum of the with-profits benefits reserve for those claims plus any past miscellaneous surplus attributed to the with-profits benefits reserve less any miscellaneous deficit attributed to the with profits benefits reserves in respect of those claims, for the three preceding financial years is:

Year	Ratio of claims to asset shares
Previous year -1	104%
Previous year	105%
Current year	102%

(7) Allocated Return

The average rates of return attributed to the with-profits benefits reserve of a policy depends on the asset mix for it. Investment returns for Pensions products are gross of tax and those for Life products are net of tax.

Investment returns since the previous valuation are shown below.

Type of business	Investment return
WP Conventional Life	1.52%
WP Conventional Pensions	1.48%
UWP Life (with minimum bonus)	1.10%
UWP Life (no minimum bonus)	1.65%
UWP Life (no minimum bonus) US	6.56%
UWP pensions (with minimum bonus)	2.42%
UWP pensions (no minimum bonus)	2.42%
WP Fund Euro	2.97%

5. WITH-PROFITS BENEFITS RESERVE – PROSPECTIVE METHOD

(1) Key Assumptions

Vested Annuity business is modelled on a prospective basis. Section 2 (1) above shows the economic assumptions used in determining the with-profits benefits reserve when using the prospective method.

(2) Different Sets Of Assumptions

Not applicable.

6. COST OF GUARANTEES, OPTIONS AND SMOOTHING

(1) De Minimis Limit

Not applicable.

(2) Valuation Methods For Guarantees etc.

(a) There are no changes in methods or assumptions since the previous valuation.

(b) (i) In the model, no projections are carried out on individual policy data.

(ii) All of the contracts are valued on a grouped basis. However, the values for the with-profits benefits reserve are calculated on an individual basis.

(iii) There has been no change to the cluster modelling technique applied at the previous valuation. The cluster modelling technique has been used to reduce the number of modelled policies whereby all individual policies are assigned to one of a smaller number of representative model points in such a way that the sum of the differences between each individual policy and the representative policy to which it has been assigned in certain key metrics are minimised. Validation of the technique involves ensuring that the difference between the total realistic liabilities, and separately, the asset shares on a deterministic basis calculated on the seriatim data and on the clustered data falls within a set tolerance.

In total there are 110,731 individual policies and members of group schemes, which have been grouped together into 2,192 model points.

(3) Significant Changes

There have been no changes in the methods or assumptions since the previous valuation.

(4) Further Information on Stochastic Approach

- (a) (i) The stochastic model is used to value the following guarantees and options:
- No negative terminal bonus guarantees at maturity and death within conventional with-profits contracts.
 - Market value reduction-free spot maturity guarantees within unitised with-profits contracts.
 - Guaranteed annuity options on conventional with-profits contracts.
 - Guaranteed cash options on conventional with-profits contracts.

Of these, the guaranteed annuity options and market value reduction-free guarantees are “in the money” at the valuation date. For the other guarantees, the extent to which they are “in the money” depends on duration and policy size.

- (ii) The asset returns in the stochastic model were generated by a proprietary model licensed from Deloitte. The asset classes modelled are UK equities, UK property, UK corporate bonds, UK gilts, EU equities, EU corporate bonds and EU gilts.

Interest Rate

UK gilt returns are modelled using a gilts + 10bps calibration using a LIBOR Market Model with displaced diffusion and stochastic volatility. The Government Nominal Bond yield curve is a direct input into the model. The yield curve is provided directly from Deloitte.

The calibration at the valuation date was as follows:

Term	GBP			EUR		
	Govt. + 10bp	Model	Difference (Model - Market) bps	Govt. + 10bp (equivalent)	Model	Difference (Model - Market) bps
1	0.36%	0.36%	(0)	-0.27%	-0.27%	(0)
2	0.67%	0.66%	(0)	-0.25%	-0.25%	0
3	1.02%	1.01%	(1)	-0.20%	-0.20%	0
4	1.27%	1.27%	(1)	-0.07%	-0.07%	0
5	1.44%	1.43%	(1)	0.07%	0.08%	0
7	1.72%	1.71%	(1)	0.31%	0.31%	0
10	2.11%	2.10%	(2)	0.77%	0.77%	(0)
15	2.56%	2.55%	(1)	1.30%	1.31%	1
20	2.81%	2.82%	0	1.50%	1.51%	1
25	2.91%	2.91%	1	1.55%	1.55%	0

The volatility within the model is calibrated to the market implied volatility for at the money swaptions (also provided by Deloitte). The calibration at the valuation date is as follows:

Option Term	Swap Term	GBP		
		Model	Target	Difference
5	5	36.08%	34.76%	132
10	10	29.77%	29.90%	(13)
10	20	29.09%	29.67%	(58)

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20	10	28.44%	29.54%	(110)
20	20	27.66%	27.71%	(5)

		EUR		
Option Term	Swap Term	Model	Target	Difference
5	5	39.60%	42.81%	(321)
10	10	34.68%	33.84%	84
10	20	30.95%	34.01%	(306)
20	10	35.89%	42.38%	(649)
20	20	32.23%	36.18%	(395)

Inflation is derived from the nominal and real yield curves. Real interest rates are modelled using a two-factor Hull-White model, which is calibrated to be consistent with GBP and EUR index linked government bond prices as at 31 December 2015.

Equities and Property

Five asset classes are modelled as equity-type processes: domestic equities, overseas equities, direct property, indirect property and alternative assets.

Separate domestic equity models are used for UK and Euro equities and each model uses a local volatility surface calibrated to market implied volatilities for a range of strikes and maturities using a constant least-squares approach. The equity index is modelled stochastically using Heston's stochastic volatility model and incorporates a discontinuous jump-diffusion component driven by a Poisson process.

Overseas equity, direct property, indirect property and alternative assets are all modelled using a constant volatility Black-Scholes model.

The UK asset model was calibrated by reference to the implied volatility of FTSE 100 options for a range of terms and strikes.

Implied volatility data (%) at the valuation date is shown below:

Model (%)

GBP

%	Strike		
	0.8	1	1.2
Term			
1	21.77%	16.66%	14.21%
3	20.81%	17.63%	15.17%
5	20.59%	18.09%	15.93%
7	21.15%	19.10%	17.56%
9	21.01%	19.45%	18.24%

Model calibration is close to market implied equity volatility as confirmed by our validations.

The Euro asset model was calibrated by reference to the implied volatility of Eurostoxx 50 options for a range of strikes (from 0.8 to 1.2) and maturities of up to 10 years. All strikes are expressed as a proportion of at-the-money.

Implied volatility data (%) at the valuation date is shown below:

Model (%)

EURO

%	Strike
---	--------

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Term	0.8	1	1.2
1	25.71%	20.38%	17.32%
3	23.51%	20.78%	18.84%
5	22.87%	20.99%	19.59%
7	22.78%	21.45%	20.23%
9	22.86%	21.21%	19.94%

Model calibration is close to market implied equity volatility as confirmed by our validations.

Property volatility has been adjusted to be a weighted average of equity and direct property due to the investment in the UKCPT.

Corporate bond

Corporate bond returns are modelled using the extended Jarrow-Lando-Turnbull model. This describes bond prices in terms of a risk-neutral transition matrix, which gives the probability of transitions between credit ratings over one year. Risk neutral transition probabilities are assumed to vary stochastically. The transition matrix is calibrated to the credit spreads on corporate bonds for various ratings and terms. The model was fitted to a sample of predominantly investment grade sterling corporate bonds.

The asset model uses a credit transition matrix. The fit of the model is designed to exactly target the market spread on a 7 year A rated bond. Credit derivatives are not used to derive market implied transition probabilities.

Correlations

The following are examples of observed (generated) correlations of year 10 returns from the scenarios used (ZCB = zero coupon bond):

Output Correlations @ Year 10	Gilts 10Y spot rate	Real 5Y spot rate	UK Equities	Direct Property	7y A-Rated Corp	Overseas Equities	Indirect Property	Quant	Fund
Gilts 10y spot rate	100.0%								
Real 5Y spot rate	-39.1%	100.0%							
UK Equities	-6.1%	-8.6%	100.0%						
Direct Property	16.4%	14.3%	14.2%	100.0%					
7y A-Rated Corp	-0.8%	-16.9%	10.2%	-14.9%	100.0%				
Overseas Equities	11.4%	-8.6%	40.4%	10.2%	46.4%	100.0%			
Indirect Property	-8.3%	-20.5%	54.6%	20.3%	14.0%	68.8%	100.0%		
Quant	-21.8%	4.9%	22.0%	16.0%	40.9%	29.9%	13.6%	100.0%	
Fund	-34.7%	-2.8%	22.3%	30.1%	43.7%	38.1%	33.4%	53.8%	100.0%

Nominal foreign exchange rates are modelled as the combination of real exchange rates and inflation rates where real exchange rates follow a mean-reverting process and are calibrated to the long-term best estimates.

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(ii) The table below gives further information on the stochastic approach used based on 1000 scenarios:

n	Asset type (all UK assets)	K=0.75				K=1				K=1.5			
		5	15	25	35	5	15	25	35	5	15	25	35
r	Annualised compound equivalent of the risk free rate assumed for the period. (to two decimal places)	1.45%	2.59%	2.95%	2.75%	x	x	x	x	x	x	x	x
1	Risk-free zero coupon bond	930,485	681,101	483,335	386,522	x	x	x	x	x	x	x	x
2	FTSE All Share Index (p=1)	66,370	178,776	301,361	379,080	155,104	313,368	471,084	566,802	512,739	671,737	857,772	974,654
3	FTSE All Share Index (p=0.8)	63,766	153,788	240,309	291,873	148,471	270,635	377,622	436,633	493,343	585,331	697,296	760,151
4	Property (p=1)	36,450	139,332	244,498	330,507	142,117	279,997	412,583	516,204	523,277	652,270	795,402	925,221
5	Property (p=0.8)	33,633	114,404	184,714	242,916	134,139	234,405	319,802	387,052	504,066	563,952	635,270	709,940
6	15 year risk free zero coupon bond (p=1)	18,772	34,951	18,380	38,131	103,888	128,989	107,899	149,650	502,574	518,600	514,286	536,178
7	15 year risk free zero coupon bond (p=0.8)	17,087	24,013	6,875	11,038	96,716	93,451	48,647	65,206	482,278	416,061	330,099	319,175
8	15 year risk free bonds (p=1)	23,288	46,061	30,476	53,564	110,754	144,327	126,567	171,861	504,580	521,285	519,462	549,981
9	15 year risk free bonds (p=0.8)	21,403	32,784	13,715	22,910	103,483	108,321	64,915	83,229	484,473	423,072	340,768	339,220
10	Portfolio of 65% FTSE All Share and 35% property (p=1)	32,943	121,635	237,469	319,854	115,380	253,834	401,960	502,399	502,579	621,507	783,977	908,543
11	Portfolio of 65% FTSE All Share and 35% property (p=0.8)	30,981	98,780	179,976	235,205	108,579	210,811	310,883	374,913	482,274	531,994	624,323	695,017
12	Portfolio of 65% equity and 35% 15 year risk free zero coupon bonds (p=1)	27,808	80,130	150,255	209,068	106,267	204,026	311,689	386,033	500,153	580,349	705,929	796,999
13	Portfolio of 65% equity	26,112	61,439	97,982	131,311	99,530	161,954	220,923	262,026	479,389	486,880	540,163	578,308

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	and 35% 15 year risk free zero coupon bonds (p=0.8)												
14	Portfolio of 40% equity, 15% property, 22.5% 15 year risk free zero coupon bonds and 22.5% 15 year corporate bonds (p=1)	10,640	34,670	86,907	147,696	77,908	142,263	235,631	312,562	496,593	537,216	632,163	718,368
15	Portfolio of 40% equity, 15% property, 22.5% 15 year risk free zero coupon bonds and 22.5% 15 year corporate bonds (p=0.8)	9,548	22,302	44,811	80,988	71,103	102,055	149,674	195,745	475,522	438,052	462,465	500,913
		L=15				L=20				L=25			
16	Receiver swaptions	23.03%	19.63%	19.29%	17.08%	28.21%	25.76%	24.22%	20.82%	33.98%	31.41%	28.02%	23.61%

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- (iii) In all investment scenarios the initial equity dividend yield is set to 2.9% and the initial property rental yield to 4.3% p.a. The EU initial equity yield is 1.9% p.a.
- (iv) The following table shows (for K=1 only) for the risk free rate and lines 1 and 2 for the Eurozone, the only economy outside the UK to which the fund has significant asset exposure. They are denominated in euros and based on 1000 scenarios.

n	Asset Type (EU Assets)	K=1			
		5	15	25	35
	Strike price per €1m	1,003,591	1,216,007	1,472,927	1,899,406
r	Annualised compound equivalent of the risk free rate	0.07%	1.31%	1.56%	1.85%
1	Risk-Free Coupon Bond	996,422	822,363	678,920	526,480
2	ESTOXX (p=1)	182,631	325,584	422,951	542,363

- (v) The table shows the proportion of the total present value of the cost of modelled guarantees and options split by term to maturity.

Outstanding Term (Years)	Conventional		Unitised	
	Life	Pensions	Life	Pensions
0 - 5	0.0%	15.7%	0.0%	0.2%
5 - 10	0.1%	25.4%	0.0%	1.4%
10 - 15	0.1%	29.3%	0.1%	2.1%
15 - 20	0.0%	16.8%	0.0%	1.5%
20 - 25	0.0%	4.2%	0.0%	0.6%
25 - 30	0.0%	0.7%	0.0%	0.0%
30 - 35	0.0%	0.2%	0.0%	0.0%
35 - 40	0.0%	0.4%	1.2%	0.1%

Policies without a fixed maturity date have been shown in the 35 to 40 outstanding term band.

- (vi) The asset models of each main asset class have been validated by comparing the net present value of a 40-year projection of the future cashflows under the asset, including capital gains and losses, with the current value of the asset.

This was done for each of the dominant economies in which the fund has assets invested, namely the UK and the EU.

- (vii) The stochastic model is run on 1,000 investment scenarios generated by the asset model.

The scenario generation process incorporates variance reduction techniques (antithetic variables) to ensure that the scenarios selected pass the tests described in (vii) to a close tolerance.

(b) Not applicable.

(c) Not applicable.

(5) Management Actions

- (a) Reversionary bonus rates are modelled dynamically driven by targeting a final payout ratio, which is defined as the ratio of final benefits (i.e. maturity benefits) to guaranteed benefits.

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Bonus rates are increased if the projected payout ratio is higher than target and will be reduced if the projected payout ratio is less than target.

- (b) The following tables show the equity backing ratios for the fund, and annual bonus rates on unitised with-profits business.

% UK & Overseas Equities		Current Valuation Date	Current Valuation Date Plus 5 years	Current Valuation Date Plus 10 years
Type of business				
CWP Life	i	38%	38%	38%
CWP Pensions, UWP Life and Pensions Series 1 & 2	i	23%	23%	23%
UWP Life and Pensions Series 3+	i	47%	47%	47%
SMI Bond	i	40%	40%	40%
All	ii	Unchanged	Unchanged	Unchanged
All	iii	Unchanged	Unchanged	Unchanged

Reversionary Bonus Rates on accumulating with profits		Current Valuation Date	Projected years
Type of business		p.a	p.a
UWP Life - Series 1 and 2	i	3.0%	Varies Dynamically
UWP Pensions - Series 1 and 2	i	4.0%	Varies Dynamically
UWP Life - Series 1 and 2	ii	3.0%	Varies Dynamically
UWP Pensions - Series 1 and 2	ii	4.0%	Varies Dynamically
UWP Life - Series 1 and 2	iii	3.0%	Varies Dynamically
UWP Pensions - Series 1 and 2	iii	4.0%	Varies Dynamically

Any dynamic projections of minimum guaranteed reversionary bonus rates will be subject to this minimum rate.

(6) Demographic Assumptions

The surrender assumptions are:

Product	Status ⁽¹⁾	Average surrender rate for the policy years			
		1-5	6-10	11-15	16-20
Conventional whole life withprofits OB	Paying	4.0%	4.0%	4.0%	4.0%
Conventional endowment withprofits OB target cash	Paying	4.0%	4.0%	4.0%	4.0%
Conventional deferred annuity withprofits	Paying	4.0%	4.0%	4.0%	4.0%
Group conventional deferred annuity withprofits	Paying	2.0%	2.0%	2.0%	2.0%
Annuity withprofits (CPA)	Paying	10.0%	10.0%	10.0%	10.0%
Life UWP single premium	Paying	3.5%	3.5%	3.5%	3.5%
Life UWP whole life regular premium	Paying	5.5%	5.5%	5.5%	5.5%
Life UWP endowment regular premium savings	Paying	2.5%	2.5%	2.5%	2.5%
Individual pensions UWP	Paying	7.0%	7.0%	7.0%	7.0%
Group money purchase pensions UWP	Paying	4.0%	4.0%	4.0%	4.0%
DWP National Insurance rebates UWP	Paying	3.5%	3.5%	3.5%	3.5%
Income drawdown UWP	Paying	1.0%	1.0%	1.0%	1.0%
Trustee investment plan UWP	Paying	10.0%	10.0%	10.0%	10.0%
Conventional whole life withprofits OB	PUP	4.0%	4.0%	4.0%	4.0%
Conventional endowment withprofits OB savings	PUP	4.0%	4.0%	4.0%	4.0%
Conventional endowment withprofits OB target cash	PUP	4.5%	4.5%	4.5%	4.5%
Conventional deferred annuity withprofits	PUP	2.0%	2.0%	2.0%	2.0%
Group conventional deferred annuity withprofits	PUP	10.0%	10.0%	10.0%	10.0%
Annuity withprofits (CPA)	PUP	3.5%	3.5%	3.5%	3.5%
Life UWP single premium	PUP	5.5%	5.5%	5.5%	5.5%
Life UWP whole life regular premium	PUP	2.5%	2.5%	2.5%	2.5%
Life UWP endowment regular premium savings	PUP	6.0%	6.0%	6.0%	6.0%
Individual pensions UWP	PUP	4.0%	4.0%	4.0%	4.0%
Group money purchase pensions UWP	PUP	3.5%	3.5%	3.5%	3.5%
DWP National Insurance rebates UWP	PUP	1.0%	1.0%	1.0%	1.0%
Income drawdown UWP	PUP	10.0%	10.0%	10.0%	10.0%

⁽¹⁾ Status differentiates surrender assumptions between premium paying policies and paid-up policies.

The annuitant mortality and take-up rate assumptions are shown in the following tables:

Annuitant Mortality Assumptions		
	Projection Basis	
Annuity Rate Guarantee – post vesting ⁽¹⁾	Male	Female
All	107.5% PCMA0 0	90% PCFA00

⁽¹⁾ Improvements CMI_2014 [2.0% for male and 1.75% for female ages up to age 85, reducing linearly down to 0% from age 110]

Take Up Rates	
GAO Settings	Deferred Annuities - All
GAO Upper bound	76%
GAO Lower bound	60%

We assume a take up rate of nil for guarantees that are out of the money at retirement. We assume take up rates of 100% on policies with guaranteed cash options.

(7) Policyholders' Actions

The take up rates of Guaranteed Annuity Options follows a dynamic approach and as a result the relationship between take up rates and moneyness is quite linear.

There is currently no allowance in the model for different lapse tables to apply in MVA free periods.

7. FINANCING COSTS

The fund has no financing costs as at the valuation date.

8. OTHER LONG-TERM INSURANCE LIABILITIES

No amounts have been included in Line 46 of Form 19.

The amount shown in Line 47 of Form 19 is composed of the present value of future transfers to shareholders and technical provisions.

The present value of future transfers to shareholders was £11.8m at the valuation date.

Technical provisions of £2.6m were held in the Fund at the valuation date.

The provisions held at the valuation date are shown in the table below:

	£m
Present value of future CWP transfers	11.8
Future projects and issues	3.8
Solvency II additional investment data	0.3
Costs falling outside MSAs	0.3
Capita Regulatory Buyout	0.1
Asset Management Services	1.3
Solvency II	0.0
Sale of Ignis	1.3
TCF	0.1

Reversionary Annuities	(2.5)
Smoothed Income and Growth Funds	3.9
Regulatory fees and Project costs	0.6
Total	21.0

9. REALISTIC CURRENT LIABILITIES

The realistic current liabilities are obtained from the regulatory value by adjusting to allow for recoverable deferred tax assets. The reconciliation of the realistic current liabilities to the regulatory current liabilities is:

	£m
Regulatory current liabilities	342.5
- Recoverable deferred tax asset	0.0
- Recoverable tax on excess E	0.0
Realistic current liabilities	342.5

10. RISK CAPITAL MARGIN

(a) The risk capital margin is nil.

(i) The market risk scenario assumes that equities fall (rise) by an amount which depends on the territory in question:

% Change in Equity Markets	%
UK and "Non-significant" Overseas Holdings	19.96
Europe	18.90
USA	19.50

There was also a 12.5% rise / fall in property stress applied.

The equity rise and the property rise were the more onerous scenarios.

(ii) The nominal change in yields for fixed interest securities for the purpose of the market risk scenario again depends on the territory in question:

Nominal change in yields on fixed interest securities	Nominal Change in Yields	% change in long term gilt yield
UK and "Non-significant" Overseas Holdings	0.42%	17.50%
Europe	0.19%	17.50%
USA	N/A	17.50%

A rise in yields is the more onerous scenario.

(iii) The average change in spread is 1.1%. Changes in market values are:

- (11.5)%;
- Not applicable;
- Not applicable;
- Not applicable;
- Not applicable.

(iv) The average change in persistency experience is a 32.5% reduction in future lapse and paid-up rates. The overall percentage change in the realistic value of liabilities from applying the persistency stress is 2.3%.

- (v) The change in asset value in (iii) is materially independent of the change in liability values in (iv).
- (b) There is a collateral promise on the unitised with-profits business under which the cost of conventional with-profits guarantees must not be borne by unitised with-profits policyholders. However, planned enhancements arising on either unitised with-profits or conventional with-profits business may be used to reduce any deficit arising in the other category having first covered their own deficit.
- (i) In the stress scenarios the following additional assumption is made:
The planned benefit enhancements will be reduced resulting in £nil working capital under the stressed conditions.
- (ii) The risk capital margin is nil so there is no impact on the risk capital margin of reducing the planned benefit enhancements.
- (iii) No changes would be made to equity backing ratios or bonus rates if the management actions were taken.
- (iv) The requirements of INSPRU 1.3.188(R) would be met if the actions described in paragraph 10 (b) (i) were integrated into the projection of assets and liabilities.
- (c)
- (i) The risk capital margin is zero.
- (ii) The scheme for the funds merger as at 1 January 2009 includes a provision that in the event that the value of the assets of the fund falls below the regulatory minimum, support will be provided to the fund by way of a loan arrangement from the Non Profit Fund or the Shareholders' Fund to the extent that the Board determines there are assets in those funds available to make such a loan.

11. TAX

Tax on assets backing the with-profits benefits reserve for BLAGAB business is charged to those asset shares approximately and allowance is made for relief on expenses.

Tax on any future policy related liabilities for BLAGAB business is allowed for in determining those liabilities.

12. DERIVATIVES

A number of structured derivative contracts are held within the fund at the valuation date to enable the fund to withstand the impact of adverse conditions. They are constructed from at-the-money vanilla over-the-counter derivatives – equity put options, equity futures, interest rate swaps and interest rate swaptions– with outstanding terms ranging from 1 to 20 years.

As at the valuation date the total market price of these derivatives, on a bid basis, is £258.42m. This is split as follows:

Type	GBP (£m)	EUR (£m)	USD (£m)	Total (£m)
Swaps	175.73	0.00	0.00	175.73
Swaptions	16.97	0.00	0.00	16.97
Options	67.13	0.00	0.00	67.13
Currency Forwards	(1.61)	0.00	0.00	(1.61)
Futures	0.22	0.00	0.00	0.22

Scottish Mutual With-Profits Fund

Total derivatives backing guarantees	258.42	0.00	0.00	258.42
Other derivatives backing benefit reserves				0.00
Total				258.42

The other derivatives form part of asset backing asset shares.

13. ANALYSIS OF WORKING CAPITAL

The movement in working capital over the twelve months to the valuation date is shown in the following table.

	£m
Opening working capital	0.0
Write back planned benefit enhancements to zeroise working capital	328.8
Revised opening working capital	328.8
Opening Adjustments	0.0
Restated opening working capital	328.8
New business value	0.0
Experience variances	(0.7)
Assumption changes	(15.1)
Other operating variances	
• Model and methodology changes	25.7
• Management Actions	(21.2)
Economic Variances	24.4
Other projects / provisions	0.2
Unexplained	(7.1)
Closing working capital before zeroiation	335.2
Planned benefit enhancements to distribute estate	(404.4)
Impact of planned enhancements on future policy related liabilities	69.2
Closing working capital	0.0

Management Actions above include:

Conditional Estate Distribution (added to Asset Shares):	£0.0m
Temporary Estate Distributions (added to 2015 Claims):	£(21.2)m

14. OPTIONAL DISCLOSURE

Not applicable.

APPENDIX 9.4A

SPI With-Profits Fund

2. ASSETS**(1) Economic Assumptions For Valuing Non-Profit Business**

There is no material amount of non-profit business.

(2) Amount Determined Under INSPRU 1.3.33(2)(R)

Not applicable.

(3) Valuation Of Contracts Written Outside The Fund

Not applicable.

(4) Different Sets Of Assumptions

Not applicable.

(5) De Minimis Limit

Not applicable.

3. WITH-PROFITS BENEFITS RESERVE LIABILITIES**(1) Calculation Of With-Profits Benefits Reserve**

Where previously prospective with-profits benefit reserves were used for some whole of life business, a retrospective method is now used.

Product Type	Method	With-profits benefits reserve	Future policy related liabilities
		£m	£m
CNP Life	Retrospective	0.0	
UWP Life	Retrospective	98.7	27.5
CWP Life	Retrospective	648.2	180.7
Life Total		747.0	208.2
CNP Pensions	Retrospective	0.1	
UWP Pensions	Retrospective	468.8	130.7
CWP Pensions	Retrospective	286.1	79.7
Total Pensions		754.9	210.4
Total		1501.9	418.7
Form 19 Line 31		1,501.9	
Form 19 Line 49			418.7

There have been no changes to methods or assumptions since the previous valuation except where previously prospective with-profits benefit reserves were used for whole life assurance business, a retrospective method is now used.

(2) Correspondence With Form 19

The above reconciles to lines 31 and 49 of Form 19.

(3) With-Profits Benefits Reserves Below De Minimis Limit

Not applicable: the table in (1) covers all products in the Fund.

(4) Types Of Products

The level of disclosure in the table above corresponds to material groupings of contracts offering significant variances in policyholder benefits. For example, unitised with-profits business is separated from conventional with-profits business.

4. WITH-PROFITS BENEFITS RESERVE – RETROSPECTIVE METHOD**(1) Retrospective Methods**

- (a) All contracts have been calculated on an individual policy basis.
- (b) No contracts have been valued on a grouped basis.
- (c) Not applicable as no contracts have been valued on a grouped basis.

(2) Significant Changes To Valuation Method

- (a) There have been no changes in the methods or assumptions since the previous valuation.
- (b) No contract's with-profits benefit reserve has been calculated using an approach that is more approximate than at the previous valuation date.

(3) Expense Allocation

- (a) The 2009 Court Scheme sets out the charges for the SPI With-Profits Fund. The scheme also specifies that in any financial year, these charges (calculated on a per policy basis) shall not be less than 85% or more than 115% of the costs actually incurred by Phoenix in respect of the business in the SPI With-Profits Fund. These charges are reviewed by the With-Profits Committee with a view to ensuring that they comply with these terms.
- (b) Expense investigations (reviews of the management services agreement) are carried out annually.
- (c) The expenses for the business for the year to the valuation date were:

Item	£m
Initial Expenses ¹	0.0
Maintenance Expenses	5.0
Investment Expenses	2.8
Method	Average expense charge deducted
Expenses charged other than to with-profits benefits reserve	1.9

¹ Since the company is closed to new business (apart from contractual increments etc.), the initial expenses are negligible.

Investment expenses were deducted from the with-profits benefits reserve at a rate of 0.14% p.a. for traditional and deposit administration business.

(4) Significant Charges

There is a hedge asset in place to cover a substantial part of the guarantees within the fund. The costs of rebalancing this hedge were previously charged to the with-profits benefits reserve but are now charged to the estate. The resulting percentage reduction in the with-profits benefits reserve is shown in the following table.

Asset Share Group	Current Valuation	Previous Valuation
CWP Life and Pensions	0.00%	0.00%

UWP Life and Pensions	0.00%	0.00%
-----------------------	-------	-------

(5) Charges For Non-Insurance Risk

Charges in respect of accumulating with-profits business are as determined by the policy terms and conditions. In particular, an annual management charge is deducted from asset shares. This is 0.60% for life business and 0.85% for pensions business.

(6) Ratio Of Claims To Reserve

Average ratio of total claims to asset shares:

Year	Ratio of claims to asset shares
Previous year -1	100%
Previous year	100%
Current year	96%

(7) Allocated Return

The average rates of return attributed to the with-profit benefits reserve of a policy depends on the asset mix for it. Investment returns for Pensions products are gross of tax and those for Life products are net of tax. Investment returns for the year to 31 December 2015 are shown below.

Type of business	Investment Return	
	UK	Irish
Conventional Life	1.65%	0.24%
Conventional Pensions	1.37%	-1.42%
UWP Life	1.92%	2.34%
UWP Pensions (with g'teed min bonus)	1.37%	-1.42%
UWP Pensions (with no min bonus)	2.29%	2.34%
SPI Funding	1.37%	-1.42%

During 2015 the asset shares of the fund were enhanced following a distribution of estate to policyholders. This led to an increase in asset shares of 8.8% in addition to the returns in the table above.

5. WITH-PROFITS BENEFITS RESERVE – PROSPECTIVE METHOD**(1) Key Assumptions**

Not applicable as all Asset Shares are calculated on a retrospective basis.

(2) Different Sets Of Assumptions

Not applicable.

6. COST OF GUARANTEES, OPTIONS AND SMOOTHING**(1) De Minimis Limit**

The cost of smoothing is nil as all benefits are based on unsmoothed asset shares.

(2) Valuation Methods For Guarantees etc.**(a) Cost of Guarantees & Options**

The costs of guarantees are determined using a stochastic model, with the asset returns being generated by a proprietary model. The following items were calculated stochastically:

- (i) Guaranteed annuity option reserves
- (ii) The reserves required in addition to asset share to meet guaranteed benefits

The calculations were carried out using a risk neutral approach.

(b)

- (i) No projections are carried out on individual policy data.
- (ii) All of the contracts are valued on a grouped basis. However, the values for the with-profits benefits reserve are calculated on an individual basis.
- (iii) There has been no change to the cluster modelling technique applied at the previous valuation. The cluster modelling technique has been used to reduce the number of modelled policies whereby all individual policies are assigned to one of a smaller number of representative model points in such a way that the sum of the differences between each individual policy and the representative policy to which it has been assigned in certain key metrics are minimised. Validation of the technique involves ensuring that the difference between the total realistic liabilities, and separately, the asset shares on a deterministic basis calculated on the seriatim data and on the clustered data falls within a set tolerance.

In total there are 99,255 individual policies and members of group schemes, which have been grouped together into 4,077 model points.

(3) Significant Changes

There have been no changes in the methods or assumptions since the previous valuation.

(4) Further Information on Stochastic Approach

- (a) (i) The stochastic model is used to value the following guarantees and options:
 - No negative terminal bonus guarantees at maturity and death within conventional with-profits contracts.
 - Market value reduction-free spot maturity guarantees within unitised with-profits contracts.
 - Guaranteed annuity options on conventional with-profits contracts.

Of these, the guaranteed annuity options and market value reduction-free guarantees are strongly “in the money” at the valuation date. For the guarantee of no negative terminal bonus, the extent to which it is “in the money” depends on duration and policy size.

- (ii) The asset returns in the stochastic model were generated by a proprietary model licensed from Deloitte. The asset classes modelled are UK equities, UK property, UK corporate bonds, UK gilts, EU equities, EU corporate bonds and EU gilts.

Interest Rate

UK gilt returns are modelled using a gilts + 10bps calibration using a LIBOR Market Model with displaced diffusion and stochastic volatility. The Government Nominal Bond yield curve is a direct input into the model. The yield curve is provided directly from Deloitte.

The calibration at the valuation date was as follows:

Term	GBP			EUR		
	Govt. + 10bp	Model	Difference (Model - Market) bps	Govt. + 10bp (equivalent)	Model	Difference (Model - Market) bps
1	0.36%	0.36%	(0)	-0.27%	- 0.27%	(0)
2	0.67%	0.66%	(0)	-0.25%	- 0.25%	0
3	1.02%	1.01%	(1)	-0.20%	- 0.20%	0
4	1.27%	1.27%	(1)	-0.07%	- 0.07%	0
5	1.44%	1.43%	(1)	0.07%	0.08%	0
7	1.72%	1.71%	(1)	0.31%	0.31%	0
10	2.11%	2.10%	(2)	0.77%	0.77%	(0)
15	2.56%	2.55%	(1)	1.30%	1.31%	1
20	2.81%	2.82%	0	1.50%	1.51%	1
25	2.91%	2.91%	1	1.55%	1.55%	0

The volatility within the model is calibrated to the market implied volatility for at the money swaptions (also provided by Deloitte). The calibration at the valuation date is as follows:

		GBP		
Option Term	Swap Term	Model	Target	Difference
5	5	36.08%	34.76%	132
10	10	29.77%	29.90%	(13)
10	20	29.09%	29.67%	(58)
20	10	28.44%	29.54%	(110)
20	20	27.66%	27.71%	(5)

		EUR		
Option Term	Swap Term	Model	Target	Difference
5	5	39.60%	42.81%	(321)
10	10	34.68%	33.84%	84
10	20	30.95%	34.01%	(306)
20	10	35.89%	42.38%	(649)
20	20	32.23%	36.18%	(395)

Inflation is derived from the nominal and real yield curves. Real interest rates are modelled using a two-factor Hull-White model, which is calibrated to be consistent with GBP and EUR index linked government bond prices as at 31 December 2015.

Equities and Property

Five asset classes are modelled as equity-type processes: domestic equities, overseas equities, direct property, indirect property and alternative assets.

Separate domestic equity models are used for UK and Euro equities and each model uses a local volatility surface calibrated to market implied volatilities for a range of strikes and maturities using a constant least-squares approach. The equity index is modelled stochastically using Heston's stochastic volatility model and incorporates a discontinuous jump-diffusion component driven by a Poisson process.

Overseas equity, direct property, indirect property and alternative assets are all modelled using a constant volatility Black-Scholes model.

Implied volatility data (%) at the valuation date is shown below:

Model (%)

%	Strike		
	0.8	1	1.2
Term			
1	21.77%	16.66%	14.21%
3	20.81%	17.63%	15.17%
5	20.59%	18.09%	15.93%
7	21.15%	19.10%	17.56%
9	21.01%	19.45%	18.24%

Model calibration is close to market implied equity volatility as confirmed by our validations.

The Euro asset model was calibrated by reference to the implied volatility of Eurostoxx 50 options for a range of strikes (from 0.8 to 1.2) and maturities of up to 10 years. All strikes are expressed as a proportion of at-the-money.

Implied volatility data (%) at the valuation date is shown below:

Model (%)

%	Strike		
	0.8	1	1.2
Term			
1	25.71%	20.38%	17.32%
3	23.51%	20.78%	18.84%
5	22.87%	20.99%	19.59%
7	22.78%	21.45%	20.23%
9	22.86%	21.21%	19.94%

Property volatility has been adjusted to be a weighted average of equity and direct property due to the investment in the UKCPT.

Corporate bond

Corporate bond returns are modelled using the extended Jarrow-Lando-Turnbull model. This describes bond prices in terms of a risk-neutral transition matrix, which gives the probability of transitions between credit ratings over one year. Risk neutral transition probabilities are assumed to vary stochastically. The transition matrix is calibrated to the credit spreads on corporate bonds for various ratings and terms. The model was fitted to a sample of predominantly investment grade sterling corporate bonds.

The asset model uses a credit transition matrix. The fit of the model is designed to exactly target the market spread on a 7 year A rated bond. Credit derivatives are not used to derive market implied transition probabilities.

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Correlations

The following are examples of observed (generated) correlations of year 10 returns from the scenarios used (ZCB = zero coupon bond):

Output Correlations @ Year 10	Gilts 10y spot rate	Real 5Y spot rate	UK Equities	Direct Property	7y A-Rated Corp	Overseas Equities	Indirect Property	Quant	Fund
Gilts 10y spot rate	100.0%								
Real 5Y spot rate	-39.1%	100.0%							
UK Equities	-6.1%	-8.6%	100.0%						
Direct Property	16.4%	14.3%	14.2%	100.0%					
7y A-Rated Corp	-0.8%	-16.9%	10.2%	-14.9%	100.0%				
Overseas Equities	11.4%	-8.6%	40.4%	10.2%	46.4%	100.0%			
Indirect Property	-8.3%	-20.5%	54.6%	20.3%	14.0%	68.8%	100.0%		
Quant	-21.8%	4.9%	22.0%	16.0%	40.9%	29.9%	13.6%	100.0%	
Fund	-34.7%	-2.8%	22.3%	30.1%	43.7%	38.1%	33.4%	53.8%	100.0%

Nominal foreign exchange rates are modelled as the combination of real exchange rates and inflation rates where real exchange rates follow a mean-reverting process and are calibrated to the long-term best estimates.

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(iii) The table below gives further information on the stochastic approach used based on 1000 scenarios:

n	Asset type (all UK assets)	K=0.75				K=1				K=1.5			
		5	15	25	35	5	15	25	35	5	15	25	35
r	Annualised compound equivalent of the risk free rate assumed for the period. (to two decimal places)	1.45%	2.59%	2.95%	2.75%	x	x	x	x	x	x	x	x
1	Risk-free zero coupon bond	930,485	681,101	483,335	386,522	x	x	x	x	x	x	x	x
2	FTSE All Share Index (p=1)	66,370	178,776	301,361	379,080	155,104	313,368	471,084	566,802	512,739	671,737	857,772	974,654
3	FTSE All Share Index (p=0.8)	63,766	153,788	240,309	291,873	148,471	270,635	377,622	436,633	493,343	585,331	697,296	760,151
4	Property (p=1)	36,450	139,332	244,498	330,507	142,117	279,997	412,583	516,204	523,277	652,270	795,402	925,221
5	Property (p=0.8)	33,633	114,404	184,714	242,916	134,139	234,405	319,802	387,052	504,066	563,952	635,270	709,940
6	15 year risk free zero coupon bond (p=1)	18,772	34,951	18,380	38,131	103,888	128,989	107,899	149,650	502,574	518,600	514,286	536,178
7	15 year risk free zero coupon bond (p=0.8)	17,087	24,013	6,875	11,038	96,716	93,451	48,647	65,206	482,278	416,061	330,099	319,175
8	15 year risk free bonds (p=1)	23,288	46,061	30,476	53,564	110,754	144,327	126,567	171,861	504,580	521,285	519,462	549,981
9	15 year risk free bonds (p=0.8)	21,403	32,784	13,715	22,910	103,483	108,321	64,915	83,229	484,473	423,072	340,768	339,220
10	Portfolio of 65% FTSE All Share and 35% property (p=1)	32,943	121,635	237,469	319,854	115,380	253,834	401,960	502,399	502,579	621,507	783,977	908,543
11	Portfolio of 65% FTSE All Share and 35% property (p=0.8)	30,981	98,780	179,976	235,205	108,579	210,811	310,883	374,913	482,274	531,994	624,323	695,017
12	Portfolio of 65% equity and 35% 15 year risk free zero coupon bonds (p=1)	27,808	80,130	150,255	209,068	106,267	204,026	311,689	386,033	500,153	580,349	705,929	796,999

SPI With-Profits Fund

13	Portfolio of 65% equity and 35% 15 year risk free zero coupon bonds (p=0.8)	26,112	61,439	97,982	131,311	99,530	161,954	220,923	262,026	479,389	486,880	540,163	578,308
14	Portfolio of 40% equity, 15% property, 22.5% 15 year risk free zero coupon bonds and 22.5% 15 year corporate bonds (p=1)	10,640	34,670	86,907	147,696	77,908	142,263	235,631	312,562	496,593	537,216	632,163	718,368
15	Portfolio of 40% equity, 15% property, 22.5% 15 year risk free zero coupon bonds and 22.5% 15 year corporate bonds (p=0.8)	9,548	22,302	44,811	80,988	71,103	102,055	149,674	195,745	475,522	438,052	462,465	500,913
		L=15				L=20				L=25			
16	Receiver swaptions	23.03%	19.63%	19.29%	17.08%	28.21%	25.76%	24.22%	20.82%	33.98%	31.41%	28.02%	23.61%

- (iv) UK initial equity yield: 2.9%
Overseas initial equity yield: 1.9%
UK initial property rental yield: 4.3%
- (v) The following table shows entries (K=1 only) for the risk free rate and lines 1 and 2 for the Eurozone, the only economy outside the UK to which the fund has significant asset exposure. They are denominated in euros and based on 1,000 scenarios.

n	Asset Type (EU Assets)	K=1			
		5	15	25	35
	Strike price per €1m	1,003,591	1,216,007	1,472,927	1,899,406
r	Annualised compound equivalent of the risk free rate	0.07%	1.31%	1.56%	1.85%
1	Risk-Free Coupon Bond	996,422	822,363	678,920	526,480
2	ESTOXX (p=1)	182,631	325,584	422,951	542,363

- (vi) The table shows the proportion of the total present value of the cost of modelled guarantees and options split by term to maturity

Outstanding Term (Years)	Conventional		Unitised	
	Life	Pensions	Life	Pensions
0 - 5	0.5%	17.5%	0.0%	1.4%
5 - 10	1.1%	17.4%	0.0%	2.6%
10 - 15	0.7%	17.8%	0.0%	4.0%
15 - 20	0.2%	14.9%	0.0%	2.2%
20 - 25	0.0%	7.3%	0.0%	0.5%
25 - 30	0.0%	3.3%	0.0%	0.1%
30 - 35	0.0%	1.1%	0.0%	0.0%
35 - 40	0.2%	1.4%	5.5%	0.0%

Policies without a fixed maturity date have been shown in the 35 to 40 outstanding term band.

- (vii) The asset models of each main asset class have been validated by comparing the net present value of a forty year projection of the future cashflows under the asset, including capital gains and losses, with the current value of the asset.

This was done for each of the dominant economies in which the fund has assets invested namely the UK and the EU.

- (viii) The asset models of each main asset class have been validated by comparing the net present value of a 40-year projection of the future cashflows under the asset, including capital gains and losses, with the current value of the asset.

This was done for each of the dominant economies in which the fund has assets invested, namely the UK and the EU.

(b) Not applicable.

(c) Not applicable.

(5) Management Actions

- (a) Reversionary bonus rates are modelled dynamically driven by targeting a final payout ratio, which is defined as the ratio of final benefits (i.e. maturity benefits) to guaranteed benefits. Bonus rates are increased if the projected payout ratio is higher than target and will be reduced if the projected payout ratio is less than target.
- (b) The following tables show the equity backing ratios for the fund, and annual bonus rates on unitised with-profits business.

% UK & Overseas Equities		Current Valuation Date	Current Valuation Date Plus 5 years	Current Valuation Date Plus 10 years
Type of business				
UK business	i	35%	35%	35%
Irish business	i	29%	29%	29%
All	ii	Unchanged	Unchanged	Unchanged
All	iii	Unchanged	Unchanged	Unchanged

Reversionary Bonus Rates on accumulating with profits		Current Valuation Date	Projected years
Type of business		p.a	p.a
UK UWP Life Series 1	i	5.5%	Varies Dynamically
UK and Irish UWP Pensions Series 1	i	4.0%	Varies Dynamically
UK UWP Life Series 1	ii	5.5%	Varies Dynamically
UK and Irish UWP Pensions Series 1	ii	4.0%	Varies Dynamically
UK UWP Life Series 1	iii	5.5%	Varies Dynamically
UK and Irish UWP Pensions Series 1	iii	4.0%	Varies Dynamically

Any dynamic projections of minimum guaranteed reversionary bonus rates will be subject to this minimum rate.

(6) Demographic Assumptions

The surrender assumptions are:

Product	Status (1)	Average surrender rate for the policy years			
		1-5	6-10	11-15	16-20
Conventional whole life withprofits OB	Paying	4.7%	9.1%	3.1%	2.3%
Conventional endowment withprofits OB savings	Paying	6.4%	6.8%	5.7%	3.8%
Conventional deferred annuity withprofits	Paying	2.0%	5.0%	2.8%	2.8%
Miscellaneous conventional withprofits	Paying	6.4%	6.8%	2.3%	2.3%
Additional reserves withprofits OB	Paying	0.0%	0.0%	0.0%	0.0%
Regular premium nonprofit WL/EA OB	Paying	6.4%	6.8%	7.3%	4.5%
Deferred annuity nonprofit	Paying	0.0%	0.0%	0.0%	0.0%
Miscellaneous nonprofit	Paying	11.1%	8.6%	5.1%	1.0%
Additional reserves nonprofit OB	Paying	0.0%	0.0%	0.0%	0.0%
Life UWP single premium	Paying	11.2%	16.6%	4.5%	4.5%
Life UWP whole life regular premium	Paying	8.0%	5.6%	5.0%	5.0%
Life UWP endowment regular premium savings	Paying	6.0%	10.0%	10.0%	10.0%
Life UWP endowment regular premium – target cash	Paying	6.0%	10.0%	10.0%	10.0%
Individual pensions UWP	Paying	4.1%	4.8%	5.0%	5.0%
Group money purchase pensions UWP	Paying	8.6%	17.0%	15.0%	15.0%
Group deposit administration withprofits	Paying	0.0%	0.0%	0.0%	0.0%
Trustee investment plan UWP	Paying	25.0%	25.0%	25.0%	25.0%
Miscellaneous UWP	Paying	5.5%	6.3%	6.5%	6.5%
Conventional whole life withprofits OB	PUP	1.5%	1.5%	1.5%	1.5%
Conventional endowment withprofits OB savings	PUP	3.8%	3.8%	3.8%	3.8%
Conventional deferred annuity withprofits	PUP	2.8%	2.8%	2.8%	2.8%
Miscellaneous conventional withprofits	PUP	5.0%	5.0%	5.0%	5.0%
Regular premium nonprofit WL/EA OB	PUP	0.0%	0.0%	0.0%	0.0%
Deferred annuity nonprofit	PUP	0.0%	0.0%	0.0%	0.0%
Miscellaneous nonprofit	PUP	0.0%	0.0%	0.0%	0.0%
Life UWP single premium	PUP	0.0%	0.0%	0.0%	0.0%
Life UWP whole life regular premium	PUP	5.0%	5.0%	5.0%	5.0%
Life UWP endowment regular premium savings	PUP	10.0%	10.0%	10.0%	10.0%
Life UWP endowment regular premium – target cash	PUP	10.0%	10.0%	10.0%	10.0%
Individual pensions UWP	PUP	6.0%	6.0%	6.0%	6.0%
Group money purchase pensions UWP	PUP	0.0%	0.0%	0.0%	0.0%
Trustee investment plan UWP	PUP	0.0%	0.0%	0.0%	0.0%
Miscellaneous UWP	PUP	6.5%	6.5%	6.5%	6.5%

(1) Status differentiates surrender assumptions between premium paying policies and paid-up policies.

The annuitant mortality and take-up rate assumptions are shown in the following tables:

Annuitant Mortality Assumptions		
	Projection Basis	
Annuity Rate Guarantee – post vesting (1)	Male	Female
All	107.5% PCMA00	90% PCFA00

(1) Improvements CMI_2014 [2.0% for male and 1.75% for female ages up to age 85, reducing linearly down to 0% from age 110]

Take Up Rates	
GAO Settings	Deferred Annuities - All
GAO Upper bound	68%
GAO Lower bound	60%

We assume a take up rate of nil for guarantees that are out of the money at retirement. We assume take up rates of 100% on policies with guaranteed cash options.

(7) Policyholders' Actions

The take up rates of Guaranteed Annuity Options follows a dynamic approach and as a result the relationship between take up rates and moneyness is quite linear. There is currently no allowance in the model for different lapse tables to apply in MVA free periods.

7. FINANCING COSTS

The fund has no financing costs as at the valuation date.

8. OTHER LONG-TERM INSURANCE LIABILITIES

No amounts have been included in Line 46 of Form 19. The amount shown in Line 47 of Form 19 is made up as follows:

	£m
Present value of future transfers	40.4
Additional charges on UWP	8.6
Statutory Liabilities for NP GAOs	0.0
Future projects and issues	0.6
IGNIS Sale	1.2
Costs falling outside MSAs	0.2
Strachan Policy Review	0.1
Capita Regulatory Buyout	0.1
Solvency II	0.3
VAT	0.7
SPI Fund Asset Tracking	2.8
MSA Blueprint Expense Reserve	0.8
WOP & PHI	0.7
Other	0.4
Total	56.7
Total L47	56.7

9. REALISTIC CURRENT LIABILITIES

The reconciliation of the realistic current liabilities to the regulatory current liabilities is:

	£m
Regulatory current liabilities	142.3
Recoverable deferred tax asset	0.0
Recoverable tax on excess E	0.0
Total	142.3

10. RISK CAPITAL MARGIN

(a) The risk capital margin is nil.

(i) The market risk scenario assumes that equities fall (rise) by an amount which depends on the territory in question:

% Change in Equity Markets	%
UK and "Non-significant" Overseas Holdings	19.96
Europe	18.90
USA	19.50

The market risk scenario assumes a 12.5% fall / rise in property values.

The equity fall and the property fall were the more onerous scenarios.

(ii) The nominal change in yields for fixed interest securities for the purpose of the market risk scenario again depends on the territory in question:

Nominal change in yields on fixed interest securities	Nominal Change in Yields	% change in long term gilt yield
UK and "Non-significant" Overseas Holdings	0.42%	17.50%
Europe	0.19%	17.50%
USA	N/A	17.50%

The rise in yields is the more onerous scenarios.

In each case this is consistent with a rise or fall of 17.5% in the appropriate long term gilt yield. There is little difference between the various RCM scenarios; this is due to a varying degree of hedge effectiveness.

(iii) The average change in spread is 1.4%. Changes in market values are:

- (10.4%)
- Not applicable
- Not applicable
- Not applicable
- Not applicable

(iv) The average change in persistency experience is a 32.5% reduction in future lapse and paid-up rates. The overall percentage change in the realistic value of liabilities from applying the persistency stress is 1.1%.

(v) The change in asset value in (iii) is materially independent of the change in liability values in (iv).

(b) (i) In the stress scenarios the following additional assumption is made:

The planned benefit enhancements will be reduced resulting in £nil working capital under the stressed conditions.

(ii) The risk capital margin is nil so there is no impact on the risk capital margin of reducing the planned benefit enhancements.

(iii) No changes would be made to equity backing ratios or bonus rates if the management actions were taken

- (iv) The requirements of INSPRU 1.3.188(R) would be met if the actions described in paragraph 10 (b) (i) were integrated into the projection of assets and liabilities.
- (c) Assets covering risk capital margin
 - (i) The risk capital margin is zero.
 - (ii) The scheme for the funds merger as at 1 January 2009 includes a provision that in the event that the value of the assets of the fund falls below the regulatory minimum, support will be provided to the fund by way of a loan arrangement from the Non-Profit Fund or the Shareholders Fund to the extent that the Board determines there are assets in those funds available to make such a loan.

11. TAX

Tax on assets backing the with-profits benefits reserve for BLAGAB business is charged to those asset shares approximately and allowance is made for relief on expenses.

Tax on any future policy related liabilities for BLAGAB business is allowed for in determining those liabilities.

An amount in respect of deferred tax on anticipated recoverable investment losses has been used to reduce current liabilities.

12. DERIVATIVES

A number of structured derivative contracts are held within the fund at the valuation date to enable the fund to withstand the impact of adverse conditions. They are constructed from at-the-money vanilla over-the-counter derivatives – equity put options, equity futures, interest rate swaps and interest rate swaptions – with outstanding terms ranging from 1 to 20 years.

As at the valuation date the total market price of these derivatives, on a bid basis, is £95.08m. This is split as follows:

Type	GBP (£m)	EUR (£m)	Total (£m)
Swaps	21.02	22.11	43.13
Swaptions	2.55	0.78	3.33
Options	37.49	9.98	47.46
Futures	1.37	0.11	1.48
Currency Forwards	(0.90)	0.59	(0.31)
Total derivatives backing guarantees	61.53	33.56	95.08
Other derivatives backing benefit reserves			(0.00)
Total			95.08

The other derivatives form part of the assets backing asset shares.

13. ANALYSIS OF WORKING CAPITAL

The movement in working capital over the twelve months to the valuation date is shown in the following table.

	£m
Opening working capital	0.0
Write back planned benefit enhancements to zeroise working capital	252.1
Revised opening working capital	252.1
Opening Adjustments	0.0
Restated opening working capital	252.1
New business value	0.0
Experience variances	4.6
Assumption changes	(3.8)
Other operating variances	
• Model and methodology changes	(2.1)
• Management Actions	(159.6)
Economic Variances	17.0
Other projects / provisions	0.7
Unexplained	8.0
Closing working capital before zeroiation	116.9
Planned benefit enhancements to distribute estate	(133.5)
Impact of planned enhancements on future policy related liabilities	16.6
Closing working capital	0.0

Management Actions above include:

Conditional Estate Distribution (added to Asset Shares):	£(126.3)m
Temporary Estate Distributions (added to 2015 Claims):	£(33.2)m

14. OPTIONAL DISCLOSURE

Not applicable.

APPENDIX 9.4A

NPI WITH-PROFITS FUND

As part of the transfer of NPIL to PLL on 1st January 2012 a new NPI WP fund was created. NPIL held predominantly non-profit business but the unit-linked business had a unitised with-profit (UWP) option and this business transferred to NPI WP.

The UWP business is wholly reinsured to Phoenix Life Assurance Limited (the former Pearl Assurance Limited), including associated expenses and charges; the NPI WP fund therefore has no net assets. Asset shares and any bonuses paid by the NPI WP fund are determined by the reinsurer. As a consequence the NPI WP fund does not require the appointment of a With-Profits Actuary. Further to this it is also not the intention to complete Appendix 9.4a since the detailed questions are not applicable.

Returns under the Accounts and Statements Rules

Statement of information on the Actuary appointed to perform the With-Profits Actuary function required by rule 9.36

Phoenix Life Limited

Global business

Financial year ended 31 December 2015

Throughout the year, the actuary who was appointed to perform the with-profits actuary function for the 90% With-Profits Fund, 100% With-Profits Fund, Alba With-Profits Fund, Phoenix With-Profits Fund, Scottish Mutual With-Profits Fund, SPI With-Profits Fund, SAL With-Profits Fund and NPI With-Profits Funds was Mr A E Burke.

- 1 (a) During the year Mr Burke held up to 5,696 shares in Phoenix Group Holdings (“PGH”), the ultimate holding company. He also held up to 1,188 shares in Phoenix Group Holdings (“PGH”), the ultimate holding company, under the Company’s Share Incentive Plan, and options to subscribe for up to 61,078 shares in PGH granted under the Company’s Deferred Bonus Scheme, Long Term Incentive Plan and the Save As You Earn Scheme (SAYE).
 - (b) Mr Burke had no other pecuniary interest with the insurer during the year.
 - (c) The aggregate of the remuneration and value of other benefits receivable by Mr Burke from the insurer in respect of 2015 was £328,328 including the proceeds from the vesting of options to subscribe for shares in PGH granted under the Company’s Long Term Incentive Plan.
 - (d) Mr Burke was a member of the PGL Pension Scheme throughout the year, and was entitled to the standard benefits under the rules of the scheme.
- 2 The insurer has made a request of Mr Burke to furnish to it the particulars specified in rule 9.36(1) of IPRU(INS). The above particulars were obtained from the insurer’s Human Resources records with the permission of Mr Burke.

Note 1

Under rule 9.36(4) of IPRU(INS), reference to the insurer includes reference to any body corporate which is the insurer’s subsidiary undertaking or parent undertaking and to any other subsidiary undertakings of its parent undertaking.

Returns under the Accounts and Statements Rules

Statement of information on the Actuary appointed to perform the With-Profits Actuary function required by rule 9.36

Phoenix Life Limited

Global business

Financial year ended 31 December 2015

Throughout the year, the actuary who was appointed to perform the with-profits actuary function for the Britannic Industrial Branch Fund and the Britannic With-Profits Fund was Mr K J Arnott.

- 1 (a) During the year Mr Arnott held up to 1,131 shares in Phoenix Group Holdings (“PGH”), the ultimate holding company, under the Company’s Share Incentive Plan. He also held options to subscribe for up to 62,522 shares in PGH granted under the Company’s Deferred Bonus Scheme and Long Term Incentive Plan.
 - (b) Mr Arnott had no other pecuniary interest with the insurer during the period.
 - (c) The aggregate of the remuneration and value of other benefits receivable by Mr Arnott from the insurer in respect of 2015 was £487,251 including the proceeds from the vesting of options to subscribe for shares in PGH granted under the Company’s Long Term Incentive Plan.
 - (d) Mr Arnott was a member of the PGL Pension Scheme throughout the year, and was entitled to the standard benefits under the rules of the scheme.
- 2 The insurer has made a request of Mr Arnott to furnish to it the particulars specified in rule 9.36(1) of IPRU(INS). The above particulars were obtained from the insurer’s Human Resources records with the permission of Mr Arnott.

Note 1

Under rule 9.36(4) of IPRU(INS), reference to the insurer includes reference to any body corporate which is the insurer’s subsidiary undertaking or parent undertaking and to any other subsidiary undertakings of its parent undertaking.

Returns under the Accounts and Statements Rules

Certificate required by rule 9.34(1)

Phoenix Life Limited

Global business

Financial year ended 31 December 2015

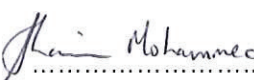
We certify that:


- (1)(a) the return has been properly prepared in accordance with the requirements in IPRU(INS), GENPRU and INSPRU as modified by the waivers in supplementary note 0201; and
- (b) we are satisfied that:
- (i) throughout the financial year in question, the insurer has complied in all material respects with the requirements of the Fundamental Rules, SYSC and as well as the provisions of IPRU(INS), GENPRU, and INSPRU.

The certificate required by IPRU(INS) Appendix 9.6 paragraph 1(1)(b)(ii) in respect of compliance since the end of the financial year in question with the requirements in SYSC, Fundamental Rules and the provisions of IPRU(INS), GENPRU and INSPRU and ongoing compliance has not been provided. This is because these requirements have been replaced as from 1 January 2016, the commencement date of Solvency II, so the firm is subject to a new regulatory regime.

- (2)(a) in our opinion, premiums for contracts of long-term insurance business entered into during the financial year and the resulting income earned are sufficient, under reasonable actuarial methods and assumptions, and taking into account the other financial resources of the insurer that are available for the purpose, to enable the insurer to meet its obligations in respect of those contracts and, in particular to establish adequate mathematical reserves;
- (b) the sum of the mathematical reserves and the deposits received from reinsurers as shown in Form 14 constitute proper provision at the end of the financial year for the long-term insurance business liabilities (including all liabilities arising from deposit back arrangements but excluding other liabilities which had fallen due before the end of the financial year) including any increase in those liabilities arising from a distribution of surplus as a result of an actuarial investigation as at that date into the financial condition of the long-term insurance business;
- (c) the with profits funds have been managed in accordance with the Principles and Practices of Financial Management, as established, maintained and recorded under COBS 20.3; and
- (d) the directors, have in preparing the return, taken and paid due regard to:
- (i) advice from every actuary appointed by the insurer to perform the actuarial function in accordance with SUP 4.3.13R; and
- (ii) advice from every actuary appointed by the insurer to perform the with-profits actuary function in accordance with SUP 4.3.16AR.


.....
A Moss
Chief Executive


.....
S Mohammed
Director


.....
S C True
Director

Date: 16 March 2016

PRA RETURN REPORT

Independent auditor's report to the directors pursuant to rule 9.35 of the Interim Prudential Sourcebook for Insurers

Phoenix Life Limited

Global business

Financial year ended 31 December 2015

We have audited the following documents prepared by the insurer pursuant to the Accounts and Statements Rules set out in Part I and Part IV of Chapter 9 to IPRU(INS) the Interim Prudential Sourcebook for Insurers, GENPRU the General Prudential Sourcebook and INSPRU the Prudential Sourcebook for Insurers ("the Rules") made by the Prudential Regulation Authority under section 137G of the Financial Services and Markets Act 2000:

- Forms 2, 3, 11 to 19, 40 to 45, 48, 49, 56, 58 and 60 (including the supplementary notes) ("the Forms");
- the statement required by IPRU(INS) rule 9.29 ("the statement"); and
- the valuation reports required by IPRU(INS) rule 9.31 ("the valuation reports").

We are not required to audit and do not express an opinion on:

- Forms 46, 47, 50 to 55, 57, 59A and 59B (including the supplementary notes);
- the statements required by IPRU(INS) rules 9.30 and 9.36; and
- the certificate required by IPRU(INS) rule 9.34(1).

This report is made solely to the insurer's directors, in accordance with IPRU(INS) rule 9.35. Our audit work has been undertaken so that we might state to the insurer's directors those matters we are required by the Rules 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 insurer for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the insurer and its auditor

The insurer is responsible for the preparation of an annual return (including the Forms, the statement and the valuation reports) under the provisions of the Rules. The requirements of the Rules have been modified by the direction on 4 February 2014 made by the Prudential Regulation Authority under section 138A of the Financial Services and Markets Act 2000 and referred to in supplementary note 0201. Under IPRU(INS) rule 9.11 the Forms, the statement and the valuation reports are required to be prepared in the manner specified by the Rules and to state fairly the information provided on the basis required by the Rules. The methods and assumptions determined by the insurer and used to perform the actuarial investigation as set out in the valuation reports are required to reflect appropriately the requirements of INSPRU 1.2 and 1.3.

It is our responsibility to form an independent opinion as to whether the Forms, the statement and the valuation reports meet these requirements, and to report our opinion to you. We also 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 Forms, the statement and the valuation reports are not in agreement with the accounting records and returns; or
- we have not received all the information we require for our audit.

Basis of opinion

We conducted our work in accordance with Practice Note 20 'The audit of insurers in the United Kingdom (revised)' issued by the Auditing Practices Board. Our work included examination, on a test basis, of evidence relevant to the amounts and disclosures in the Forms, the statement and the valuation reports. The evidence included that previously obtained by us relating to the audit of the financial statements of the insurer for the financial year on which we reported on 17 March 2016. It also included an assessment of the significant estimates and judgments made by the insurer in the preparation of the Forms, the statement and the valuation reports.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Forms, the statement and the valuation reports are free from material misstatement, whether caused by fraud or other irregularity or error, and comply with IPRU(INS) rule 9.11.

In accordance with IPRU(INS) rule 9.35(1A), to the extent that any document, Form, statement, analysis or report to be examined under IPRU(INS) rule 9.35(1) contains amounts or information abstracted from the actuarial investigation performed pursuant to IPRU(INS) rule 9.4, we have obtained and paid due regard to advice from a suitably qualified actuary who is independent of the insurer.

Opinion

In our opinion:

- a) the Forms, the statement and the valuation reports fairly state the information provided on the basis required by the Rules as modified and have been properly prepared in accordance with the provisions of those Rules; and
- b) the methods and assumptions determined by the insurer and used to perform the actuarial investigation as set out in the valuation reports appropriately reflect the requirements of INSPRU 1.2 and 1.3.



Ernst & Young LLP

Statutory Auditor

London

17 March 2016