Phoenix

Solvency and Financial Condition Report 2021

Phoenix Group Holdings plc
For the year ended 31 December 2021

Contents

Summary

Introduction and background

Phoenix Group is the UK's largest long-term savings and retirement business with circa 13 million customers and circa £310 billion of assets under administration across both the Heritage and Open businesses. We are a constituent of the FTSE 100 with circa 8,000 colleagues and offer a broad range of pensions and savings products to support people across all stages of the savings life cycle.

As the country navigates a shifting pensions landscape, we will continue to support people in their journey to and through retirement by providing solutions to their long-term savings and retirement needs.

This means providing the right guidance and products, at the right time, to support the right decisions. As a market leader, we believe we have a core social purpose, to help as many people as possible secure a life of possibilities. This means taking responsible and sustainable investment decisions, but also using our presence and voice to create a national conversation and advocate on behalf of the UK's savers.

For management purposes, the Group is organised into business units based on their products and services. For reporting purposes, business units are aggregated where they share similar economic characteristics including the nature of products and services, types of customers and the nature of the regulatory environment. The Group has two key divisions comprising Heritage and Open.

The Heritage business, where we are the market-leader, is focussed on the safe and efficient management of Heritage in-force life and pensions policies to deliver better customer outcomes. It comprises products that are no longer actively marketed to new customers and where we have stepped in as the custodian of these policies. We have built this business through M&A activity that resulted in the consolidation of over 100 legacy insurance brands.

The Open business comprises products that are actively marketed to new and existing customers and consists of five separate business units. The Workplace and Customer Savings & Investments ('CS&I') units operate under the Standard Life brand and manufacture products that provide customers with solutions to their long-term savings and retirement needs.

The Retirement Solutions unit within the Open division includes both vesting annuities and the Bulk Purchase Annuity ('BPA') business, where Phoenix acquires annuities and delivers the financial stability required to secure pensions currently provided by corporates. The Open division also comprises our market leading SunLife business, which sells a range of financial products specifically for the over 50s market, and the European business unit which spans Ireland and Germany, and operates under the Standard Life brand.

Unless otherwise specified, references to 'Phoenix', 'Phoenix Group' or 'PGH Group' mean Phoenix Group Holdings plc ('PGH') and all its subsidiary undertakings. A simplified Group structure chart is presented in section A.1.2.1.

As at 31 December 2021, the insurance subsidiaries (also referred to as 'the Life Companies') of the Group comprise the Phoenix Life insurance subsidiaries, being:

- Phoenix Life Limited ('PLL'); and
- Phoenix Life Assurance Limited ('PLAL');

and the Standard Life insurance subsidiaries:

- Standard Life Assurance Limited ('SLAL');
- Standard Life Pension Funds Limited ('SLPF'); and
- Standard Life International Designated Activity Company ('SLIDAC').

and the ReAssure insurance subsidiaries:

- ReAssure Limited ('RAL'); and
- ReAssure Life Limited ('RLL').

In addition, the Group includes PA(GI) Limited ('PA(GI)'), an entity that wrote general insurance business in the past.

The Group has been granted approval under a waiver from the PRA to prepare a single Group-wide Solvency and Financial Condition Report ('SFCR') (hereafter referred to as 'the Group SFCR') that contains the required information for the overall Group, PLL, PLAL, RAL, RLL, SLAL, SLPF and PA(GI). This waiver does not extend to SLIDAC and the entity continues to produce a solo SFCR.

The Group SFCR has been prepared in accordance with the PRA Rules and Solvency II regulations, hereafter referred to as 'the regulations'.

This report, including the accompanying QRTs included in Appendices 1-8, provides the detailed information required by the regulations in respect of business and performance, system of governance, risk profile, valuation for solvency purposes and capital management.

Summary
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Business and performance

2021 was another successful year for the Group, with Phoenix continuing its track record of meeting or exceeding its publicly stated financial targets.

The underwriting performance of the Group is measured using operating profit, a non-GAAP measure that reflects the underlying performance of the business as it excludes the impact of short-term economic volatility and other one-off items.

The Group generated an operating profit of £1,230 million in the year (2020: £1,199 million). The increase compared to the prior year is primarily driven by the contribution of the ReAssure businesses for a full 12 months, and increased new business profits from Bulk Purchase Annuity ('BPA') transactions with a combined premium of £5.6 billion, more than double the premiums of 2020. These favourable impacts were partially offset by the strengthening of expense assumptions to reflect investment into our growth ambitions, together with a year on year reduction in longevity benefits due to an element of positive one-off updates to longevity assumptions in ReAssure in the prior year.

The IFRS profit/loss after tax attributable to owners is a measure of total performance. In 2021, the Group generated an IFRS loss after tax attributable to owners of £709 million (2020: profit after tax of £834 million). This reflects the operating profit described above, offset by adverse investment return variances and economic assumption changes, the amortisation and impairment of intangible assets, financing costs and other non-operating items. The net adverse investment return variances and economic assumption changes have primarily arisen as a result of rising yields, increasing inflation and rising global equity markets. Movements in yields, inflation and equity markets are hedged to protect the Group's Solvency II surplus from volatility. The impact of market movements on the value of the related hedging instruments is reflected in the IFRS results, but the corresponding change in the value of future profits is not. Such future profits are actively valued under Solvency II requirements but are either not recognised on an IFRS basis or are not revalued unless there is evidence of impairment (e.g. acquired value of in-force intangible assets). This leads to volatility in the Group's IFRS results.

Section A includes further detail of the performance of the Group and its insurance subsidiaries described using results as presented in the IFRS financial statements. In addition, the Group utilises a range of other performance metrics that are reported along with further commentary on results in the Business Review section of the PGH Annual Report and Accounts for the year ended 31 December 2021.

Significant business and other events during 2021 that impacted the risk profile of the Group and its insurance subsidiaries included:

- the receipt of regulatory approval for the harmonised Internal Model, which enhances the Group's risk management capability that fundamentally underpins the security of our customers;
- entering into a new agreement with abrdn plc to simplify the arrangements of the existing Strategic Partnership, which included taking ownership of the Standard Life brand, enabling the Group to control its own distribution and marketing whilst focusing the Strategic Partnership on using abrdn plc's asset management services in support of Phoenix's growth strategy;
- the disposal of Ark Life Assurance Limited DAC, which accelerated the cash release from this business and allows for the capital to be reinvested into higher return growth opportunities;
- continued M&A integration progress, with completion of Phase 2 of the Standard Life integration comprising Finance and Actuarial and for ReAssure, the completion of Phase 1 group functions integrations and commencement of Phase 2;
- a record year for the acquisition of Bulk Purchase Annuity ('BPA') books, predominantly backed by a mixture of equity release mortgages, credit and government bonds;
- the updating of longevity assumptions to reflect portfolio experience and the latest views on future trends, resulting in an overall release of longevity risk reserves and capital, together with an increase to expense assumptions which principally reflects the impact of investment in the Group's growth agenda on the maintenance cost base.

System of governance

The PGH Board is responsible for the strategic direction of the Group and is accountable for compliance with Solvency II requirements. The insurance subsidiaries' Boards are responsible for managing the overall direction and performance of the life insurance companies. They are also ultimately accountable for compliance with the Solvency II requirements that relate to them.

The PGH plc and insurance subsidiaries' Boards are committed to high standards of corporate governance and are supported by the appropriate Board committees and Management committees. Further details of the Group's governance framework is included in section B.

Phoenix Group's Risk Management Framework ('RMF') embeds proactive and effective risk management across the Group. It seeks to ensure that all material risks are identified, assessed, controlled, monitored managed within approved risk appetites and reported through agreed governance routes in line with delegated authorities. The acquired ReAssure businesses adopted the Phoenix Group's RMF in July 2021 and work has continued over the second half of 2021 to embed RMF activity within ReAssure. Moving to a single risk framework has provided greater visibility of Risks and Controls across the Group to ensure that Risk continues to be managed effectively.

Risk appetite is used to define the amount of risk that the Group is willing to accept in the pursuit of enhancing customer and shareholder value and the attainment of strategic objectives. Risk appetite statements establish the risk boundaries within which the Group is prepared to operate, set the tolerance for delivery against objectives and are a key tool in balancing the interests of different stakeholders. The Group defines risk appetite in the areas of capital, liquidity, shareholder value, control, conduct and sustainability.

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Risk profile

On 14 September 2021, the PRA approved the Group's application for a harmonised Internal Model, which was effective from 30 September 2021. The harmonised Internal Model brings together two internal models and includes within its scope the legacy Phoenix and legacy Standard Life entities, excluding SLIDAC. The Group continues to determine its capital requirements on a Partial Internal Model ('PIM') basis, with the ReAssure entities and SLIDAC applying the Standard Formula. Capital requirements calculated under the harmonised Internal Model and Standard Formula are aggregated in determining Group capital requirements, with no further allowance for diversification.

The chart to the right shows the composition of the Group's undiversified Solvency Capital Requirement ('SCR') as at 31 December 2021. The largest component of the undiversified SCR is underwriting risk for the Group, which is the risk that the frequency or severity of insured events may be worse than expected and includes expense risk.

Risk profile

Detailed definitions of the risk categories are provided in section C with further details on the SCR set out in section E.2.1.

A summary of the undiversified SCR of the Group and the insurance subsidiaries is also presented below.

Risk profile of insurance subsidiaries and the Group	Section reference	PLL	PLAL	SLAL	SLPF	PA(GI)	PGH Group harmonised Internal Model	RAL	RLL	SLIDAC	PGH Group Standard Formula	PGH Group
Underwriting risk	C.1	33%	45%	45%	10%	–	42%	45%	–	36%	51%	45%
Market risk	C.2	18%	19%	17%	–	–	20%	25%	39%	34%	17%	19%
Credit risk	C.3	40%	28%	27%	90%	–	31%	26%	20%	15%	27%	30%
Liquidity risk	C.4	–	–	–	–	–	–	–	–	–	–	–
Operational risk	C.5	9%	8%	11%	–	100%	5%	4%	41%	15%	5%	5%
Other risks	C.6	–	–	–	–	–	2%	–	–	–	–	1%
Total		100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

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Valuation for solvency purposes

For the purposes of Solvency II reporting, the Group applies the Solvency II valuation rules to its assets, technical provisions and other liabilities. The principle that underlies the valuation methodology for Solvency II purposes is to recognise assets and liabilities at an amount for which they could be exchanged, transferred or settled by knowledgeable and willing third parties in an arm's length transaction.

Technical provisions are held in respect of liabilities to policyholders and are calculated as the sum of best estimate liabilities ('BEL') plus a risk margin and reduced by transitional measures on technical provisions ('TMTP'), where relevant. The BEL represents our best estimate of future cash flows on the in-force business, taking into account the time value of money. The Group has taken advantage of TMTP, which allows for the recognition of a deduction from technical provisions calculated as the difference between their value under the current and previous solvency regimes. This transitional measure applies for 16 years from 1 January 2016, and the deduction will be fully amortised over that period.

The excess of assets over liabilities measured on a Solvency II basis for the Group and its insurance subsidiaries is set out in the table below:

31 December 2021	PLL £m	PLAL £m	SLAL £m	RAL £m	RLL £m	SLPF £m	PA(GI) £m	SLIDAC £m	Other Group entities £m	Consolidation and other adjustments £m	PGH Group £m
Excess of assets over liabilities	4,728	2,041	5,327	4,396	233	10	4	549	28,194	(30,980)	14,502

Section D provides further information on the description of the bases, methods and main assumptions used in the valuation of assets, technical provisions and other liabilities, including explanations of material differences between IFRS and Solvency II. There have been no changes in the valuation methods applied by the Group during the year.

Capital management

The Group and its insurance subsidiaries manage Solvency II Own Funds to ensure that sufficient capital resources are held in accordance with the Group's risk appetite and regulatory requirements. Further details of the solvency capital requirements are set out in section E.

At 31 December 2021, the capital position for PGH and its insurance subsidiaries is presented in the table below:

31 December 2021	Eligible Own Funds £m	SCR £m	Solvency II surplus £m	Ratio of Eligible Own Funds to SCR	Shareholder capital coverage ratio
PLL	4,309	(2,656)	1,653	162%	197%
PLAL	1,679	(1,076)	603	156%	194%
SLAL	4,171	(2,997)	1,174	139%	163%
RAL	3,889	(2,499)	1,390	156%	165%
RLL	233	(37)	196	636%	636%
SLPF	10	–	10	2,944%	2,944%
PA(GI)[4]	4	(3)	1	116%	116%
SLIDAC	595	(344)	251	173%	173%
Other Group entities[1]	32,327	(661)	31,666		
Consolidation and other adjustments[2]	(32,454)	811	(31,643)		
PGH Group 31 December 2021	14,763	(9,462)	5,301[3]	156%	180%
PGH Group 31 December 2020	16,832	(11,591)	5,241[3]	145%	164%

1 Other Group entities includes the Eligible Own Funds of the Group's holding companies and non-insurance subsidiaries and include the contribution of Group pension schemes and subordinated liabilities qualifying as capital for solvency purposes.
2 Group consolidation adjustments include the elimination of intercompany balances and participations.
3 The regulatory capital position as at 31 December 2021 incorporated a mandatory recalculation of TMTP as at that date. Assuming a dynamic recalculation of TMTP as at 31 December 2020, the Group's Solvency II surplus would have been £113 million higher.
4 The capital requirements and solvency ratios for PA(GI) are based on the MCR, as this is greater than the SCR.

The PGH Group and its insurance subsidiaries held Own Funds in excess of both the SCR and MCR throughout the reporting period and therefore fully complied with the capital requirements.

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Capital management continued

As at 31 December 2021, the Group's Solvency II surplus over the Group SCR was £5,301 million (2020: £5,241 million), with a ratio of Eligible Own Funds to SCR of 156% (2020: 145%). The surplus has remained broadly stable year on year. The emergence of surplus from policy run-off together with a significant over-delivery of management actions, including the benefit associated with the implementation of the harmonised Internal Model, provided the Group with the capacity to pay operating costs, dividends and interest, with surplus then available for reinvestment into growth, and headroom to absorb several non-recurring impacts.

The movement in the Group's Solvency II surplus is described in further detail in section E1.3.5.

Quality of Own Funds

Eligible Own Funds represent the available capital to support the SCR. 67% (2020: 69%) of the Group's Eligible Own Funds are classified as unrestricted Tier 1 capital and are principally comprised of ordinary share capital and share premium, surplus funds and the reconciliation reserve. This includes allowance for TMTP, which is included in the calculation of Own Funds as Tier 1 capital. The TMTP allows firms to apply a transitional deduction to their technical provisions. Transitional measures are aimed at providing a smooth transition between the technical provisions under the previous Solvency I regulatory regime and the technical provisions under the Solvency II regulatory regime.

Further details regarding the Group and each insurance subsidiaries' capital positions are set out in section E.1.

SCR by risk category

The SCR is the amount of capital an insurer is required to hold under the regulations. Further details are set out in section E.2.

Shareholder capital coverage ratio

In the calculation of the Solvency II surplus, the SCR of unsupported with-profit funds and the Group's pension schemes is included, but the related Eligible Own Funds are recognised only to a maximum of their respective SCR amounts. Surpluses that arise in unsupported with-profit funds and the pension schemes are therefore not recognised in the Solvency II surplus, as there is uncertainty as to the extent (if any) to which such surpluses will accrue to shareholders. However, such surpluses are available to absorb economic shocks, thereby increasing resilience to economic stresses.

The Group focuses on the metric of shareholder capital coverage ratio, as a more appropriate measure of the extent to which shareholders' Eligible Own Funds cover the associated risk capital. It is defined as the ratio of Eligible Own Funds to SCR, after adjustment to exclude Own Funds and SCR amounts relating to unsupported with-profit funds and unsupported Group Pension Schemes.

As at 31 December 2021, the shareholder capital coverage ratio for the Group is 180% (2020: 164%).

Events after the reporting period

The Group is continuing to monitor developments regarding the conflict between Russia and Ukraine. As at 31 December 2021, the Group had £23 million of shareholder exposure to Russia and Ukraine, which represents less than 0.1% of total shareholder assets. The exposure relating to assets held to back policyholder liabilities at 31 December 2021 is not considered to be material and the associated indirect shareholder exposure is minimal.

Directors' responsibility statement

Phoenix Group Holdings plc
Approval by the Board of Directors of the Solvency and Financial Condition Report.

Financial year ended 31 December 2021.

We acknowledge our responsibility for preparing the Solvency and Financial Condition Report in all material respects in accordance with the PRA Rules and the Solvency II regulations.

We are satisfied that:

a) throughout the financial year to 31 December 2021, the Group has complied in all material respects with the requirements of the PRA Rules and Solvency II regulations as applicable to the Group; and

b) it is reasonable to believe that in respect of the period from 31 December 2021 to the date of the publication of the Group Solvency and Financial Condition Report (which excludes the acquired Standard Life International Designated Activity Company subsidiary), the Group has continued so to comply and will continue so to comply in the future.

Andy Briggs
Group Chief Executive Officer

Rakesh Thakrar
Group Chief Financial Officer

For and on behalf of the Group Board of Directors
Date: 7 April 2022

Phoenix Life Limited ('PLL'), Phoenix Life Assurance Limited ('PLAL'), ReAssure Limited ('RAL'), ReAssure Life Limited ('RLL') and Standard Life Assurance Limited ('SLAL')
Approval by the Board of Directors of the Solvency and Financial Condition Report.

Financial year ended 31 December 2021.

We acknowledge our responsibility for preparing the Solvency and Financial Condition Report for PLL, PLAL, RAL, RLL and SLAL in all material respects in accordance with the PRA Rules and the Solvency II regulations.

We are satisfied that:

a) throughout the financial year to 31 December 2021, PLL, PLAL, RAL, RLL and SLAL have complied in all material respects with the requirements of the PRA Rules and Solvency II regulations as applicable to the Life Companies; and

b) it is reasonable to believe that in respect of the period from 31 December 2021 to the date of the publication of the Group Solvency and Financial Condition Report (which excludes the acquired Standard Life International Designated Activity Company subsidiary), PLL, PLAL, RAL, RLL and SLAL have continued so to comply and will continue so to comply in the future.

Andrew Moss
Chief Executive Officer and Group Director, Heritage Business

Brid Meaney
Finance Director

For and on behalf of the Board of Directors of the PLL, PLAL, RAL, RLL and SLAL
Date: 7 April 2022

Directors' responsibility statement continued

Standard Life Pension Funds Limited ('SLPF')

Approval by the Board of Directors of the Solvency and Financial Condition Report.

Financial year ended 31 December 2021.

We acknowledge our responsibility for preparing the Solvency and Financial Condition Report for SLPF in all material respects in accordance with the PRA Rules and the Solvency II regulations.

We are satisfied that:

a) throughout the financial year to 31 December 2021, SLPF have complied in all material respects with the requirements of the PRA Rules and Solvency II regulations as applicable to SLPF; and

b) it is reasonable to believe that in respect of the period from 31 December 2021 to the date of the publication of the Group Solvency and Financial Condition Report (which excludes the Standard Life International Designated Activity Company subsidiary), SLPF has continued so to comply and will continue so to comply in the future.

Brid Meaney
Director

Samuel Lever
Director

For and on behalf of the Board of Directors of SLPF
Date: 7 April 2022

PA(GI) Limited ('PA(GI)')

Approval by the Board of Directors of the Solvency and Financial Condition Report.

Financial year ended 31 December 2021.

We acknowledge our responsibility for preparing the Solvency and Financial Condition Report for PA(GI) in all material respects in accordance with the PRA Rules and the Solvency II regulations.

We are satisfied that:

a) throughout the financial year to 31 December 2021, PA(GI) has complied in all material respects with the requirements of the PRA Rules and Solvency II regulations as applicable to PA(GI); and

b) it is reasonable to believe that in respect of the period from 31 December 2021 to the date of the publication of the Group Solvency and Financial Condition Report (which excludes the Standard Life International Designated Activity Company subsidiary), PA(GI) has continued so to comply and will continue so to comply in the future.

Rakesh Thakrar
PA(GI) Director

Andrew Moss
PA(GI) Director

For and on behalf of the Board of Directors of PA(GI)
Date: 7 April 2022

Auditor's report

Report of the independent external auditor to the Directors of Phoenix Group Holdings plc ('the Group') pursuant to Rule 4.1(2) of the External Audit Part of the PRA Rulebook applicable to Solvency II firms

Report on the Audit of the relevant elements of the Group Solvency and Financial Condition Report

Opinion

Except as stated below, we have audited the following documents prepared by Phoenix Group Holdings plc ('the Group'), comprising of **Phoenix Group Holdings plc** and the authorised insurance entities **Phoenix Life Limited ('PLL'), Phoenix Life Assurance Limited ('PLAL'), Standard Life Assurance Limited ('SLAL'), Standard Life Pension Funds Limited ('SLPF'), PA(GI) Limited ('PA(GI)'), ReAssure Limited ('RAL') and ReAssure Life Limited ('RLL')** ('the Companies') as at 31 December 2021:

- The 'Valuation for solvency purposes' and 'Capital Management' sections of the Group Solvency and Financial Condition Report of the Group as at 31 December 2021, ('**the Narrative Disclosures subject to audit**'); and
- Group templates S.02.01.02, S.22.01.22, S.23.01.22, S.32.01.22 ('**the Group Templates subject to audit**'); and
- Company templates ('**the Company Templates subject to audit**') of:
  - PLL, PLAL and SLAL: S.02.01.02, S.12.01.02, S.22.01.21, S.23.01.01, S.28.01.01;
  - SLPF S.02.01.02, S.12.01.02, S.23.01.01, S.28.01.01
  - PAGI S.02.01.02, S.23.01.01, S.28.01.01
  - RAL S.02.01.02, S.12.01.02, S.22.01.21, S.23.01.01, S.25.01.21, S.28.01.01
  - RLL S.02.01.02, S.12.01.02, S.23.01.01, S.25.01.21, S.28.01.01.

The Narrative Disclosures subject to audit and the Group and Company Templates subject to audit are collectively referred to as the '**relevant elements of the Group Solvency and Financial Condition Report**'.

We are not required to audit, nor have we audited, and as a consequence do not express an opinion on the Other Information for Phoenix Group Holdings plc, PLL, PLAL, SLAL, SLPF and PA(GI) which comprises:

- Information contained within the relevant elements of the Group Solvency and Financial Condition Report set out about above which are, or derive from the Solvency Capital Requirement, as identified in the Appendix to this report;
- The 'Business and performance', 'System of governance' and 'Risk profile' elements of the Group Solvency and Financial Condition Report;
- Group templates S.05.01.02, S.25.02.22;
- Company templates of PLL, PLAL, SLAL, SLPF, PA(GI): S.05.01.02, S.25.03.21;
- Information calculated in accordance with the previous regime used in the calculation of the transitional measure on technical provisions, and as a consequence all information relating to the transitional measures on technical provisions as set out in the Appendix to this report;
- Information which pertains to an undertaking that is not a Solvency II undertaking and has been prepared in accordance with PRA rules other than those implementing the Solvency II Directive or in accordance with an EU instrument other than the Solvency II regulations. ('the sectoral information'); and
- the written acknowledgement by management of their responsibilities, including for the preparation of the Group Solvency and Financial Condition Report ('**the Responsibility Statement**').

We are not required to audit, nor have we audited, and as a consequence do not express an opinion on the Other Information for RAL and RLL which comprises:

- The 'Business and performance', 'System of governance' and 'Risk profile' elements of the Solvency and Financial Condition Report;
- Company template S.05.01.02;
- Information calculated in accordance with the previous regime used in the calculation of the transitional measure on technical provisions, and as a consequence all information relating to the transitional measures on technical provisions as set out in the Appendix to this report; and
- the written acknowledgement by management of their responsibilities, including for the preparation of the Solvency and Financial Condition Report ('**the Responsibility Statement**').

To the extent the information subject to audit in the relevant elements of the Group Solvency and Financial Condition Report includes amounts that are totals, sub-totals or calculations derived from the Other Information, we have relied without verification on the Other Information.

In our opinion, the information subject to audit in the relevant elements of the Group Solvency and Financial Condition Report of Phoenix Group Holdings plc as at 31 December 2021 is prepared, in all material respects, in accordance with the financial reporting provisions of the PRA Rules and Solvency II regulations on which they are based as modified by relevant supervisory modifications, and as supplemented by supervisory approvals and determinations.

Auditor's report
continued

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ('ISAs (UK)'), including 'ISA (UK) 800 *(Revised) Special Considerations – Audits of Financial Statements Prepared in Accordance with Special Purpose Frameworks*' and 'ISA (UK) 805 *(Revised) Special Considerations–Audits of Single Financial Statements and Specific Elements, Accounts or Items of a Financial Statement*', and applicable law. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the relevant elements of the Group Solvency and Financial Condition Report section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the Group Solvency and Financial Condition Report in the UK, including the FRC's Ethical Standard as applied to public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the relevant elements of the Group Solvency and Financial Condition Report, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the Group Solvency and Financial Condition Report is appropriate. Our evaluation of the Directors' assessment of the Group and Companies' ability to continue to adopt the going concern basis of accounting included:

- confirmed our understanding of management's going concern assessment process and obtained management's assessment which covers the period to 7 April 2023;
- with support from our actuarial team, challenged the key actuarial assumptions used in management's five-year Annual Operating Plan ('AOP') and determined that the models are appropriate to enable management to make an assessment on the going concern of the Group and Companies. We have observed that assumptions used in the five-year AOP form the basis for management's going concern projections;
- assessed the accuracy of management's analysis by testing the inputs and the clerical accuracy of the models used;
- evaluated the liquidity and solvency position of the Group and Companies by reviewing base case liquidity and solvency projections.
- challenged the key assumptions, such as expense assumptions underlying mandatory obligations of the Group and Companies, and property market forecasts up to 31 March 2023, used in management's stress scenarios based on our understanding of the Group and the available external data, respectively;
- evaluated management's forecast analysis to understand how severe the downside scenarios would have to be to result in the elimination of solvency headroom and concluded it to be remote;
- assessed management's considerations of operational risks, including those related to Outsourced Service Providers ('OSPs') and its impact on the going concern assessment;
- assessed the plausibility of available management actions to mitigate the impact of the key risks by comparing them to our understanding of the Group and Companies;
- checked that all mandatory debt and interest payments are forecast to be met under the base case and adverse stress scenarios and that, the Group and Companies are able to maintain target debt repayments throughout the going concern period; and
- performed enquiries of management and those charged with governance to identify risks or events that may impact the Group and Company's ability to continue as a going concern. We also reviewed management's assessment approved by the Board, minutes of meetings of the Board and its committees, and made enquiries as to the impact of COVID-19 and the ongoing conflict in Ukraine and related sanctions on Russia and/or Belarus on the business.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group or Companies' ability to continue as a going concern for a period of 12 months from when the relevant elements of the Group Solvency and Financial Condition Report are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group or Companies' ability to continue as a going concern.

Emphasis of Matter – Basis of Accounting & Restriction on Use

We draw attention to the 'Valuation for solvency purposes', 'Capital Management' and 'Basis of Preparation' sections of the Group Solvency and Financial Condition Report, which describe the basis of accounting. The Group Solvency and Financial Condition Report is prepared in compliance with the financial reporting provisions of the PRA Rules and Solvency II regulations, and therefore in accordance with a special purpose financial reporting framework. The Group Solvency and Financial Condition Report is required to be published, and intended users include but are not limited to the Prudential Regulation Authority. As a result, the Solvency and Financial Condition Report may not be suitable for another purpose.

This report is made solely to the Directors of the Company in accordance with Rule 2.1 of the External Audit Part of the PRA Rulebook for Solvency II firms. Our work has been undertaken so that we might report to the Directors those matters that we have agreed to state to them in this report and for no other purpose.

Our opinion is not modified in respect of these matters.

Other Information

The Directors are responsible for the Other Information contained within the Group Solvency and Financial Condition Report.

Our opinion on the relevant elements of the Group Solvency and Financial Condition Report does not cover the Other Information and we do not express an audit opinion or any form of assurance conclusion thereon.

Our responsibility is to read the Other Information and, in doing so, consider whether the Other Information is materially inconsistent with the relevant elements of the Group Solvency and Financial Condition Report, or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the relevant elements of the Group Solvency and Financial Condition Report themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this Other Information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors for the Group Solvency and Financial Condition Report
The Directors are responsible for the preparation of the Group Solvency and Financial Condition Report in accordance with the financial reporting provisions of the PRA rules and Solvency II regulations which have been modified by the modifications, and supplemented by the approvals and determinations made by the PRA under section 138A of the Financial Services and Markets Act 2000, the PRA Rules and the Solvency II Regulations 2015.

The Directors are also responsible for such internal control as they determine is necessary to enable the preparation of a Group Solvency and Financial Condition Report that is free from material misstatement, whether due to fraud or error.

In preparing the Group Solvency and Financial Condition Report, the Directors are responsible for assessing the Company's ability to continue in operation, disclosing as applicable, matters related to its ability to continue in operation and using the going concern basis of accounting unless the Directors either intend to cease to operate the Company, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the relevant elements of the Group Solvency and Financial Condition Report
It is our responsibility to form an independent opinion as to whether the relevant elements of the Group Solvency and Financial Condition Report are prepared, in all material respects, with the financial reporting provisions of the PRA Rules and Solvency II regulations on which they are based.

Our objectives are to obtain reasonable assurance about whether the relevant elements of the Group Solvency and Financial Condition Report are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decision making or the judgement of the users taken on the basis of the Group Solvency and Financial Condition Report.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud
Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the company and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Group and Companies and determined that the relevant laws and regulations related to elements of company law and tax legislation, and the financial reporting framework. Our considerations of other laws and regulations that may have a material effect on the Group Solvency and Financial Condition Report included permissions and supervisory requirements of the Prudential Regulation Authority ('PRA'), the Financial Conduct Authority ('FCA') and the UK Listing Authority ('UKLA').
- We understood how the Group and Companies are complying with those frameworks by making enquiries of management and those responsible for legal and compliance matters. We also reviewed correspondence between the Group and Companies and UK regulatory bodies; reviewed minutes of the Group and Companies' Board and Executive Committees; and gained an understanding of the Group and Companies approach to governance, demonstrated by the Board's approval of the Group and Companies' governance framework.
- We assessed the susceptibility of the Group Solvency and Financial Condition Report to material misstatement, including how fraud might occur by considering the controls that they have established to address risks identified by the entity, or that otherwise seek to prevent, deter or detect fraud. Our procedures over the Group and Companies' control environment included assessment of the consistency of operations and controls in place within the Group and Companies' and the OSPs as they continued to operate remotely for a significant proportion of 2021.
- The fraud risk was considered to be higher within the valuation of insurance contract liabilities. We considered management override risk to be higher in this area due to the significant judgments and estimates involved.

Our procedures included:

- Reviewing accounting estimates for evidence of management bias. Supported by our actuarial team and valuation specialists, we assessed if there were any indicators of management bias in the valuation of insurance contract liabilities.
- Testing the appropriateness of journal entries recorded in the general ledger, with a focus on manual journals and evaluating the business rationale for significant and/or unusual transactions.
- We designed our audit procedures to identify non-compliance with both direct and other laws and regulations including those at the components impacting the Group and Companies. Our procedures involved: making enquiries of those charged with governance and senior management for their awareness of any non-compliance of laws or regulations, enquiring about the policies that have been established to prevent non-compliance with laws and regulations by officers and employees, enquiring about the company's methods of enforcing and monitoring compliance with such policies, inspecting significant correspondence with the FCA and PRA.
- The Group and Companies operate in the insurance industry which is a highly regulated environment. As such the Senior Statutory Auditor considered the experience and expertise of appropriate competence and capabilities, which included the use of specialists where appropriate.

Auditor's report
continued

A further description of our responsibilities for the audit of the Group Solvency and Financial Condition Report is located on the Financial Reporting Council's website at: https://www.frc.org.uk/auditorsresponsibilities.This description forms part of our Auditor's Report on the Group Solvency and Financial Condition Report.

Other Matter

The Group has authority to calculate its Group Solvency Capital Requirement using a Partial Internal Model and PLL, PLAL, SLAL, SLPF and PA(GI) have the authority to calculate their Solvency Capital Requirements using an internal model ('the Model') approved by the Prudential Regulation Authority in accordance with the Solvency II Regulations. In forming our opinion and in accordance with PRA Rules, we are not required to audit the inputs to, design of, operating effectiveness of and outputs from the Model, or whether the Model is being applied in accordance with the Group's application or approval order.

Report on Other Legal and Regulatory Requirements.

Sectoral Information

In our opinion, in accordance with Rule 4.2 of the External Audit Part of the PRA Rulebook, the sectoral information has been properly compiled in accordance with the PRA rules and EU instruments relating to that undertaking from information provided by members of the group and the relevant insurance group undertaking.

Other Information

In accordance with Rule 4.1(3) of the External Audit Part of the PRA Rulebook for Solvency II firms we are also required to consider whether the Other Information is materially inconsistent with our knowledge obtained in the audit of Phoenix Group Holdings plc, PLL, SLAL, SLPF, PAGI, RLL and RAL statutory financial statements. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Ernst & Young LLP

Ernst & Young LLP
London

7 April 2022

Appendix – relevant elements of the Group Solvency and Financial Condition Report that are not subject to audit

Phoenix Group Holdings plc

The relevant elements of the Group Solvency and Financial Condition Report that are not subject to audit comprise:

- The following elements of Group template S.02.01.02:
  - Row R0640: Technical provisions – health (similar to life) – risk margin
  - Row R0680: Technical provisions – life (excluding health and index-linked and unit-linked) – risk margin
  - Row R0720: Technical provisions – Index-linked and unit-linked – risk margin

- The following elements of Group template S.22.01.22
  - Column C0030 – Impact of transitional on technical provisions
  - Row R0010 – Technical provisions
  - Row R0090 – Solvency Capital Requirement

- The following elements of Group template S.23.01.22
  - Row R0020: Non-available called but not paid in ordinary share capital at group level
  - Row R0080: Non-available surplus at group level
  - Row R0100: Non-available preference shares at group level
  - Row R0120: Non-available share premium account related to preference shares at group level
  - Row R0150: Non-available subordinated liabilities at group level
  - Row R0170: The amount equal to the value of net deferred tax assets not available at the group level
  - Row R0190: Non-available own funds related to other own funds items approved by supervisory authority
  - Row R0210: Non-available minority interests at group level
  - Row R0380: Non-available ancillary own funds at group level
  - Rows R0410 to R0440 – Own funds of other financial sectors
  - Row R0680: Group SCR
  - Row R0740: Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds
  - Row R0750: Other non available own funds

- Elements of the Narrative Disclosures subject to audit identified as 'unaudited'.

Auditor's report
continued

Phoenix Life Limited, Phoenix Life Assurance Limited and Standard Life Assurance Limited

The relevant elements of the Group Solvency and Financial Condition Report that are not subject to audit comprise:

- The following elements of template S.02.01.02:
  - Row R0640: Technical provisions – health (similar to life) – risk margin
  - Row R0680: Technical provisions – life (excluding health and index-linked and unit-linked) – risk margin
  - Row R0720: Technical provisions – Index-linked and unit-linked – risk margin

- The following elements of template S.12.01.02
  - Row R0100: Technical provisions calculated as a sum of BE and RM – Risk margin
  - Rows R0110 to R0130 – Amount of transitional measure on technical provisions

- The following elements of template S.22.01.21
  - Column C0030 – Impact of transitional measure on technical provisions
  - Row R0010 – Technical provisions
  - Row R0090 – Solvency Capital Requirement

- The following elements of template S.23.01.01
  - Row R0580: SCR
  - Row R0740: Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds

- The following elements of template S.28.01.01 / S.28.02.01
  - Row R0310: SCR

- Elements of the Narrative Disclosures subject to audit identified as 'unaudited'.

Standard Life Pension Funds Limited

The relevant elements of the Group Solvency and Financial Condition Report that are not subject to audit comprise:

- The following elements of template S.02.01.02:
  - Row R0640: Technical provisions – health (similar to life) – risk margin
  - Row R0680: Technical provisions – life (excluding health and index-linked and unit-linked) – risk margin
  - Row R0720: Technical provisions – Index-linked and unit-linked – risk margin

- The following elements of template S.12.01.02
  - Row R0100: Technical provisions calculated as a sum of BE and RM – Risk margin
  - Rows R0110 to R0130 – Amount of transitional measure on technical provisions

- The following elements of template S.23.01.01
  - Row R0580: SCR
  - Row R0740: Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds

- The following elements of template S.28.01.01 / S.28.02.01
  - Row R0310: SCR

- Elements of the Narrative Disclosures subject to audit identified as 'unaudited'.

PA(GI) Limited

The relevant elements of the Group Solvency and Financial Condition Report that are not subject to audit comprise:

- The following elements of template S.23.01.01
  - Row R0580: SCR

- The following elements of template S.28.01.01
  - Row R0310: SCR

- Elements of the Narrative Disclosures subject to audit identified as 'unaudited'.

ReAssure Limited

The relevant elements of the Group Solvency and Financial Condition Report that are not subject to audit comprise:

- The following elements of template S.12.01.02
  - Rows R0110 to R0130 – Amount of transitional measure on technical provisions

- The following elements of template S.22.01.21
  - Column C0030 – Impact of transitional measure on technical provisions

- Elements of the Narrative Disclosures subject to audit identified as 'unaudited'.

ReAssure Life Limited

The relevant elements of the Group Solvency and Financial Condition Report that are not subject to audit comprise:

- The following elements of template S.12.01.02
  - Rows R0110 to R0130 – Amount of transitional measure on technical provisions

- Elements of the Narrative Disclosures subject to audit identified as 'unaudited'.

Basis of preparation

Overview

The disclosures in the Group SFCR and the QRTs have been prepared in accordance with all applicable PRA Rules and Solvency II regulations, hereafter referred to as 'the regulations'.

Some sections of the SFCR (including parts of sections A and D) require information based on the recognition and measurement principles applicable under the relevant Generally Accepted Accounting Principles ('GAAP') as presented in the financial statements. The Phoenix Group consolidated financial statements and the financial statements of the insurance subsidiaries are prepared in accordance with UK-adopted International Accounting Standards and in conformity with the requirements of the Companies Act 2006.

Scope

The Group SFCR contains information relating to the overall Group and its UK insurance subsidiaries, PLL, PLAL, SLAL, SLPF, RAL, RLL and PA(GI). A solo SFCR has been prepared separately for SLIDAC, the Group's Irish insurance subsidiary.

Presentation

The Group SFCR is presented in pound sterling (£) rounded to the nearest million, which is consistent with the presentation in the IFRS consolidated financial statements of PGH. The QRTs included within the Appendices are presented in pound sterling (£) rounded to the nearest thousand. As a consequence, rounding differences of one unit can arise between the main document and the Appendices.

Comparatives are only included in sections A and E, as required by the regulations.

The Group SFCR excludes disclosures required by the regulations which are not applicable to the PGH Group and its insurance subsidiaries, which include, but are not limited to:

- information on non-life business as the Group only has life business;
- information on Solvency II Insurance Special Purpose Vehicles ('SPVs');
- information on the transitional measures on risk-free interest rates as none of the insurance subsidiaries in the Group have applied these measures; and
- Standard Formula and full Internal Model QRTs and related disclosures as the PGH Group continues to use a Partial Internal Model.

Section A

Business and performance

In this section

Business and performance

A.1 Business

A.1.1 Group details

PGH has a Premium Listing on the London Stock Exchange and as at year end 31 December 2021 was a constituent of the FTSE 100 Index. It is incorporated, registered and domiciled in the UK.

The insurance subsidiaries are private companies limited by shares incorporated, registered and domiciled in the UK, with the exception of SLIDAC which is registered and domiciled in Ireland.

The UK domiciled entities are regulated by the Prudential Regulation Authority ('PRA') and the Financial Conduct Authority ('FCA'). Some of PGH's non-insurance subsidiaries are also regulated by the FCA.

Contact details for the PRA and FCA are provided below:

Bank of England
Prudential Regulation Authority
20 Moorgate
London
EC2R 6DA

Financial Conduct Authority
12 Endeavour Square
London
E20 1JN

The Group and its UK insurance subsidiaries are audited by Ernst & Young LLP ('EY'), with the exception of PLAL, the statutory audit of which is now carried out by PKF Littlejohn LLP. For the purposes of the SFCR, PLAL continues to be in scope of the EY audit. The contact details of the external statutory auditors are provided below:

Ernst & Young LLP
25 Churchill Place
Canary Wharf
London
E14 5EY

PKF Littlejohn LLP
15 Westferry Circus
Canary Wharf
London
E14 4HD

A.1.2 Legal and organisational structure of the Group

A.1.2.1 Legal structure of the Group

As at 31 December 2021, MS&AD Insurance Group Holdings Inc. and abrdn plc (formerly Standard Life Aberdeen plc) are the only shareholders of PGH which held a direct qualifying holding representing 10% or more of the capital or voting rights.

The following notifications as at 31 December 2021 have been disclosed under the FCA's Disclosure Guidance and Transparency Rules in respect of notifiable interests exceeding 3% of the voting rights of the issued share capital.

As at 31 December 2021	% of total voting rights
Aggregate of abrdn plc and affiliated investment management entities	15.02%
MS&AD Insurance Group Holdings, Inc.	14.50%
Swiss Re Finance Midco (Jersey) Limited	6.62%
BlackRock Inc.	6.57%

On 12 January 2022, Swiss Re Finance Midco (Jersey) Limited, part of the Swiss Re group, disposed of its entire shareholding in PGH and on 28 January 2022, abrdn plc disposed of approximately 4% of its strategic shareholding.

A simplified Group structure chart showing the Group's material undertakings as at 31 December 2021 is provided on the next page. All shareholdings are 100% owned by their parent undertakings. A complete listing of the Group's related undertakings is provided in template S.32.01.22 in Appendix 1.9. All entities shown on the structure chart have been incorporated in the UK unless indicated otherwise.

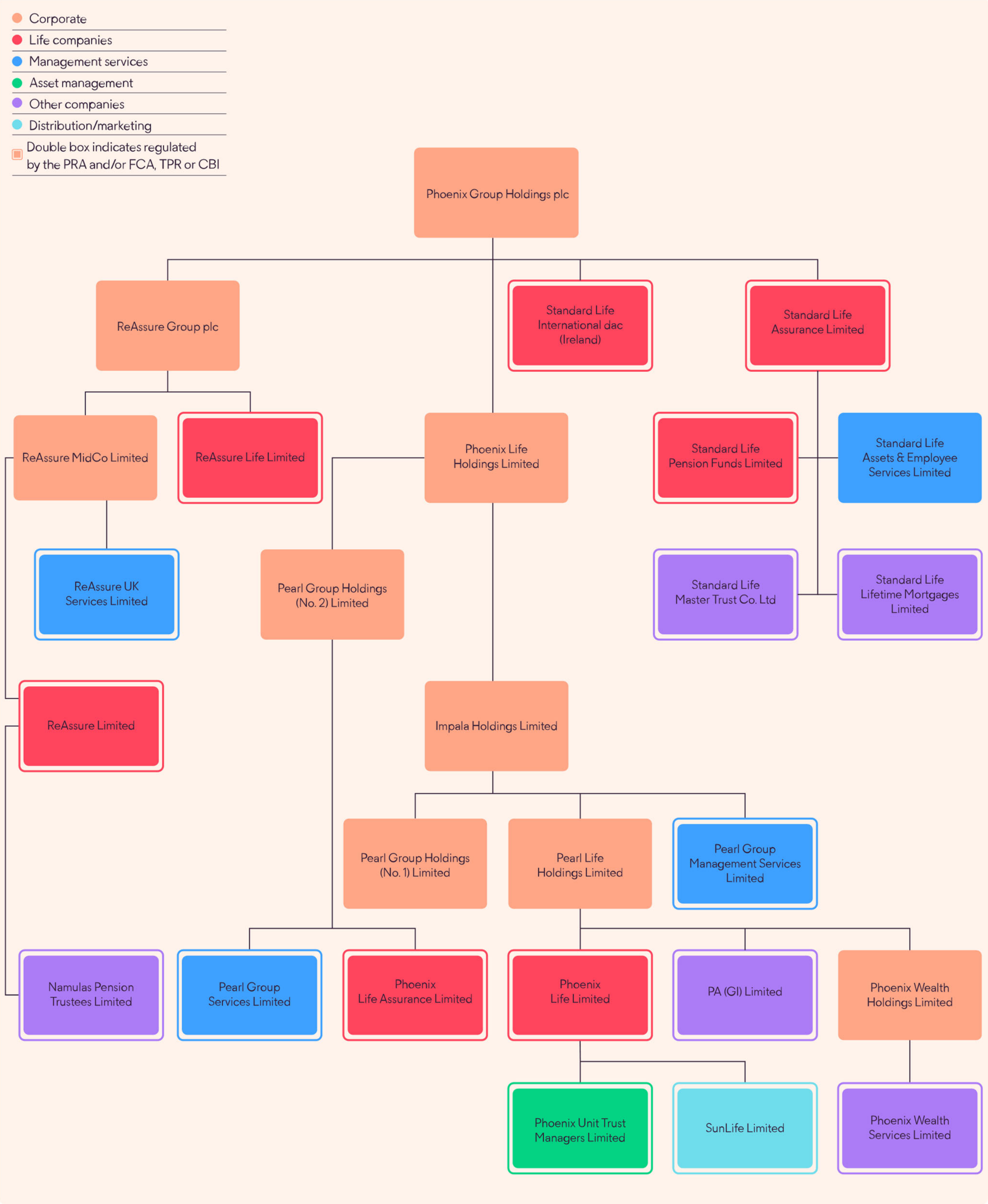
The entities within the scope of the Group for Solvency II purposes is consistent with the preparation of the Group's IFRS financial statements. However there are differences in the consolidation approach which are described on page 83.

Section A – Business and performance

A.1 Business continued

A.1.2 Legal and organisational structure of the Group continued

A.1.2.1 Legal structure of the Group continued



Section A – Business and performance

A.1 Business continued

A.1.2 Legal and organisational structure of the Group continued

A.1.2.2 Governance and organisation

A clear organisational structure, with documented delegated authorities and responsibilities from the PGH Board and onwards to the Life Companies' Boards is in place.

The PGH Board is responsible for managing the overall direction and performance of the PGH Group, including the performance of the subsidiary companies. It is also ultimately accountable for compliance with the Solvency II regulations. Certain matters must be referred to the PGH board in accordance with the PGH Board's 'Matters Reserved'.

The responsibility for managing the subsidiary companies rests with the respective companies' Board, subject to the restrictions which are set by the PGH Board, as established within the 'Matters Reserved'.

Further information on the governance structure is provided in section B.

A.1.3 Material lines of business

The Group operates four material lines of insurance business ('LoB') based on the characteristics of the underlying products administered and a description of these products are outlined below.

A.1.3.1 Insurance with-profit participation

The insurance with-profit participation LoB comprises conventional with-profit products and unitised with-profit products.

A with-profit or participating policy is one where the policyholder participates in the profits of the fund. The insurer aims to distribute part of its profit to the with-profit policyholders in the form of bonuses. The value of such distributions is based on, among other things, the performance of the underlying pool of assets. Policy pay-outs are generally subject to a minimum guarantee and are 'smoothed' to lessen the impact of changes in the underlying value of the assets in the short-term. With-profit products are primarily either endowments or deferred annuities. Endowments may be single or regular premium policies with minimum guaranteed sums on death or maturity, while deferred annuities are accumulation vehicles for pensions with beneficial tax treatment at retirement age.

All with-profit policies are entitled to potential incremental bonuses throughout the life of the policy as well as a terminal, or final, bonus. The terminal bonus represents the policyholder's final share of the assets of the fund. Any available surplus held in a with-profit fund may only be used to meet the requirements of the fund itself or be distributed in line with defined proportions or mechanisms to the fund's policyholders and the Life Companies' shareholders. For example, the traditional with-profit fund with a 90:10 policyholder/shareholder split, entitles policyholders to a 90% share and its shareholders to a 10% share of the profits in any bonus declared. For certain of the Group's funds, the shareholders are not entitled to any share of such bonuses.

In certain 'supported' with-profit funds, the shareholders provide capital support to the fund. The capital is exposed to all economic movements until the estate is rebuilt to cover the required capital, at which point the fund becomes 'unsupported'.

These products sit within the Group's Heritage division as they are no longer actively marketed to new customers.

A.1.3.2 Index-linked and unit-linked insurance

The value of unit-linked products is linked directly to the performance of the underlying assets. The policyholder typically bears all of the investment risk with unit-linked products. The benefits attributable to the policyholder are determined by reference to the investment performance of a specified pool of assets. The policyholder elects which units to purchase within a diversified open-ended fund. Unit-linked funds include personal and group pension plans and feature regular and single premium savings. They operate on a similar basis to mutual funds, with a fee often charged based on the value of the funds.

Customers do not legally own the underlying assets or the units themselves; they own a contract (the policy) with a right to a benefit. The value of that benefit is determined by reference to the price of their chosen fund.

The Group's unit-linked business comprises contracts with and without options and guarantees.

These products sit within both the Group's Heritage and Open divisions. The unit-linked products that are actively marketed to new and existing customers include the Group's Workplace pension and certain individual savings and investment products managed under the Standard Life brand.

A.1.3.3 Health insurance

The Group's health insurance business comprises individual and group income protection products, income protection riders, standalone critical illness products and includes contracts with and without options and guarantees. These products sit within the Group's Heritage division.

A.1.3.4 Other life insurance

This LoB includes all remaining underwritten business and comprises of conventional non-profit products, protection policies such as life and disability policies which pay out a lump sum on death or disability, group life, immediate annuities and deferred annuities.

The majority of the business included in this LoB is annuity business. Annuities generally provide a fixed specified income stream over the life of the policyholder. Annuities are mainly written within non-profit funds. For these annuities, the Life Companies are exposed to all investment and demographic risks which are partly managed through reinsurance arrangements and are generally entitled to retain 100% of the incremental investment returns from the assets backing this business. The Group is also an established player in the Bulk Purchase Annuity ('BPA') market, where the Group acquires a block of annuities and delivers the financial stability required to secure pensions previously provided by UK corporates.

Also included in this LoB are the SunLife branded whole of life protection products underwritten by Phoenix Life Limited. SunLife offers whole of life cover direct to customers aged 50 and over through an in-house distribution company and through other distribution partners. The main SunLife products are the Guaranteed Over 50 plan which provides a cash lump sum upon death and is typically used to cover funeral costs, and regular premium Funeral Plans, which are whole of life insurance policies that back the financial liability that third party funeral providers incur when they sell funeral packages to individuals.

These products largely sit within the Group's Open division.

Section A – Business and performance continued

A.1 Business continued

A.1.4 Material geographical areas

The Group's business is underwritten in the United Kingdom ('UK'), in Ireland (through SLIDAC and the PLL Irish branch) and in Germany (through the SLIDAC German branch).

A.1.5 Significant business and other events

The following significant events took place during 2021 and up to the date of this report.

A.1.5.1 New agreement with abrdn plc (formerly Standard Life Aberdeen plc)

On 23 February 2021, the Group entered into a new agreement with abrdn plc to simplify the arrangements of their Strategic Partnership, enabling the Group to control its own distribution, marketing and brands, and focusing the Strategic Partnership on using abrdn plc's asset management services in support of Phoenix's growth strategy.

Under the terms of the transaction, the Group will sell its UK investment and platform-related products, comprising Wrap Self Invested Personal Pension ('Wrap SIPP'), Onshore Bond and UK Trustee Investment Plan ('TIP') to abrdn plc and effective from 1 January 2021 has transferred the economic benefit of this business to abrdn plc. The Group has also acquired ownership of the Standard Life brand and as part of this acquisition, the relevant marketing, distribution and data team members transferred to the Group. As a result, the Client Service and Proposition Agreement ('CSPA'), entered into between the two groups following the acquisition of the Standard Life businesses in 2018, has been dissolved. In addition, Phoenix and abrdn plc resolved all legacy issues in relation to the Transitional Service Agreement ('TSA') entered into at the time of the acquisition of the Standard Life businesses and the CSPA.

The Group received cash consideration for the overall transaction of £115 million.

A.1.5.2 Disposal of Ark Life

On 1 November 2021, the Group completed the sale of its entire interest in Ark Life Assurance Company DAC ('Ark Life') to Irish Life Group Limited for gross cash consideration of €230 million (£198 million). The disposal simplifies the Group's European operations and enables the Group to deliver a more capital and cost efficient platform in Standard Life International DAC ('SLIDAC').

A.1.5.3 Approval of harmonised Internal Model

In September 2021, the PRA approved the Group's application to harmonise its legacy Phoenix and Standard Life internal models. The harmonised Internal Model covers all UK entities (excluding the ReAssure entities) and became effective from 30 September 2021. Implementing the harmonised Internal Model is strategically important for the Group. It enhances the Group's risk management capability and decision making that fundamentally underpins the security of our customers. Upon its effective date, the harmonised Internal Model resulted in significant capital synergies through diversification and improved risk modelling, delivering 'day 1' capital benefits of circa £550 million.

The harmonised Internal Model also delivers a reduced capital strain for the Group's BPA new business and unlocks a wider pipeline of future management actions including the execution of Part VIIs, the delivery of further enhancements to the Group's credit risk modelling capabilities and the foundation to bring ReAssure onto the new Internal Model in time. It will also support the Group in delivering future value accretive M&A.

Further details have been included in sections D.2 and E.4.

A.1.5.4 Completion of BPA transactions

2021 was a record year for the Group's BPA business, with £5.6 billion of BPA premiums written. This includes £1.5 billion in respect of the Pearl Pension Scheme, covering a further 50% of the scheme's liabilities and bringing the total buy-in to 75%. The Group also reduced the capital strain from 9% in 2020 to 6.5% in 2021, primarily due to the benefits of the harmonised Internal Model as well as strong illiquid asset origination overseen by the Group's asset management function.

A.1.5.5 Events after the reporting period

The Group is continuing to monitor developments regarding the conflict between Russia and Ukraine. As at 31 December 2021, the Group had £23 million of shareholder exposure to Russia and Ukraine, which represents less than 0.1% of total shareholder assets. The exposure relating to assets held to back policyholder liabilities at 31 December 2021 is not considered to be material and the associated indirect shareholder exposure is minimal.

Section A – Business and performance

A.2 Underwriting performance

A.2.1 Operating profit

A summary of the Group's and each insurance subsidiary's performance during the year is presented below and in sections A.3 and A.4.

The PGH Group reports a non-GAAP measure of performance being operating profit. Operating profit is used as a performance measure of the underwriting activities of the Group and is one of a range of financial metrics used to manage the business. Operating profit is considered an appropriate measure of the underlying performance of the Group's business as it excludes the impact of short-term economic volatility and other one-off items.

This measure incorporates an expected return, including a longer-term return on financial investments backing shareholder and policyholder funds over the period, with consistent allowance for the corresponding expected movements in liabilities. It also includes the shareholder share of bonus of the with-profit funds.

Further details regarding operating profit are set out in note B1 of the PGH Annual Report and Accounts for the year ended 31 December 2021.

The information below is presented on an operating profit basis and reconciled to the IFRS (loss)/profit before tax result in line with the consolidated income statement. The Group's business is primarily written in the UK.

Year ended 31 December 2021	Section reference	PLL £m	PLAL £m	SLAL £m	RAL £m	RLL £m	PA(GI) £m	SLIDAC £m	Other[1] £m	PGH Group £m
Insurance with profit participation		43	30	24	54	–	–	–	40	191
Index-linked and unit-linked insurance		50	(3)	92	216	–	–	37	77	469
Other life insurance (predominantly annuities and protection business)		294	(6)	141	196	–	–	–	40	665
Other entities operating profit		–	–	–	–	–	–	–	(93)	(93)
Operating profit by LoB		**387**	**21**	**257**	**466**	**–**	**–**	**37**	**64**	**1,232**
Long-term return on owners' funds and NP surplus assets		8	4	(6)	22	5	–	–	(35)	(2)
Operating profit	A.2.1	**395**	**25**	**251**	**488**	**5**	**–**	**37**	**29**	**1,230**
Total investment return variances and economic assumption changes	A.3.1	(590)	(65)	(175)	(310)	12	–	(2)	5	(1,125)
Other income and expenses	A.4.1	(51)	(3)	(35)	(27)	2	(1)	–	(806)	(921)
IFRS (loss)/profit before tax attributable to owners of the parent		**(246)**	**(43)**	**41**	**151**	**19**	**(1)**	**35**	**(772)**	**(816)**

1 Other items comprise performance of other entities in the PGH Group and also includes the impact of consolidation adjustments at the PGH Group level. Operating profit and IFRS profit before tax attributable to owners for SLPF for the year ended 31 December 2021 was £nil.

Section A – Business and performance continued

A.2 Underwriting performance continued

A.2.1 Operating profit continued

The PGH Group information for the year ended 31 December 2020 in section A incorporates the results of the ReAssure businesses for the five month period post acquisition on 22 July 2020. Full year financial information has also been presented separately in this section for the acquired ReAssure insurance subsidiaries, RAL and RLL.

Year ended 31 December 2020	Section reference	PLL £m	PLAL £m	SLAL £m	RAL £m	RLL £m	PA(GI) £m	SLIDAC £m	Other[1] £m	PGH Group £m
Insurance with profit participation		46	26	73	20	–	–	–	7	172
Index-linked and unit-linked insurance		64	(7)	96	61	7	–	(12)	61	270
Other life insurance (predominantly annuities and protection business)		260	23	119	317	–	–	5	12	736
Other entities operating profit		–	–	–	–	–	–	–	(24)	(24)
Operating profit by LoB		**370**	**42**	**288**	**398**	**7**	**–**	**(7)**	**56**	**1,154**
Long-term return on owners' funds and NP surplus assets		31	6	9	27	(3)	–	(3)	(22)	45
Operating profit	A.2.1	**401**	**48**	**297**	**425**	**4**	**–**	**(10)**	**34**	**1,199**
Total investment return variances and economic assumption changes	A.3.1	44	61	(63)	(283)	–	–	(10)	352	101
Other income and expenses	A.4.1	(30)	(2)	(8)	(15)	(14)	1	(1)	(323)	(392)
IFRS profit/(loss) before tax attributable to owners of the parent		**415**	**107**	**226**	**127**	**(10)**	**1**	**(21)**	**63**	**908**

1 Other items comprise performance of other entities in the PGH Group and also includes the impact of consolidation adjustments at the PGH Group level. Operating profit and IFRS profit before tax attributable to owners for SLPF for the year ended 31 December 2020 was £nil.

A.2.1.1 Operating profit – PLL

The operating profit of £43 million (2020: £46 million) on insurance with-profit participation business represents the shareholders' one-ninth share of the total bonuses of the 90:10 with-profit funds. The decrease compared to the prior period is due to certain policies with higher bonus rates maturing last year, together with the impact of run-off of the remaining book.

The operating profit on index-linked and unit-linked insurance of £50 million (2020: £64 million) is generated from margins earned on unit-linked business of £97 million (2020: £89 million) and a £(47) million loss (2020: £(25) million loss) from experience variances, assumption changes and other operating variances during the year.

The operating profit on other life insurance of £294 million (2020: £260 million) is generated from expected return of £68 million (2020: £56 million) and £273 million (2020: £185 million) from new business, primarily arising on BPA transactions and vesting annuities. This was partially offset by a £(47) million adverse impact (2020: £19 million positive) from experience variances, assumption changes and other operating variances during the period. The increase in new business profits is attributable to additional BPA volumes transacted in the year.

The long-term return on owners' funds of £8 million (2020: £31 million) reflects the asset mix, which is primarily cash-based assets, fixed interest securities and interest receivable on loans to Group companies.

A.2.1.2 Operating profit – PLAL

The insurance with-profit participation result includes operating profit arising in the unsupported with-profit fund of £29 million (2020: £27 million) which represents the shareholders' one-ninth share of the policyholder bonuses, and is broadly in line with the comparative period.

Additionally, the with-profit funds where internal capital support has been provided generated an operating profit of £1 million (2020: £(1) million loss).

The operating loss of £(6) million (2020: £23 million profit) on other life insurance is generated from expected return of £9 million (2020: £7 million), £5 million (2020: £5 million) from new business offset by a £(20) million unfavourable impact (2020: £11 million positive) from experience variances, assumption changes and other operating variances during the period.

The long-term return on owners' funds of £4 million (2020: £6 million) reflects the asset mix, which is primarily cash-based assets and fixed interest securities.

A.2 Underwriting performance continued

A.2.1 Operating profit continued

A.2.1.3 Operating profit – SLAL

The operating profit on insurance with-profit participation business of £24 million (2020: £73 million) and index-linked and unit-linked insurance business of £92 million (2020: £96 million) are driven by the revenue and expenses of the fee based business in the UK, Ireland and Germany. The insurance with-profit participation result reduced by £49 million due to non-economic assumption changes, which primarily related to expenses, and run-off. The index-linked and unit-linked insurance business result decreased by £4 million, driven by increased project costs.

Operating profit generated on other life insurance of £141 million (2020: £119 million) mainly relates to the spread/risk margin result less related expenses earned on the SLAL annuity business. The result increased by £22 million largely due to non-economic assumption changes and positive experience related to longevity, and a benefit from model and methodology changes, offset by non-economic assumption changes on expenses.

The net adverse long-term return on owners' funds of £(6) million (2020: £9 million positive) reflects the asset mix, which is primarily cash-based assets. The result also includes interest received on loans due from Group companies.

A.2.1.4 Operating profit – RAL and RLL

The following table summarises the full year performance of RAL and RLL in 2020 and 2021.

	RAL 2021 £m	RAL 2020 £m	RLL 2021 £m	RLL 2020 £m
Insurance with profit participation	54	52	–	–
Index-linked and unit-linked insurance	216	212	–	11
Other life insurance (predominantly annuities and protection business)	196	381	–	–
Operating profit by LoB	**466**	**645**	**–**	**11**
Long-term return on owners' funds and NP surplus assets	22	28	5	6
Operating profit	**488**	**673**	**5**	**17**
Total investment return variances and economic assumption changes	(310)	60	12	5
Other income and expenses	(27)	66	2	(27)
IFRS profit/(loss) before tax attributable to owners	**151**	**799**	**19**	**(5)**

RAL

The operating profit on insurance with profit participation business of £54 million (2020: £52 million) relates to the shareholders' share of with-profit bonuses paid from the with-profit funds.

The result attributable to the index-linked and unit-linked insurance business of £216 million (2020: £212 million) relates to margins earned on unit-linked business.

Operating profit arising on other life insurance of £196 million (2020: £381 million) is driven by the expected investment return on assets backing annuity contracts and the release of prudential margins. The prior period included a favourable impact from updates to demographic assumptions on annuity business, principally with respect to longevity to reflect recent experience and a move to the latest CMI 2019 core projection tables.

The long-term return on owners' funds of £22 million (2020: £28 million) is driven by the return on other shareholder assets and risk transfer arrangements.

RLL

The operating profit of £5 million (2020: £17 million) is driven by deferred income amortisation. The prior period included a tax credit passed through to RAL under an intra-group reinsurance arrangement which is now reported within total investment return variances and economics assumption changes.

Section A – Business and performance continued

A.2 Underwriting performance continued

A.2.1 Operating profit continued

A.2.1.5 Operating profit – Other Group entities and consolidation adjustments

An analysis of the operating profit for other Group entities and Group consolidation adjustments is presented below.

	2021 £m	2020 £m
Service Companies' operating (loss)/profit	(24)	6
Holding Companies' costs	(71)	(45)
Other ReAssure entities	(55)	(7)
Consolidation adjustments	179	80
Total operating profit	**29**	**34**

The operating loss for the Service Companies of £(24) million (2020: £6 million profit) comprises income from the life and holding companies in accordance with the respective Management Services Agreements less any fees related to the outsourcing of services and other operating costs. The decrease compared to the prior period reflects additional costs incurred, driven by investment in the Open division and the development of asset management capabilities in support of the growth strategy. This partly reflects that these costs have not yet been factored into the management service agreements for recharging back to the life companies.

Holding companies' costs were £(71) million (2020: £(45) million). They mainly comprise project recharges from the service companies and the returns on the scheme surpluses/deficits of the Group staff pension schemes. The increase in costs compared to the prior period principally reflects the inclusion of a full year of corporate costs associated with the acquired ReAssure and costs associated with developing out our Group capabilities to support our growth ambitions.

The costs of other ReAssure entities of £(55) million (2020: £(7) million) primarily relate to operating expenses and project costs associated with the ReAssure businesses that are not recharged to the Life Companies.

Consolidation adjustments of £179 million (2020: £80 million) largely relate to the elimination of intra-group transactions. The increase compared to the prior period primarily relates to the elimination of the movements in the 'buy-in' agreement between PLL and the Group pension schemes.

A.3 Investment performance

A.3.1 Analysis of investment return variances and economic assumption changes

Investment return variances and economic assumption changes for both owner and policyholder funds includes variances between actual and expected investment returns and the impact of changes in economic assumptions on the valuation of liabilities. These are accounted for outside of operating profit and presented in profit before tax attributable to owners.

Year ended 31 December 2021	PLL £m	PLAL £m	SLAL £m	RAL £m	RLL £m	SLIDAC £m	Other[1] £m	PGH Group £m
Total investment return variances and economic assumption changes	**(590)**	**(65)**	**(175)**	**(310)**	**12**	**(2)**	**5**	**(1,125)**

1 Other items comprise of other entities in the PGH Group and also includes consolidation adjustments. Total investment return variances and economic assumption changes in PA(GI) and SLPF were £nil for the year ended 31 December 2021.

Year ended 31 December 2020	PLL £m	PLAL £m	SLAL £m	RAL £m	RLL £m	SLIDAC £m	Other[1] £m	PGH Group £m
Total investment return variances and economic assumption changes	44	61	(63)	(283)	–	(10)	352	101

1 Other items comprise other entities in the PGH Group and also includes consolidation adjustments. Total investment return variances and economic assumption changes in PA(GI) and SLPF were £nil for the year ended 31 December 2020.

The investment performance measure used by the Group and each insurance subsidiary is investment return variances and economic assumption changes. These represent the impact of short-term volatility recognised outside of operating profit in the Group or entity's IFRS result. Further details for the Group and each insurance subsidiary are set out below.

A.3 Investment performance continued

A.3.1 Analysis of investment return variances and economic assumption changes continued

A.3.1.1 Analysis of investment return variances and economic assumptions changes – PLL

The net adverse investment return variances and economic assumption changes of £(590) million (2020: £44 million favourable) are primarily attributable to losses arising on the entity hedging positions. As a result of improving equity markets and increasing yields in the year, losses have been experienced on hedging positions held by the entity. The company's exposure to equity and interest rate movements arising from future with-profit bonuses and future unit-linked charges is hedged to benefit the regulatory capital position. The impact of equity and interest rate movements on the value of hedging instruments is reflected in the IFRS results, but the corresponding change in the value of future profits is not. This was partially offset by positive impacts associated with PLL's move towards its strategic asset allocation.

The 2020 positive variance of £44 million was primarily been driven by other economic gains of £58 million, which included the positive impacts associated with PLL's move towards its strategic asset allocation, a change in the matching adjustment methodology and the completion of a securitisation of a further tranche of equity release mortgages, partially offset by the strain associated with seven bulk purchase annuity transactions completed during the year, where the pricing basis assumes a significant exposure to illiquid assets, which were not in place at the date of execution.

A.3.1.2 Analysis of investment return variances and economic assumptions changes – PLAL

The net adverse investment return variances and economic assumption changes of £(65) million (2020: £61 million positive) are primarily driven by losses arising on the entity hedging positions due to increasing yields in the year.

In 2020, falling yields gave rise to net gains on hedging positions held by the entity and primarily explains the positive variance of £61 million.

A.3.1.3 Analysis of investment return variances and economic assumptions changes – SLAL

The net adverse investment return variances and economic assumption changes of £(175) million (2020: £(63) million) are primarily driven by losses arising on the entity hedging positions due to favourable market conditions and the impact of credit downgrade experience in the year. The company's exposure to equity movements arising from future with-profit bonuses and future unit-linked charges is hedged to benefit the regulatory capital position. The impact of equity market movements on the value of the hedging instruments is reflected in the IFRS results, but the corresponding change in the value of future profits is not. The prior period adverse variance of £(63) million was offset by gains on equity hedges in respect of the decline in UK equities over the period.

A.3.1.4 Analysis of investment return variances and economic assumptions changes – RAL

The net adverse investment return variances and economic assumption changes in the year of £(310) million (5 month period post acquisition in 2020: £(283) million) are primarily attributable to losses arising on the entity hedging positions. As a result of improving equity markets and increasing yields in the year, losses have been experienced on hedging positions held by the entity. The company's exposure to equity and interest rate movements arising from future with-profit bonuses and future unit-linked charges is hedged to benefit the regulatory capital position. The impact of equity and interest rate movements on the value of hedging instruments is reflected in the IFRS results, but the corresponding change in the value of future profits is not.

A.3.1.5 Analysis of investment return variances and economic assumptions changes – RLL

The net favourable investment return variances and economic assumption changes on long-term business in the year of £12 million (5 month period post acquisition in 2020: £nil) includes a tax credit passed through to RAL under an intra-group reinsurance arrangement which was reported within operating profit in 2020.

A.3.1.6 Analysis of investment return variances and economic assumptions changes – Other entities and consolidation adjustments

The net favourable investment return variances and economic assumptions changes of £5 million (2020: £352 million) are primarily driven by Group consolidation adjustments relating to the elimination of transactions between the PGL Pension Scheme and PLL and net gains arising on the Group's foreign currency denominated borrowings which are hedged by currency swaps.

The prior period positive variance of £352 million also included gains arising on the close out of foreign currency swaps held by the holding companies to hedge exposure of future life company profits and non-sterling denominated shareholder borrowings to foreign currency movements. The net positive variance also includes gains on the hedge entered into on announcement of the ReAssure acquisition to protect the Group's exposure to equity risk in the period prior to completion.

Section A – Business and performance
continued

A.3 Investment performance continued

A.3.2 Investment income and expenses

The tables below present an analysis of the actual net investment return by asset class for the PGH Group and each insurance subsidiary. Expenses are shown in total as they all relate to investment management fees.

The reported investment return includes investment returns for the benefit of both policyholders and shareholders.

A.3.2.1 Investment income and expenses – PGH Group

	Income 2021 £m	Gains/ (losses) 2021 £m	Total 2021 £m	Income 2020 £m	Gains/ (losses) 2020 £m	Total 2020 £m
Investment income by asset category:						
Debt securities	1,816	(3,781)	(1,965)	1,562	2,964	4,526
Equities	1,965	7,544	9,509	1,916	1,143	3,059
Derivatives	2	(2,959)	(2,957)	(2)	2,671	2,669
Collective investment schemes including participations	1,285	10,214	11,499	909	4,744	5,653
Investment property	342	1,130	1,472	301	(25)	276
Other[1]	203	(38)	165	230	8	238
Investment return	**5,613**	**12,110**	**17,723**	**4,916**	**11,505**	**16,421**
Investment expenses			(316)			(266)
Net investment return after deduction of investment expenses			**17,407**			**16,155**

1 Other comprises of cash and deposits, loans and receivables and other assets.

The net investment return of £17,407 million (2020: £16,155 million) for PGH Group reported above differs from the amount reported in the PGH Annual Report and Accounts for the year ended 31 December 2021 of £18,001 million (2020: £16,935 million) as the amount disclosed above excludes the investment return attributable to minority interests in the consolidated investment funds.

The increase in net investment return compared to the prior period is driven by a full year's contribution of investment income from the ReAssure businesses and higher returns from equity and property markets, the effects of which were partially offset by the impact of rising yields during 2021.

Investment gains and losses are recognised in the income statement with the exception of gains and losses arising on cash flow hedges, which are recognised directly in equity.

A.3 Investment performance continued

A.3.2 Investment income and expenses continued

A.3.2.2 Investment income and expenses – PLL

	Income 2021 £m	Gains/ (losses) 2021 £m	Total 2021 £m	Income 2020 £m	Gains/ (losses) 2020 £m	Total 2020 £m
Investment income by asset category:						
Debt securities	354	(697)	(343)	354	834	1,188
Equities	11	25	36	10	(22)	(12)
Derivatives	–	(552)	(552)	–	739	739
Collective investment schemes including participations	559	2,127	2,686	674	475	1,149
Investment property	18	67	85	24	1	25
Other[1]	114	(122)	(8)	105	232	337
Investment return	**1,056**	**848**	**1,904**	**1,167**	**2,259**	**3,426**
Investment expenses			(161)			(138)
Net investment return after deduction of investment expenses			**1,743**			**3,288**

1 Other comprises of cash and deposits, loans and receivables and other assets.

The net investment return of £1,743 million (2020: £3,288 million) includes investment returns attributable to policyholders and shareholders. The main driver for the decrease in net investment return compared to the prior period was rising yields which resulted in losses on debt securities and adverse movements in derivative positions. This was partially offset by the favourable impact of a stronger performance in equity markets in 2021 relative to 2020.

A.3.2.3 Investment income and expenses – PLAL

	Income 2021 £m	Gains/ (losses) 2021 £m	Total 2021 £m	Income 2020 £m	Gains/ (losses) 2020 £m	Total 2020 £m
Investment income by asset category:						
Debt securities	101	(251)	(150)	113	225	338
Equities	4	16	20	3	(31)	(28)
Derivatives	–	(405)	(405)	3	419	422
Collective investment schemes including participations	93	174	267	102	197	299
Investment property	–	3	3	–	2	2
Other[1]	5	(1)	4	3	–	3
Investment return	**203**	**(464)**	**(261)**	**224**	**812**	**1,036**
Investment expenses			(24)			(32)
Net investment return after deduction of investment expenses			**(285)**			**1,004**

1 Other comprises of cash and deposits, loans and receivables and other assets.

The net investment return of £(285) million (2020: £1,004 million) includes investment returns attributable to policyholders and shareholders. The main driver for the decrease in investment return compared to the prior period is due to rising yields and adverse movements in derivative positions.

Section A – Business and performance continued

A.3 Investment performance continued

A.3.2 Investment income and expenses continued

A.3.2.4 Investment income and expenses – SLAL

	Income 2021 £m	Gains/ (losses) 2021 £m	Total 2021 £m	Income 2020 £m	Gains/ (losses) 2020 £m	Total 2020 £m
Investment income by asset category:						
Debt securities	550	(1,551)	(1,001)	646	1,525	2,171
Equities	1,279	3,660	4,939	1,664	(438)	1,226
Derivatives	1	(1,534)	(1,533)	(2)	1,241	1,239
Collective investment schemes including participations	53	5,887	5,940	–	2,470	2,470
Investment property	226	831	1,057	240	(60)	180
Other[1]	121	119	240	170	(55)	115
Investment return	**2,230**	**7,412**	**9,642**	**2,718**	**4,683**	**7,401**
Investment expenses			(54)			(76)
Net investment return after deduction of investment expenses			**9,588**			**7,325**

1 Other comprises of cash and deposits, loans and receivables and other assets.

The net investment return of £9,588 million (2020: £7,325 million) includes investment returns attributable to policyholders and shareholders. The increase in investment return compared to the prior year was driven by higher net fair value gains in the period, reflecting the stronger performance of equity and property markets during 2021, partially offset by the adverse impact of rising yields in 2021.

A.3.2.5 Investment income and expenses – RAL

	Income 2021 £m	Gains/ (losses) 2021 £m	Total 2021 £m	Income 2020[1] £m	Gains/ (losses) 2020[1] £m	Total 2020[1] £m
Investment income by asset category:						
Debt securities	693	(1,407)	(714)	313	176	489
Equities	623	2,922	3,545	185	1,522	1,707
Derivatives	1	(489)	(488)	–	168	168
Collective investment schemes including participations	286	848	1,134	153	716	869
Investment property	92	228	320	–	34	34
Other[2]	–	(34)	(34)	20	16	36
Investment return	**1,695**	**2,068**	**3,763**	**671**	**2,632**	**3,303**
Investment expenses			(69)			(24)
Net investment return after deduction of investment expenses			**3,694**			**3,279**

1 Comparatives reflect the 5 month period post acquisition only.
2 Other comprises of cash and deposits, loans and receivables and other assets.

The net investment return of £3,694 million (5 month period post acquisition date in 2020: £3,279 million) includes investment returns attributable to policyholders and shareholders. The main drivers for the positive investment return were favourable movements in equity and property markets partially offset by the impact of rising yields during the period.

Section A – Business and performance continued

A.3 Investment performance continued

A.3.2 Investment income and expenses continued

A.3.2.6 Investment income and expenses – RLL

	Income 2021 £m	Gains/ (losses) 2021 £m	Total 2021 £m	Income 2020[1] £m	Gains/ (losses) 2020[1] £m	Total 2020[1] £m
Investment income by asset category:						
Debt securities	3	(9)	(6)	1	(3)	(2)
Collective investment schemes including participations	77	742	819	30	487	517
Investment return	**80**	**733**	**813**	**31**	**484**	**515**
Investment expenses			–			(8)
Net investment return after deduction of investment expenses			**813**			**507**

1 Comparatives reflect the 5 month period post acquisition only.

The net positive investment return of £813 million (5 month period post acquisition date in 2020: £507 million) includes investment returns attributable to policyholders and shareholders. The main driver for the favourable investment return is the impact of positive movements in equity markets resulting in net fair value gains on collective investment schemes.

A.3.2.7 Investment income and expenses – SLPF

There was a small element (less than £1 million) (2020: less than £1 million) of investment income arising from SLPF's investment in collective investment schemes.

A.3.2.8 Investment income and expenses – PA(GI)

There was a small element (less than £1 million) (2020: less than £1 million) of investment income arising from PA(GI)'s investment in collective investment schemes.

A.3.3 Information on securitisation

The Group has limited direct investments in external securitisation vehicles within its shareholder and non-profit funds (excluding unit-linked funds) of £312 million as at 31 December 2021 (2020: £265 million). The total investment return on these investments is £6 million (2020: £14 million). A breakdown is provided in the table below.

The Group carries out internal securitisations of equity release mortgage ('ERM') loans to facilitate inclusion in Matching Adjustment portfolios. The securitised loan notes are issued by non-regulated undertakings within the Group to PLL and PLAL and the elimination of these loan notes on consolidation has been reflected in Group adjustments in the table below. Further detail on the valuation of ERMs can be found in section D.4.

RLL, PA(GI) and SLPF have no investments in securitisations.

	PLL		PLAL		SLAL		RAL		Group adjustments		PGH Group	
	2021 £m	2020 £m	2021 £m	2020 £m	2021 £m	2020 £m	2021 £m	2020 £m	2021 £m	2020 £m	2021 £m	2020 £m
Investments in securitisation	3,664	3,176	373	34	171	128	45	35	(3,941)	(3,108)	312	265
Investment return	50	244	3	2	2	8	2	–	(51)	(240)	6	14

Any indirect exposures via investments held within collective investment schemes fall within the unit-linked and with-profit funds where such investments are held primarily for the benefit of policyholders and are not deemed significant to the Group.

The main risks that the securitised assets are exposed to are market and credit risk. The risk management procedures in respect of these risks are set out in section B.3.1.

A.4 Performance of other activities

Other income and expense items largely include amortisation and impairments of intangible assets (net of policyholder tax), finance costs attributable to owners and other non-operating items.

Other non-operating items primarily include gains or losses on the acquisition or disposal of subsidiaries (net of related costs), significant one-off projects costs and any other items which, in the Directors' view, should be disclosed separately by virtue of their nature or incidence to enable a full understanding of the company's financial performance. This is typically the case where the nature of the item is not reflective of the underlying performance of the operating companies. Full details of items excluded from operating profit are provided in note B1 to the consolidated financial statements included in the PGH Annual Report and Accounts for the year ended 31 December 2021.

A.4.1 Other material income and expenses

The table below provides a breakdown of other material income and expense items by entity.

Year ended 31 December 2021	PLL £m	PLAL £m	SLAL £m	RAL £m	RLL £m	PA(GI) £m	SLIDAC £m	Other[1] £m	PGH Group £m
Other income and expense items:									
Amortisation and impairment of acquired-in-force business and other intangibles	(12)	–	–	(92)	20	–	–	(555)	(639)
Other non-operating items	(36)	(3)	(35)	65	(18)	(1)	–	(37)	(65)
Finance costs attributable to owners	(3)	–	–	–	–	–	–	(214)	(217)
Total other income and expenses	**(51)**	**(3)**	**(35)**	**(27)**	**2**	**(1)**	**–**	**(806)**	**(921)**

1 Includes the contribution from non-life entities and the impact of consolidation adjustments. There were no items of other income and expenses in SLPF for the year ended 31 December 2021.

Year ended 31 December 2020	PLL £m	PLAL £m	SLAL £m	RAL £m	RLL £m	PA(GI) £m	SLIDAC £m	Other[1] £m	PGH Group £m
Other income and expense items:									
Amortisation of acquired-in-force business and other intangibles	(10)	–	–	(34)	(1)	–	–	(437)	(482)
Other non-operating items	(5)	(2)	(8)	19	(13)	1	(1)	290	281
Finance costs attributable to owners	(15)	–	–	–	–	–	–	(176)	(191)
Total other income and expenses	**(30)**	**(2)**	**(8)**	**(15)**	**(14)**	**1**	**(1)**	**(323)**	**(392)**

1 Includes the contribution from non-life entities and the impact of consolidation adjustments. There were no items of other income and expenses in SLPF for the year ended 31 December 2020.

Section A – Business and performance
continued

A.4 Performance of other activities continued

A.4.1 Other material income and expenses continued

A.4.1.1 Other income and expenses – PLL

Acquired in-force business of £388 million has been recognised on the IFRS balance sheet following various Part VII transfers into the company from 2006 to 2012. This is amortised over the estimated life of the contracts in line with the emergence of the economic benefits. The remaining estimated life of the contracts is approximately 19 years. The amortisation charge for the period was £12 million (2020: £10 million).

Other non-operating items of £(36) million (2020: £(5) million) relate to life company project costs including one-off costs associated with the implementation of IFRS 17.

Finance costs attributable to owners of £3 million (2020: £15 million) relate to the £200 million 7.25% unsecured subordinated loan, for which further details are included in section E.1.3.2. The £200 million subordinated loan notes were repaid in March 2021 at their principal amount, together with interest accrued to the repayment date.

A.4.1.2 Other income and expenses – PLAL

There were no material other non-operating items in 2021.

A.4.1.3 Other income and expenses – SLAL

Other non-operating items of £(35) million (2020: £(8) million) primarily relate to life company project costs including one-off costs associated with the implementation of IFRS 17.

A.4.1.4 Other income and expenses – RAL

Business combinations undertaken by RAL prior to the Group's acquisition of the ReAssure businesses have resulted in acquired in-force business recognised on the entity IFRS balance sheet. This is amortised over the estimate life of the related contracts in line with the emergence of the economic benefits. The amortisation charge for the period was £92 million (2020 post acquisition period: £34 million).

Other non-operating items of £65 million (2020 post acquisition period: £19 million) includes an £83 million policyholder tax benefit recognised following the favourable conclusion of discussions with HMRC in respect of certain excess management expenses associated with the L&G mature savings business transferred to RAL in 2020. This has been partly offset by net costs of £18 million, which primarily relates to one-off costs associated with the implementation of IFRS 17. 2020 included a net reversal of impairments to the investment in subsidiaries balance.

A.4.1.5 Other income and expenses – RLL

Other non-operating items of £(18) million (2020 post acquisition period: £(13) million) relate to costs in respect of the on-going integration of the Old Mutual Wealth business, acquired by ReAssure Group plc in December 2019.

A.4.1.6 Other income and expenses – PA(GI)

Other non-operating items of £(1) million (2020: £1 million) reflect the net movement on balances related to redress exposures arising from creditor insurance policies underwritten by the company prior to 2006.

Section A – Business and performance continued

A.4 Performance of other activities continued

A.4.1 Other material income and expenses continued

A.4.1.7 Other income and expenses – Other entities and consolidation adjustments

	Service Companies		Holding Companies		Other ReAssure entities		Consolidation Adjustments		Total other	
	2021 £m	2020 £m	2021 £m	2020 £m	2021 £m	2020 £m	2021 £m	2020 £m	2021 £m	2020 £m
Amortisation and impairment of acquired in-force business and other intangibles	–	–	–	–	–	(1)	(555)	(436)	(555)	(437)
Other non-operating items	2	3	(198)	(139)	(22)	(44)	181	470	(37)	290
Finance costs attributable to owners	–	–	(213)	(171)	–	(1)	(1)	(4)	(214)	(176)
Total other income and expenses	**2**	**3**	**(411)**	**(310)**	**(22)**	**(46)**	**(375)**	**30**	**(806)**	**(323)**

Amortisation and impairment of acquired in-force business and other intangibles of £(555) million (2020: £(437) million) increased in the year principally reflecting the additional charge arising on the acquired-in-force business ('AVIF') recognised on acquisition of the ReAssure businesses. The acquired in-force business is being amortised in line with the expected run-off profile of the profits to which it relates. It also includes an impairment charge of £40 million and £49 million on goodwill and AVIF respectively. Further information on these impairments can be found in note G2 of the PGH Annual Report and Accounts for the year ended 31 December 2021.

Other non-operating items of £(37) million (2020: £290 million) includes a net £110 million gain arising on the transaction with abrdn plc which included the sale of the Group's UK investment and platform-related products and the acquisition by the Group of the Standard Life brand. This was partially offset by costs of £44 million incurred in respect of the on-going integration of the ReAssure businesses, a loss on disposal of £23 million arising on the sale of Ark Life Assurance Company DAC ('Ark Life'), costs of £35 million associated with the delivery of the Group Target Operating Model for IT and Operations, with the remainder primarily being attributable to other corporate project costs.

The prior period includes a gain recognised on acquisition of the ReAssure businesses of £372 million along with an £85 million gain arising on completion of the Part VII transfer of the mature savings liabilities and associated assets from the L&G Group. These positive non-operating items were partially offset by a net cost of £43 million associated with the delivery of the Group Target Operating Model for IT and Operations, costs of £37 million associated with the acquisition of the ReAssure businesses along with £19 million incurred under the subsequent integration programme, with the remainder primarily being attributable to other corporate project costs.

Finance costs attributable to owners of £(214) million (2020: £(176) million) have increased by £38 million in the year, reflecting a full year of interest charges on the three debt instruments which were assumed by the Group as part of the acquisition of the ReAssure businesses in July 2020 and the additional debt issued by the Group over the course of 2020 to finance the ReAssure acquisition.

A.4.2 Leasing arrangements

The Group and the Life Companies are lessors in relation to their investment property portfolios. The related rental income has been reflected as income on investment properties in the analyses of investment income and expenses in section A.3.2.

As lessee, the Group primarily leases office buildings and other premises. These arrangements are not material to the financial position of the Group.

A.5 Any other information

There is no further material information to be disclosed regarding business and performance.

Section B

System of governance

In this section

Section B

System of governance

B.1 General information on the system of governance

This section provides information on the system of governance in place for the Group, PLL, PLAL, RAL, RLL and SLAL.

Further details of the system of governance for the PA(GI) and SLPF are included within sections B.1.6 and B.1.7 respectively. Any material changes that have taken place over the reporting period are also included. Details of the structure of the Boards are provided, with a description of their main roles and responsibilities and those of the relevant committees, as well as a description of the main accountabilities and responsibilities of all key functions.

The system of governance in place for SLIDAC can be found in section B.1 of its solo SFCR for the year ended 31 December 2021.

B.1.1 System of governance

The objective of the Group's Governance Model is to ensure that management is empowered to run the business on a day-to-day basis in accordance with the delegated authority received from the respective Boards, whilst ensuring that Directors are able to discharge their statutory and regulatory responsibilities, and that the Boards have appropriate oversight and supervision of the Group's business.

Accordingly, there is a clear organisational structure, with documented delegated authorities and responsibilities, from the PGH Board to the insurance subsidiary Boards, members of the Executive Committee ('ExCo') and senior management.

There is a uniform model across the Group which sets formalised responsibilities and matters reserved for Boards within the Group's governance framework. Boards have the power to manage respective subsidiary companies in accordance with applicable legislation (Companies Act 2006 and Financial Services and Markets Act 2000), regulations (including the Listing, Prospectus and Disclosure Transparency Rules and the regulations of the FCA and the PRA), constitution (Memorandum and Articles of Association), and, where relevant, governance code (for example, the UK Corporate Governance Code or the Wates Principles). This also involves referral of certain matters to shareholders for approval. Therefore each Board:

- where relevant has the power to manage the Life Company insurance subsidiaries in accordance with laws and regulations;
- sets 'Matters Reserved' which is a schedule of items which must go to that Board for approval. This operates as an escalation route to ensure that relevant matters are referred up through the appropriate Board structures;
- delegates powers to Board committees through terms of reference; and
- delegates powers to Executive Directors and management through delegations of authority.

Management oversight committees support management in making decisions under the delegations of authority (and are also used to review proposals/management reporting before being presented to Boards where appropriate).

A system of Solvency II key functions (Actuarial, Internal Audit, Risk and Compliance) operates within the Group, reporting to both management oversight committees and Board committees accordingly. Representatives from Risk and Compliance functions are members of the ExCo. In addition, the Internal Audit function reports directly to the Board Audit Committees. There are also a number of other key functions in the Group including Group Finance, Human Resources ('HR'), Corporate Affairs and Investor Relations, Asset Management, Operations and General Counsel.

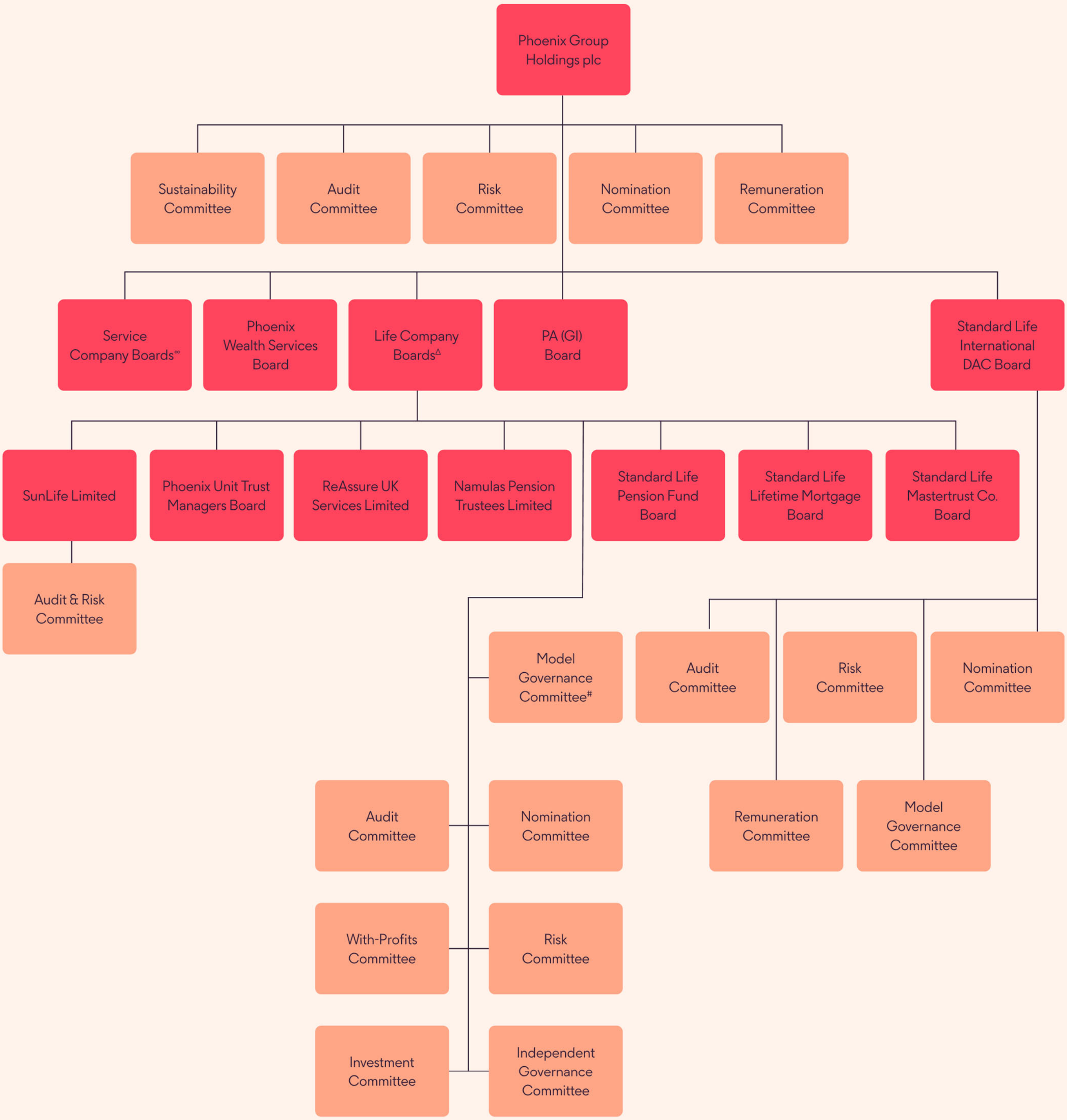
Further information on our executive management can be found on the Group's website (https://www.thephoenixgroup.com/about-us/leadership?tab=executive-management-team) and further details are also available in the PGH Annual Report and Accounts for the year ended 31 December 2021.

Section B – System of governance
continued

B.1 General information on the system of governance continued

B.1.2 Board and committee structure

The chart below shows the operating Boards and Board Committee structure within the Group as at 31 December 2021. The second chart shows their high level responsibilities.



- Committee reporting line
- Board reporting line

the Model Governance Committee is a joint committee of the Boards of Phoenix Life Limited, Phoenix Life Assurance Limited, PA (GI) Limited, Standard Life Assurance Limited,Standard Life Pension Funds Limited, ReAssure Life Limited and ReAssure Limited and has been authorised by the PGH plc Board to support the PGH plc Board in discharging its Internal Model responsibilities. A separate Model Governance Committee is in operation to support the Standard Life International dac Board.

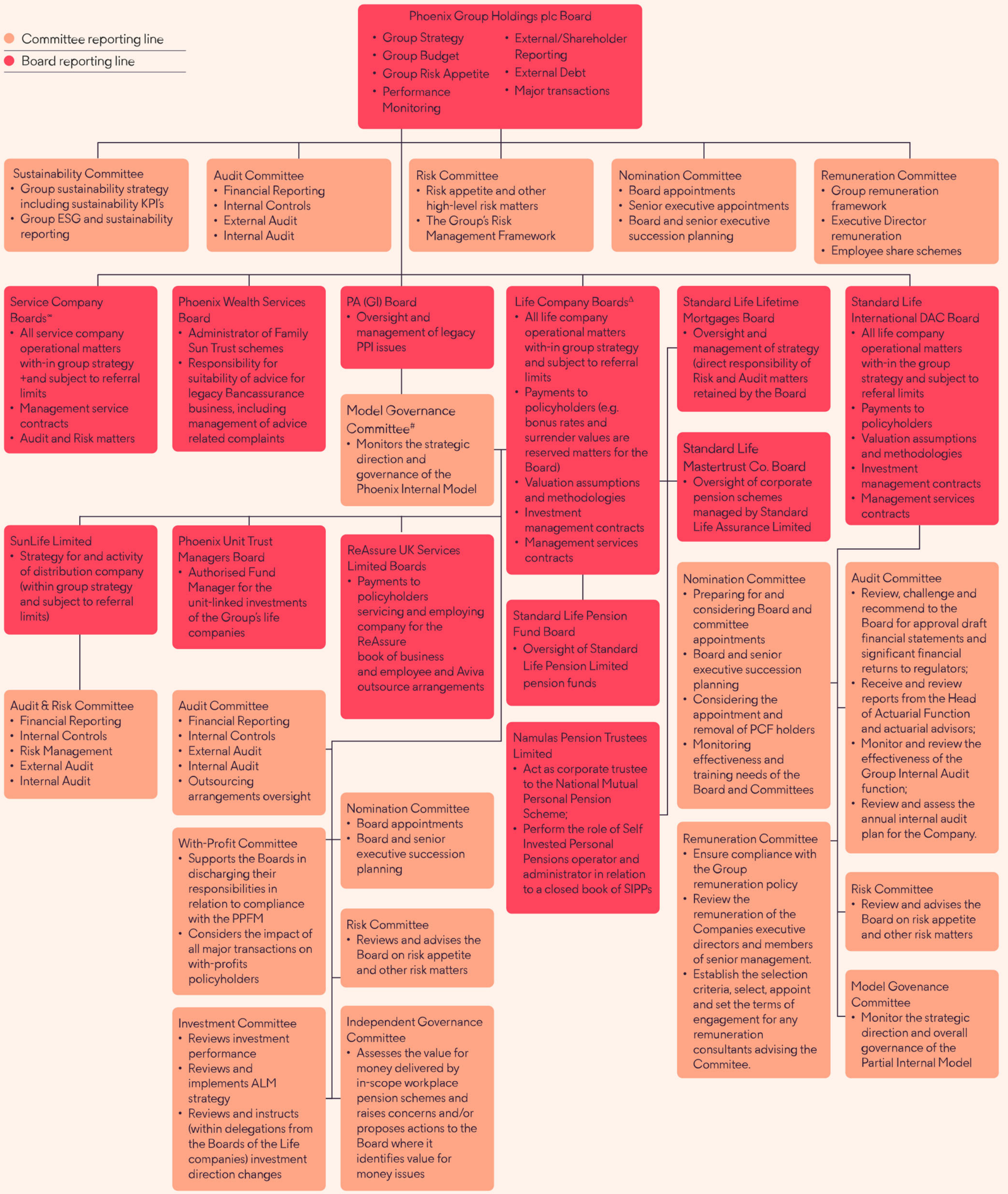
∆ covers Phoenix Life Limited, Phoenix Life Assurance Limited, Standard Life Assurance Limited, ReAssure Limited and ReAssure Life Limited.

∞ a concurrent Board meets to cover Pearl Group Management Services Limited, Pearl Group Services Limited and Standard Life Assets and Employee Services Limited. A further and separate service company (and Board) is in operation representing the ReAssure business – ReAssure UK Services Limited.

Section B – System of governance
continued

B.1 General information on the system of governance continued

B.1.2 Board and committee structure continued



the Model Governance Committee is a joint committee of the Boards of Phoenix Life Limited, Phoenix Life Assurance Limited, PA (GI) Limited, Standard Life Assurance Limited,Standard Life Pension Funds Limited, ReAssure Life Limited and ReAssure Limited and has been authorised by the PGH plc Board to support the PGH plc Board in discharging its Internal Model responsibilities. A separate Model Governance Committee is in operation to support the Standard Life International dac Board.

Δ covers Phoenix Life Limited, Phoenix Life Assurance Limited, Standard Life Assurance Limited, ReAssure Limited and ReAssure Life Limited.

∞ a concurrent Board meets to cover Pearl Group Management Services Limited, Pearl Group Services Limited and Standard Life Assets and Employee Services Limited. A further and separate service company (and Board) is in operation representing the ReAssure business – ReAssure UK Services Limited.

Section B – System of governance continued

B.1 General information on the system of governance continued

B.1.3 PGH system of governance

B.1.3.1 Board responsibilities

PGH is listed on the London Stock Exchange. The Board is committed to high standards of corporate governance and, for the year ended 31 December 2021 PGH has been fully compliant with the principles and provisions set out in the 2018 UK Corporate Governance Code (the 'Code'). The Code sets standards for robust governance in the UK and applies to all companies with a premium listing, whether incorporated in the UK or elsewhere. The PGH Board focuses on the Group's strategy and performance (with input from its Board Committees) and is responsible for: Group strategy; Group risk appetite; performance monitoring; major transactions; external debt arrangements; Group budget; external and shareholder reporting. The PGH Board has a schedule of matters reserved for its consideration and approval, supported by a set of operating principles. These matters include: Group strategy and business plans; oversight of the Group's culture; major acquisitions, investments and capital expenditure; financial reporting and controls; dividend policy; capital structure; the constitution of PGH Board Committees; appointments to the Board and Board Committees; senior executive appointments; and key Group policies.

B.1.3.2 Composition and running of the PGH Board

The PGH Board comprises 12 Directors including a Non-Executive Chairman, two Executive Directors; one abrdn plc-nominated Director; one MS&AD-nominated Director; and seven independent Non-Executive Directors ('NEDs'). During 2020, the Board membership also included one Swiss Re-nominated Director (Christopher Minter). Following the sale of 66,199,917 shares in PGH by Swiss Re in June 2021, Swiss Re's holding fell below 10% of Phoenix's total issued share capital and the Relationship Agreement between Phoenix and Swiss Re ceased to be effective. As such, Swiss Re was no longer entitled to appoint a non-executive director to the PGH Board and Christopher Minter ceased to form part of the Board's membership.

The existing nominated NED positions (for abrdn plc and MS&AD) are in addition to their current roles within those respective organisations.

Those performing roles which require approval pursuant to the Senior Managers and Certification Regime ('SMCR') have been duly approved.

The terms of appointment for the Directors state that they are expected to attend in person regular (at least six per year) and additional Board meetings and to devote appropriate preparation time ahead of each meeting. The PGH Board met formally on eight occasions during 2021, including for a two-day strategy setting meeting. The Board met additionally for regular conference calls to ensure continued monitoring of performance against the Group's strategic objectives and to ensure the continued protection for policyholders during the ongoing COVID-19 pandemic. The Non-Executives met with the Chairman on three occasions without the Executive Directors present.

B.1.3.3 PGH Board Committee Framework

The PGH Board has delegated specific responsibilities to five standing committees of the Board. The terms of reference of the committees can be found on the Group's website (https://www.thephoenixgroup.com/about-us/governance/board-committees) and further details are also available in the Corporate Governance section of the PGH Annual Report and Accounts for the year ended 31 December 2021. The five committees which support the PGH Board are:

- Audit Committee;
- Risk Committee;
- Nomination Committee;
- Remuneration Committee: and
- Sustainability Committee.

Section B – System of governance continued

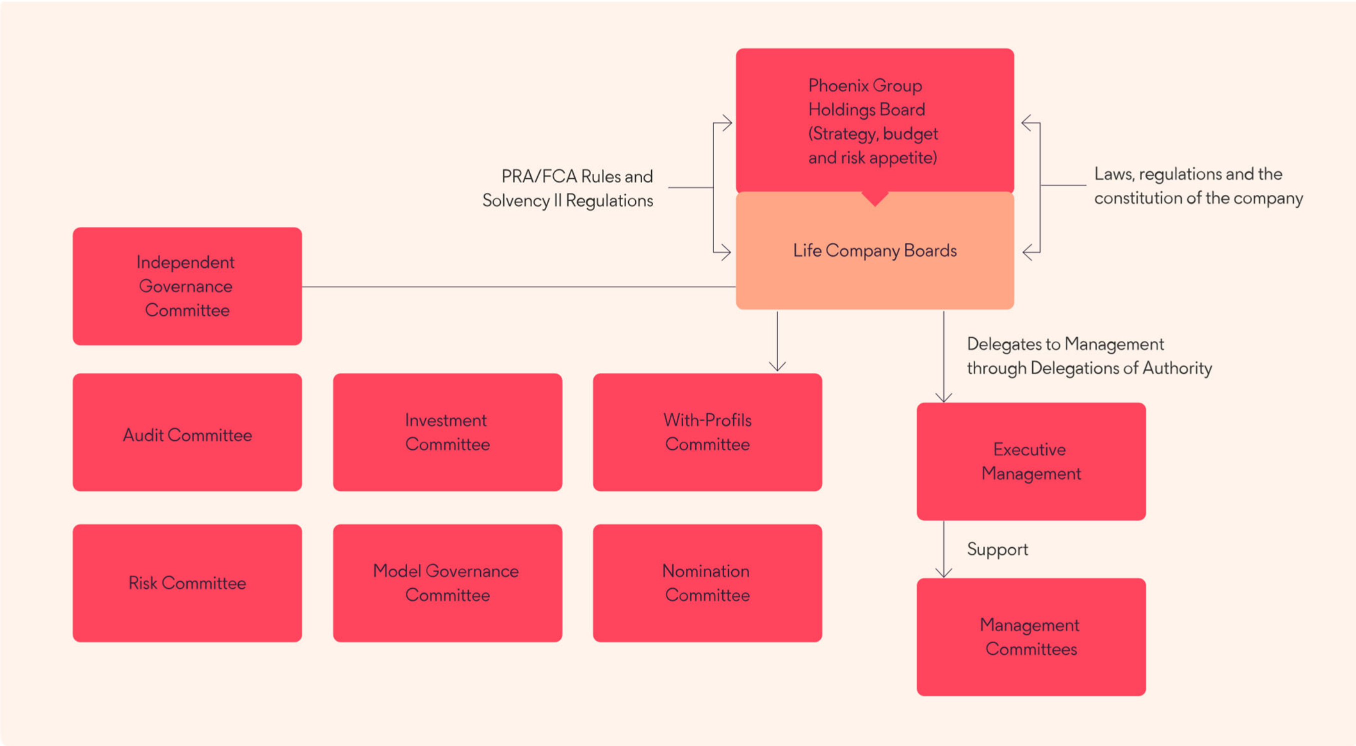
B.1 General information on the system of governance continued

B.1.4 Role of Executive Management team

The Executive Management team is led by the Group Chief Executive Officer ('CEO'), who is supported by the ExCo. A summary of their roles and responsibilities are set out on pages 74 to 76 of the PGH Annual Report and Accounts for the year ended 31 December 2021.

B.1.5 Board and committee structure – PLL, PLAL, SLAL, RAL and RLL

The chart below summarises the governance and delegation structure of PLL, PLAL, SLAL, RAL and RLL as at 31 December 2021.



B.1.5.1 Roles and responsibilities of the PLL, PLAL, SLAL, RAL and RLL Boards

The PLL, PLAL, SLAL, RAL and RLL Boards are responsible and accountable for strategic matters (within the strategy set by the PGH Board), oversight of management and the performance of the PLL, PLAL, SLAL, RAL and RLL business.

The role of the PLL, PLAL, SLAL, RAL and RLL Boards is to:

- provide entrepreneurial leadership of PLL, PLAL, SLAL, RAL and RLL within a framework of prudent and effective controls which enable risks to be assessed and managed;
- set PLL, PLAL, SLAL, RAL and RLL's strategic aims, ensure that the necessary financial and human resources are in place for the companies to meet their objectives, and review management performance; and
- uphold PLL, PLAL, SLAL, RAL and RLL's values and standards and ensure that obligations to its shareholders, policyholders and other stakeholders are understood and met.

B.1.5.2 Composition of the PLL, PLAL, SLAL, RAL and RLL Boards

During 2021, the Boards of PLL, PLAL and SLAL merged with the Boards of RAL and RLL to form the collective Life Company Boards. The Life Company Boards, together, are currently comprised of eleven Board members – including: the Chairman; five Executive Directors (with variance in Executive Director membership for PLL, PLAL and SLAL versus RAL and RLL) and five independent NEDs. During the majority of 2021, the Chair of the Life Company Boards was Mike Urmston, who retired from the Boards on 31 October and was succeeded by John Lister with effect from 1 November 2021. An additional independent NED (Rosemary Harris) joined the Life Company Boards on 1 January 2022 and, subject to regulatory approval, will become the Chair of the Risk Committee.

Section B – System of governance
continued

B.1 General information on the system of governance continued

B.1.5 Board and committee structure – PLL, PLAL, SLAL, RAL and RLL continued

B.1.5.3 Life Company Board Committee Framework

The Life Company Boards have established and delegated specific responsibilities to the following standing committees of the Boards:

- Audit Committee;
- Investment Committee;
- Independent Governance Committee;
- Model Governance Committee ('MGC')*;
- Nomination Committee;
- Risk Committee; and
- With-Profits Committee.

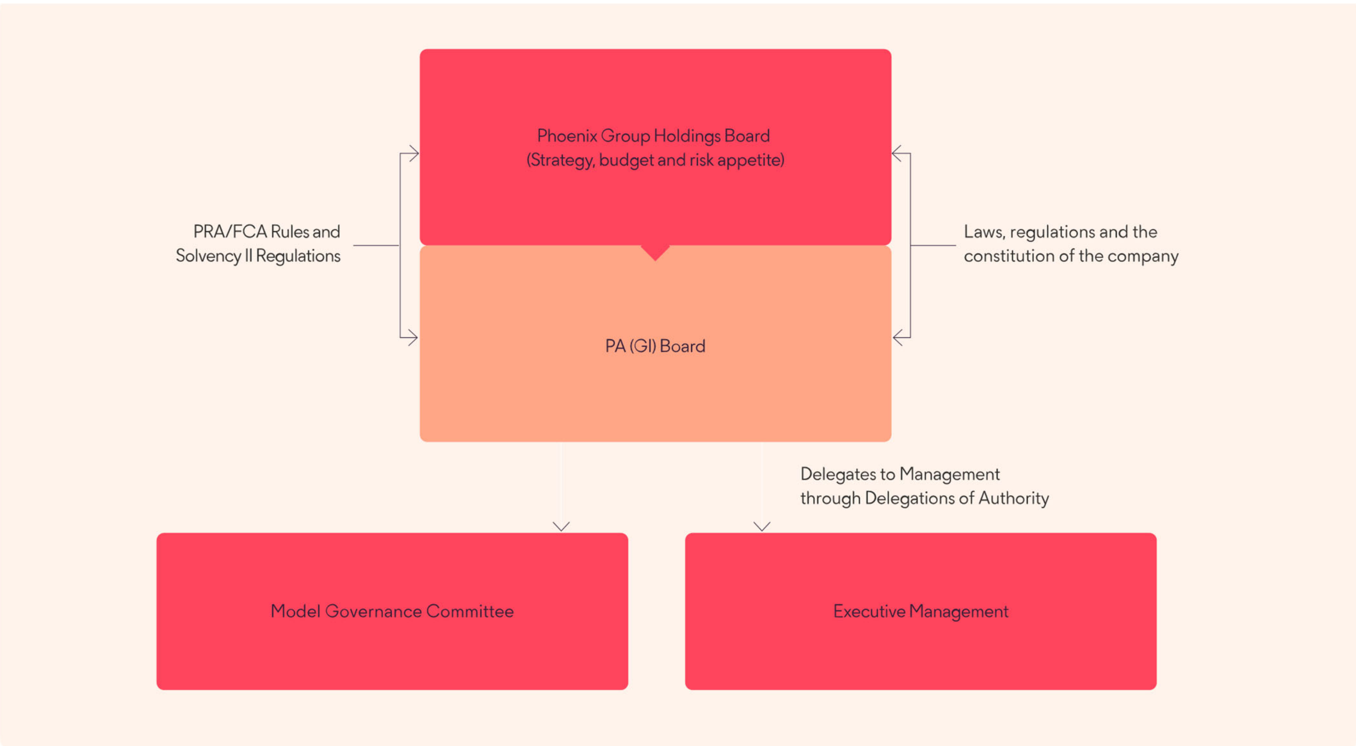
The Independent Governance Committee and With-Profits Committee are each chaired by an independent committee member who is not a Director. Both of these committees have a number of independent members who are not Directors.

The other standing committees are chaired by NEDs. Further details regarding each of these committees are set out in section B.1.8.

*The MGC is a joint committee of the Boards of PLL, PLAL, PA(GI), SLAL, SLPF, RAL and RLL.

B.1.6 Board and committee structure – PA(GI)

The chart below shows the PA(GI) Board structure as at 31 December 2021.



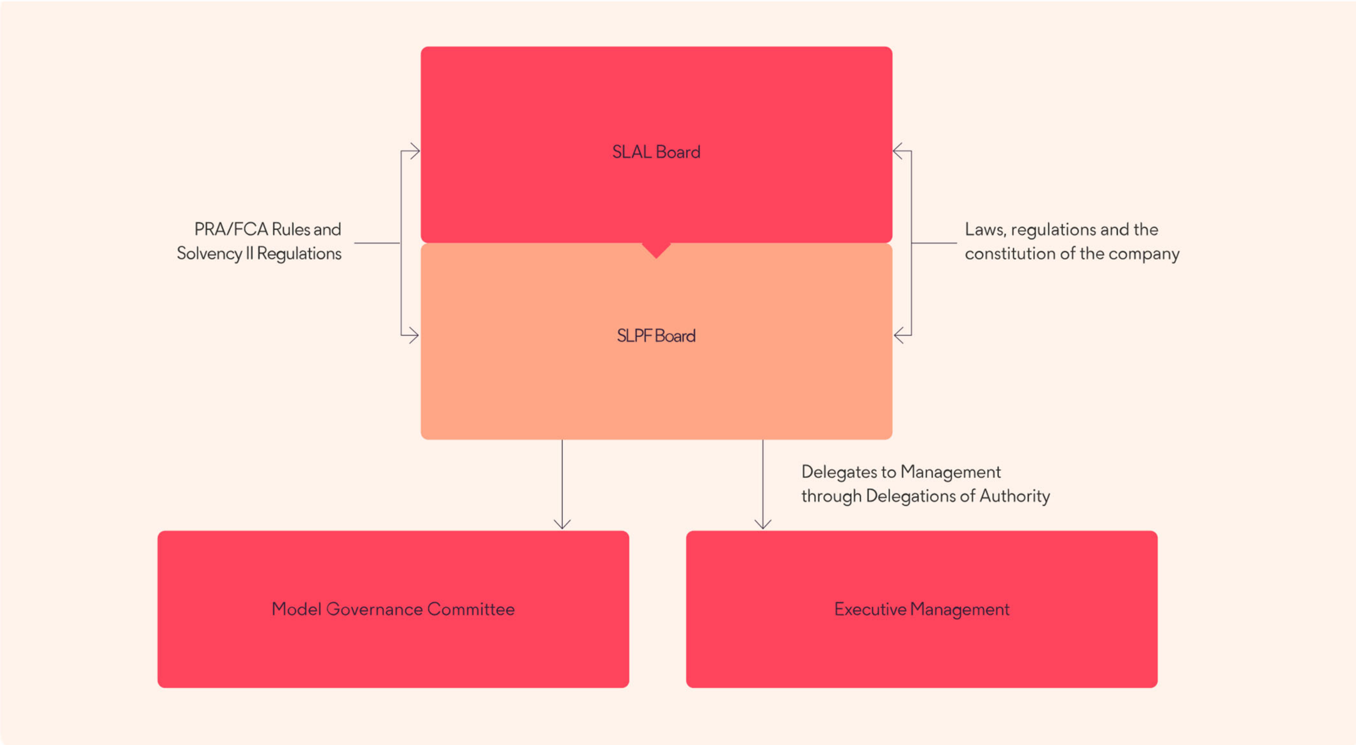
The PA(GI) Board comprises of four Executive Directors. The PA(GI) Board has one formal committee, the MGC, which is also a committee of the Boards of PLL, PLAL, SLAL, SLPF, RAL and RLL. Further details are included in sections B.1.8 and B.1.9.

Section B – System of governance continued

B.1 General information on the system of governance continued

B.1.7 Board and committee structure – SLPF

The chart below shows the SLPF Board structure as at 31 December 2021.



The SLPF Board comprises of two Executive Directors and a non-executive Chairman. The SLPF Board has one formal committee, the MGC, which is also a committee of the Boards of PLL, PLAL, SLAL, PA(GI), RAL and RLL. Further details are included in sections B.1.8 and B.1.9.

Section B – System of governance
continued

B.1 General information on the system of governance continued

B.1.8 Committees of the Boards

Details of the composition and role/duties of each standing committee of the Boards are outlined below:

Committee	Role, duties and responsibilities
Audit Committee	• Monitor the overall integrity of financial reporting. • Review the overall effectiveness of the relevant Company's internal control and risk management system and the Internal Audit function. • Agree the nature and scope of external audits and to oversee the relationship with the external auditors. • Monitor and review the effectiveness of the Finance function and the integrity of financial reporting. • Approve the remit of the Group Internal Audit ('GIA') function.
Investment Committee	• Establish and implement investment strategy and to regularly review investment and Asset Liability Management ('ALM') strategy whilst ensuring customers are treated fairly. • Initiate or review proposals for material changes in investment direction, and to approve such changes. • Review relative investment performance and oversee the governance of the relationships between the relevant Company and all investment managers, including oversight and review of fees, fee structures and Service Level Agreements. • Oversight and review the appropriateness of investment mandates. • Liaise with management committees which have responsibility for the shareholder impact of investment matters and also with the With-Profit Committee which has responsibility for the policyholder impact of investment matters.
Independent Governance Committee	• Act in the interest of members of the contract-based workplace pension schemes operated by the relevant Company and assess the ongoing value for money delivered by them.
Model Governance Committee	• Monitor the strategic direction and overall governance of the Internal Model used by the relevant Company. • Provide assurance to the relevant Board on the ongoing appropriateness, performance and effectiveness of the Internal Model. • Oversight of the results of the Standard Formula appropriateness assessment for the ReAssure Group plc capital model.
Nomination Committee	• Lead the process for appointments and ensure that the Board retains an appropriate balance of skills, knowledge, experience and diversity to support the strategic objectives of the relevant Company. • Ensure there is a formal, rigorous and transparent approach to the appointment of Directors including maintaining an effective framework for succession planning. • Approve proposals for the appointment or removal of Directors to/from the Board. • Regularly review the structure, size and composition of the Board and make recommendations with regard to changes that are deemed necessary. • Identify and nominate candidates to fill Board vacancies as and when they arise, and give consideration to succession planning. • Review annually the time required from NEDs and recommend the re-appointment to the Board of any NED at the end of their specified term of office.
Risk Committee	• Advise the relevant Board on all risk matters including risk appetite and tolerance in setting the future strategy. • Maintain the risk management framework ('RMF'), reviewing the risk appetite framework and limits. • Approve the overall risk management strategy and principal risk policies including monitoring compliance. • Oversight of the design and execution of the stress and scenario testing framework, and also ensuring that risks to the business plan are adequately identified and assessed through stress testing and scenario analysis.
With-Profits Committee	• Support the relevant Board in discharging its governance responsibilities in relation to compliance with the Principles and Practices of Financial Management ('PPFM'). • Assess, report on, and provide clear advice and, where appropriate, recommendations to the Board on the way in which each with-profits fund is managed and whether this is properly reflected in the PPFM and on any other issue which the Board or Committee considers that with-profits policyholders might reasonably expect the Committee to be involved. • Provide independent judgement in the assessment of PPFM compliance and how any competing or conflicting rights and interests of policyholders and, if applicable, shareholders have been addressed. • Consider all major transactions involving the Company (for example Part VII transfers, reinsurances, outsourcing) to the extent to which they impact upon with-profit policyholders. • Consider at the request of the Board all proposals for the exercise of discretion in respect of non-profit policies and the conduct and overall approach to treating customers fairly.

B.1 General information on the system of governance continued

B.1.9 Model Governance Committee ('MGC')

B.1.9.1 Roles and responsibilities of the MGC

The role of MGC is to monitor the strategic direction and overall governance of the Group's harmonised Internal Model. The Committee provides assurance to the relevant Boards on the ongoing appropriateness, performance and effectiveness of the harmonised Internal Model. The MGC also oversees the results of the Standard Formula appropriateness assessment for the ReAssure Group plc capital model.

B.1.9.2 Composition and running of the MGC

The MGC is a committee of PLL, PLAL, SLAL, RAL, RLL, PA(GI) and SLPF Boards and also supports the PGH Board in discharging its Internal Model related responsibilities. MGC membership comprises a Non-Executive Chairman and eleven other members of whom four are independent NEDs.

The MGC meets on at least four occasions a year at appropriate times in the reporting cycle or more frequently as circumstances require.

The Committee Chairman reports in writing to the respective Boards on proceedings after each meeting, on all matters within its duties and responsibilities. This ensures the Boards receive appropriate information to ensure the Internal Model is operating properly on a continuous basis. The Committee makes whatever recommendations to the Boards it deems appropriate on any area within its remit where action or improvement is needed.

B.1.9.3 Assignment of responsibilities

The MGC has delegated the tasks required under the regulations to the Actuarial, Finance and Risk departments in accordance with their current responsibilities under a 'Three Lines of Defence' model (further details are included in the Risk Management section B.3.2). The RMF is underpinned by the operation of the Governance model with clearly defined roles and responsibilities of Boards and their committees, management oversight committees, Group Risk and Group Internal Audit.

In their role as first line of defence (where risk is delegated from the Board to the Group CEO, ExCo members and through to business managers), the Finance and Actuarial departments have delegated responsibility for:

- design, implementation, operation and use of the Internal Model set by the Group Risk function;
- operation of the validation framework in line with the requirements set by the Risk Management function;
- documenting the Internal Model process and any subsequent changes; and
- informing the Board about the performance of the Internal Model, its limitations, areas needing improvement, and the status of activity to address previously identified weaknesses.

In its role as second line of defence (where risk oversight is provided by the Group Risk function, the PGH Board Risk Committee and the relevant Life Company Risk Committees), the Risk function has delegated responsibility for governance and oversight of the Internal Model, including but not limited to:

- sponsorship of the model governance policy;
- ownership of the Internal Model validation framework;
- independent validation of the design, implementation and operation of the Internal Model, including compliance with the model governance policy; and
- in relation to independent validation activity performed and summary reports produced, informing the administrative or management body about the performance of the Internal Model, suggesting areas needing improvement, and providing a review of the Finance and Actuarial departments' reporting in relation to weaknesses and limitations of the Internal Model, and the activity to improve previously identified weaknesses.

B.1.10 Key functions

Solvency II defines 'function' within a system of governance as an internal capacity to undertake practical tasks and to operate a system of governance which includes the Risk Management function, the Compliance function, the Internal Audit function and the Actuarial function.

The functions which operate within the Group are as follows:

- Compliance function (see sections B.2 and B.4 for further details);
- Risk Management function (see section B.3 for further details);
- Internal Audit function (see section B.5 for further details); and
- Actuarial function (see section B.6 for further details).

Their duties and responsibilities are allocated, segregated and coordinated in line with Phoenix Group policies. This ensures that all the important duties are covered and that unnecessary overlaps are avoided.

B.1 General information on the system of governance continued

B.1.10 Key functions continued

Further details on how the key functions have the necessary authority, resources and operational independence to carry out their tasks together with how those functions report to and advise the Boards of the Group are provided in the sections which cover each function (see sections B.3. B.4, B.5 and B.6).

B.1.11 Remuneration Policy

This section details the remuneration policy in place for the Group for the year ended 31 December 2021.

The Group has one consistent remuneration policy for all levels of employees which is made available to all staff. Therefore, the same remuneration policy principles guide reward decisions for all Group employees, including Executive Directors, although remuneration packages differ to take into account appropriate factors for different areas of the business.

The Group-wide remuneration policy is overseen by the Remuneration Committee of PGH ('RemCo'). Further details on this Committee can be found in the Remuneration Report in the PGH Annual Report and Accounts for the year ended 31 December 2021 and on the governance pages of the PGH website (https://www.thephoenixgroup.com/about-us/governance).

The policy focuses on ensuring sound and effective risk management and supports management in the operation of their business through the identification of minimum standards and key controls.

The key principles of the remuneration policy which applies across the Group are set out below.

a) Attract, retain and motivate quality staff – management keep remuneration practices under review to ensure that these support promotion of the long-term interests of the Group and its stakeholders and adequately and fairly reward staff.

b) Remuneration is positioned appropriately against external benchmarks – remuneration is benchmarked against independent third party data at appropriate intervals.

c) Remuneration is aligned to the long-term success of the Group – performance-related components of remuneration are aligned to measures which reflect achievement of the Group's long-term success and strategy.

d) Remuneration takes account of the risk profile of the Group – performance related components of remuneration take into account the risk profile of the Group, with all assessments of performance subject to Committee oversight which include the consideration of risk-related factors.

e) Proportion of variable pay is appropriate and balanced and has due regard to any impact of risk – the ratio of fixed to variable remuneration will differ depending on the specific incentive schemes in operation across the business. However, the Group seeks to ensure that an appropriate balance between fixed and variable remuneration is maintained for all employees, with the fixed proportion being sufficient to allow variable pay to operate on a fully-flexible basis, including the possibility of no payments of variable remuneration in a year. For Solvency II Identified Staff (further details are included in section B.2) there is also an appropriate balance between annual and long-term incentives, with the deferral of annual incentives into shares and all incentives including provision for the application of malus and clawback where appropriate.

f) Independence and strong governance in decision-making processes – as the policy is overseen by RemCo this ensures an appropriate level of independent challenge given RemCo exclusively comprises independent NEDs. Certain roles within control functions (Risk, Compliance, Internal Audit and Actuarial) are also subject to different variable pay arrangements which exclude any linkage to financial performance for annual incentives.

Section B – System of governance continued

B.1 General information on the system of governance continued

B.1.11 Remuneration Policy continued

B.1.11.1 Variable remuneration plans

Annual Incentive Plan

All permanent members of staff and fixed term contractors who are not in receipt of a 'completion payment' participate in an Annual Incentive Plan ('AIP').

For all staff this is subject to a mixture of Corporate (financial and strategic) and Personal (individual objectives) performance measures. This represents a balanced scorecard which includes customer metrics in addition to financial and personal measures. The same AIP framework applies to all employees, although metrics for SunLife employees and European employees have corporate metrics linked to their operating businesses; all other staff are subject to the Group corporate metrics detailed below.

The quantum of and the balance between Corporate and Personal performance measures varies between different levels of staff. All staff below ExCo+1 level have an equal split between corporate and personal elements, although AIP for Solvency II Identified Staff in Control functions (Audit, Risk, Compliance and Actuarial) is based on personal performance only so that their remuneration is not subject to the performance of any part of the business of which they have oversight. The Corporate performance measures apply on a Group-wide basis to produce a 'corporate factor' in calculating AIP outcomes.

For 2021, the selected performance measures for the corporate element of the AIP were as follows:

Performance metric	Weighting of corporate measure
Corporate measures for AIP in 2021	
Cash generation	30%
Shareholder value	25%
Incremental long-term cash generation less new business strain	20%
Customer experience	25%

One-third of AIP outcomes for all senior management subject to the regulatory requirements was deferred for a period of three years under the Deferred Bonus Share Scheme; for ExCo this deferral was 50%.

From 2021, all ReAssure employees are participating in the Phoenix Group AIP as described above.

Long-term Incentive Plan

The Group operates a Long-term Incentive Plan ('LTIP') for selected senior members of staff.

RemCo sets performance measures for each LTIP grant. Performance measures include an appropriate mix of measures based on growth in suitable performance conditions set at the time of grant. Performance measures are subject to additional 'underpin' requirements which permit RemCo to reduce or prevent vesting in appropriate circumstances.

The weightings of the LTIP performance measures for 2021 are summarised below. Each performance measure is assessed over the period of three financial years from 2021 to 2023.

	Weighting of corporate measure
Net Operating Cash Receipts	35%
Return on Shareholder Value	25%
Persistency	20%
Relative Total Shareholder Return ('TSR')	20%
Total	**100%**

All 2021 LTIP awards are subject to a further underpin measure relating to risk management within the Group. This 'underpin' also includes consideration of customer satisfaction and, in exceptional cases, personal performance.

The Relative TSR measure is calculated against the constituents of the FTSE 350 (excluding Investment Trusts) with vesting commencing at median (25% of this part of the award) and full vesting at upper quartile levels, subject to an underpin regarding underlying financial performance.

Section B – System of governance continued

B.1 General information on the system of governance continued

B.1.11 Remuneration Policy continued

B.1.11.2 Description of pension arrangements

All members of staff are invited to participate in the Group Personal Pension plan or other defined contribution pension arrangement that are open at that time. Where an individual is impacted by annual or lifetime limits on contribution levels to qualifying pension plans, the balance could be taken as a cash supplement (reduced for the impact of employers' National Insurance Contributions).

The Group does not operate any discretionary pension benefits. Death in Service benefits are provided to all staff.

B.1.11.3 Material transactions with shareholders and members of the Boards

There were no transactions with members of the PGH Board and insurance subsidiary Boards other than remuneration provided under the principles set out above.

Details of the actual remuneration of the members of the PGH Board are set out in the Directors' remuneration report in the PGH Annual Report and Accounts for the year ended 31 December 2021.

Material transactions with shareholders reflect the payment of dividends, of which further details can be found in the Directors' Report included in the PGH Annual Report and Accounts for the year ended 31 December 2021.

B.2 Fit and proper requirements

This section outlines the Senior Managers and Certification Regime ('SMCR'). It provides information on the specific requirements concerning 'fitness and propriety' which considers the skills, knowledge and expertise applicable to the persons who effectively run the undertaking or hold other key functions.

B.2.1 Senior Managers and Certification Regime ('SMCR') – Compliance

The aim of the SMCR is to reduce harm to consumers and strengthen market integrity by making individuals more accountable for their assigned responsibilities, conduct and competence.

The SMCR aims to:

- encourage a culture of employees at all levels taking personal responsibility for their actions; and
- ensure companies and employees clearly understand and can demonstrate where responsibility lies. The SMCR contains three separate elements:
  - the Senior Managers Regime;
  - the Certification Regime; and
  - Conduct Rules.

Senior managers who perform key roles (referred to as 'SMF' roles) will need PRA and FCA approval before starting their roles. The regime makes these individuals accountable for the sound and prudent management of their firm and requires them to behave with appropriate integrity, honesty and skill.

The table below provides a summary of SMCR impacted individuals and SMF Roles in insurance companies within the Phoenix Group.

SMF1 – Chief Executive	SMF13 – Chair of Nomination Committee
SMF2 – Chief Finance Function	SMF14 – Senior Independent Director
SMF3 – Executive Director	SMF15 – Chair of With-Profit Committee
SMF4 – Chief Risk Function	SMF16 – Compliance Oversight
SMF5 – Head of Internal Audit	SMF17 – Money Laundering Reporting Officer
SMF7 – Group Entity Senior Manager	SMF18 – Other Overall Responsibility
SMF9 – Chair of Governing Body	SMF20 – Chief Actuarial Function
SMF10 – Chair of Risk Committee	SMF20a – With-Profits Actuary
SMF11 – Chair of Audit Committee	SMF24 – Chief Operations Function
SMF12 – Chair of Remuneration Committee	

The certification regime has a broader application and impacts a greater number of individuals. The company and its senior managers are responsible for the design, management and oversight of the Certification Regime.

All other staff, with a few exceptions of staff not dealing with customers, must comply with the FCA conduct regime.

B.2 Fit and proper requirements continued

B.2.1 Senior Managers and Certification Regime ('SMCR') – Compliance continued

The key components of the SMCR regime comprise:

- a management responsibilities map – detailing senior manager roles and responsibilities, governance structures, matters reserved for the Board and the remit and function of committees;
- statements of responsibility – a summary of individual responsibilities for each Senior Management Function holder;
- handover procedures – to ensure a senior manager taking up a new role has the information and materials needed to perform their new role;
- prescribed responsibilities – 17 responsibilities specified by the regulators that must be allocated to a Senior Management Function holder;
- conduct requirements – rules and standards to be adhered to by all individuals within the scope of the regime;
- fitness and propriety – the requirement to assess the fitness and propriety of certification function holders and individuals holding senior management functions; and
- reasonable steps – the requirement that Senior Management Function holders take reasonable steps to discharge their responsibilities and make records to evidence their actions.

B.2.2 Process for assessing Fitness and Propriety

The Group has a number of policies and processes established which apply to all regulated entities and provide appropriate guidance and governance to ensure that those effectively running the Group have and maintain appropriate fit and proper status during their appointment. These policies and processes include the requirements to:

- identify and maintain accurate records of all Approved Persons, which includes Senior Management Function holders and Certified Individuals, sufficient to meet the requirements of the FCA and PRA;
- ensure new appointments are appropriately authorised, including skills analysis, competence assessment and relevant development plan documentation and monitoring;
- maintain a Group Approved Persons Framework to provide direction and guidance to the Group's Approved Persons ensuring they understand and can evidence how they meet their regulatory requirements;
- complete periodic assessments of Approved Persons to determine their ongoing competence, including consideration of performance development rating, Disclosure and Barring Service ('DBS') check, periodic financial check and interim self-certification;
- maintain an effective performance management framework, ensuring that the performance of employees is effectively managed;
- motivate and retain the right employees through appropriate reward structures;
- deliver an appropriate organisational culture through embedding appropriate values and behaviours;
- identify, plan and implement effective learning and development activities; and
- provide guidance, information and advice regarding the requirements, expectations and obligations of an Approved Person role.

Adherence to these standards is monitored on a quarterly basis and recorded within the Group centralised risk management system.

Section B – System of governance continued

B.3 Risk management system, including the own risk and solvency assessment

This section provides a description of the Group's Risk Management Framework ('RMF') including information on how the risk management functions are implemented and integrated into the organisational structure and decision-making processes of the Group.

B.3.1 Risk Management function

The Group Risk function is led by the Phoenix Group Chief Risk Officer ('CRO'). The Phoenix Life Company CRO (covering Phoenix Life and Standard Life insurance entities) and ReAssure CRO report into the Group CRO.

In Q1 2022, the Group Risk Leadership Team was extended to support the Group's operating model and an Open Division CRO now reports into the Group CRO to provide effective challenge and oversight of the Open Division.

Each CRO is supported by the following Group Risk areas which operate on a shared services basis:

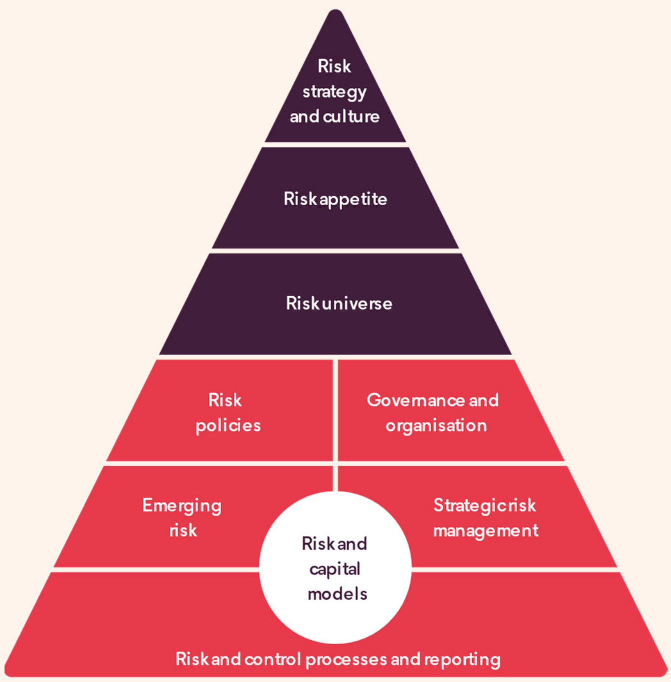
- Financial Risk
- Asset Management
- Risk Strategy and Reporting
- Regulatory Relationships
- Conduct and Compliance
- Operational Risk
- Information Security & Cyber Risk
- Data Protection
- Financial Crime Prevention

Each of the above teams has Group-wide remits. In addition, the SLIDAC Risk team operates as the Risk function for the Standard Life International business.

B.3.2 Risk Management Framework

The RMF embeds proactive and effective risk management across the Group. It seeks to ensure that all material risks are identified, assessed, controlled, monitored, managed within approved risk appetites and reported through agreed governance routes in line with delegated authorities. The Group's RMF is aligned to the principles and guidance in ISO 31000 Risk Management standards.

Following the acquisition of ReAssure Group plc, ReAssure adopted the Phoenix RMF in July 2021 and work continued over the second half of 2021 to further embed RMF activity within ReAssure. Moving to a single risk framework has provided greater visibility of risks and controls across the Group to ensure that risk continues to be managed effectively.



Group Risk conducts an assessment of the effectiveness of each function in the business in adhering to the requirements of the RMF twice a year. This provides assurance to management and the Boards that the RMF has been implemented consistently and is operating effectively across the Group.

Section B – System of governance
continued

B.3 Risk management system, including the own risk and solvency assessment continued

B.3.2 Risk Management framework continued

B.3.2.1 Risk Strategy and Culture

Risk Strategy – The Group's Risk Strategy is to take rewardable risks that are understood, managed effectively and are consistent with the Group's Social Purpose and Enterprise Strategy. The Group Risk Strategy supports a more stable, well-managed business with improved customer, shareholder, colleague and societal outcomes. The Group achieves its overall social purpose and enterprise strategy not by avoiding risks, but through the identification and management of an acceptable level of risk (the Group's 'risk appetite') which ensures the Group is appropriately rewarded for the risks that are taken.

Risk Culture – Risk culture is the sum of the Group's shared values, behaviours and attitudes towards risks faced by customers, shareholders, colleagues and society. The Group's risk culture reflects the way the Group thinks and acts, both individually and collectively. The Group's risk culture vision is to promote: "An environment that supports informed decision-making and controlled risk-taking". The creation of this environment is enabled through the Group's values of passion, responsibility, growth, courage and difference. Underpinning each of these are the individual and collective attitudes and behaviours that support the realisation of this environment. The Group regularly assesses itself against the risk culture vision, doing this through a comprehensive dashboard with a suite of measures on people engagement, governance, customers and leadership.

Risk Appetite – Risk appetite is used to define the amount of risk that the Group is willing to accept in the pursuit of enhancing customer and shareholder value and the attainment of strategic objectives.

The Group's risk appetite statements establish the risk boundaries within which the Group is prepared to operate, set the tolerance for delivery against objectives and are a key tool in balancing the interests of different stakeholders. The Group's risk appetite statements are implemented and executed through a Risk Appetite Framework to ensure coverage across the risks to which the Group is exposed. The Risk Appetite Framework is reviewed on an annual basis.

The following Board-approved Risk Appetite statements are adopted by the Group:

Capital – The Group and each Life Company will hold sufficient capital to meet business requirements including those of key stakeholders in a number of Board-approved asset and liability stress scenarios.

Liquidity – The Group and each Life Company will seek to ensure that it has sufficient liquidity to meet its financial obligations under a range of Board-approved scenarios.

Shareholder Value – The Group only has appetite for risks that are rewarded, adequately understood and controlled; and consistent with the Group's strategy. The Group will take action to grow and protect shareholder value.

Control – The Group and each Life Company will, at all times, operate a strong control environment to ensure compliance with all internal policies, applicable laws and regulations, in a commercially effective manner.

Conduct – The Group maintains the highest conduct standards which are in line with customer, market and regulatory expectations. The standards we are expected to achieve are included in our Group Code of Conduct. Any deliberate or negligent actions leading to unfair customer outcomes, poor market conduct, reputational damage or regulatory censures are not acceptable. If unfair outcomes should arise, the Group will put it right in a fair and prompt manner.

Sustainability – The Group will deliver on the Board's sustainability commitments to foster responsible investment, reduce environmental impact, follow our corporate purpose and be a good corporate citizen.

Risk Universe – A key element of effective risk management is ensuring that the business understands the risks it faces. These risks are defined in the Risk Universe. The Risk Universe allows the Group to have a consistent taxonomy and definition of risks to which it is exposed, allowing for consistent risk measurement and risk reporting across the business. There are three levels of risk categorisation within the Risk Universe. The highest Risk Universe category is Level 1, which includes:

- Strategic Risk
- Customer Risk
- Financial Soundness Risk
- Market Risk
- Credit Risk
- Insurance Risk
- Operational Risk

The Group treats climate change risk and conduct risk as cross-cutting risks that impact all aspects of the Risk Universe.

Section B – System of governance
continued

B.3 Risk management system, including the own risk and solvency assessment continued

B.3.2 Risk Management framework continued

B.3.2.1 Risk Strategy and Culture continued

Risk Policies – The Group Risk Policy Framework supports the delivery of the Group's social purpose and enterprise strategy by establishing the operating principles and expectations for managing the key risks to the Group's business. The Risk Policies define:

- individual risks the policy is intended to manage;
- degree of risk the Group is willing to accept, which is set out in the policy risk appetite statements;
- minimum control standards required in order to manage the risk to an acceptable level; and
- frequency of the control's operation.

The Group Risk Policies are mapped to either the Level 1 or 2 Risk Universe categories to ensure complete coverage of all material risks. The Group Risk Policy Framework further supports the Group in operating within the boundaries of its Risk Appetite statements by seeking to limit volatility under a range of adverse scenarios agreed with the Board. Quantitative and qualitative appetite limits are chosen which specify the acceptable likelihood for breaching the agreed appetite statements (e.g. less than x% chance of a breach in regulatory capital) and assessment against the appetite targets is undertaken through scenario testing. Breaches of appetite are corrected through management actions where appropriate.

The effective use of risk mitigation techniques such as reinsurance, hedging and outsourcing are key to ensuring the Group remains within risk appetite and are described in the relevant Group Risk Policies. Key performance indicators for each risk category are considered in p

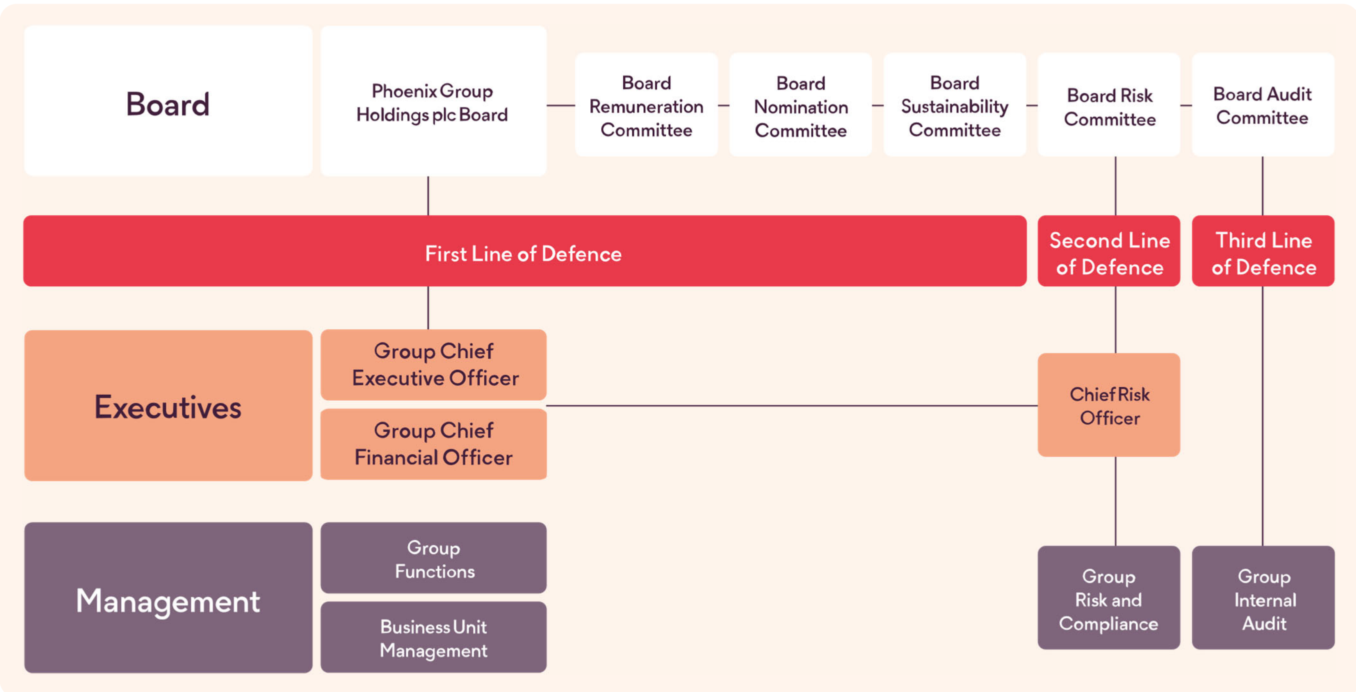
A Group Conduct Risk Framework and Climate Risk Framework overarch all risk policies to provide a holistic view of conduct and climate change risk. This provides a consistent and comprehensive approach in the application of the RMF in order to manage these risks across the Group.

B.3.2.2 Governance and Organisation

The RMF sets out a consistent three lines of defence model with clearly defined roles and responsibilities for all components. Risk accountability and ownership is embedded in the First Line with First Line assurance teams established to support the business by providing substantiated evidence that controls are fit for purpose.

Overall responsibility for approving the RMF rests with the Board, with maintenance and review of the effective operation of the RMF delegated to the Group Board Risk Committee. This delegation also includes approval of the overall risk management strategy and the review and recommendation to the Board of the relevant risk policies, risk appetite statements, risk profile and any relevant emerging risks.

The governance framework in operation throughout the Group can be found in the chart below.



Section B – System of governance
continued

B.3 Risk management system, including the own risk and solvency assessment continued

B.3.2 Risk Management framework continued

B.3.2.2 Governance and Organisation continued

First Line: Risk Management

Management of risk is delegated from the Board to the Group Chief Executive Officer, Executive Committee members and through to business managers. The First Line is responsible for implementation of the RMF, ensuring that risks to the Group and its customers, shareholders, colleagues and society are identified, assessed, controlled, monitored, managed and reported.

Second Line: Risk Oversight

Independent oversight of risk management is provided by the Group Risk Function through advice, guidance, review, challenge, opinion and assurance; their views are reported to the Board Risk Committee. The purpose and responsibilities of the Group Risk function are set out in the Risk Mission, Mandate and Plan, which is presented to the Board Risk Committee for approval annually.

Third Line: Independent Assurance

Independent verification of the adequacy and effectiveness of internal controls and risk management is provided by the Group Internal Audit function, reporting their output to the Group Board Audit Committee.

Emerging Risk

The Group defines an emerging risk (or opportunity) as an event that is perceived to be potentially significant but is not yet fully understood. Mitigating action may not be necessary until further information is known about the possible impact. Emerging risks could either be completely new risks or connected with existing risks in unfamiliar conditions.

The distinction between a current risk and an emerging risk predominantly relates to the amount of available information, with fewer details available for emerging risks meaning that likelihood and severity impacts must be estimated. Emerging risks or opportunities can typically take longer to crystallise, but in many cases immediate actions are needed so that risks can be pre-emptively mitigated or opportunities can be fully maximised.

Whilst any estimates have an element of subjectivity, they are validated during Management Board and Board Risk Committee discussions. These conversations help drive out potential new risks and opportunities, drawing on the collective expertise and experiences of senior individuals.

Strategic Risk Management

Strategic risks threaten the achievement of the Group's social purpose and enterprise strategy. The Group recognises that core strategic activity brings with it exposure to strategic risk. A Strategic Risk Policy is maintained and reported against regularly, with a particular focus on risk management, stakeholder management, corporate activity and overall reporting against the strategic ambitions of the Life Companies and Group.

Risk and Capital Models

A continuous process is followed for the identification and assessment of risk types and the corresponding resilience of the Group's capital position. The Group continually strives to enhance its internal risk and capital models and the related modelling must be sufficiently accurate to enable appropriate ranking and management of risks.

Under Solvency II, the development and production of any Internal Model output contributing to regulatory capital requirements must comply with validation standards. This is supported by a Model Governance Policy, which sets out the standards that must be satisfied to demonstrate meeting Solvency II requirements. The Internal Model output is used within the Own Risk and Solvency Assessment process to provide insight into risks associated with Group objectives. The Group Stress and Scenario Testing Programme uses the Internal Model to assess the capital impact of a range of plausible and extreme stresses.

Risk Control Processes and Reporting

Identification, assessment, management and reporting of risks, including lessons learnt from incidents, is undertaken across the three lines of defence, and reported through business and management governance to the relevant Boards and committees.

B.3 Risk management system, including the own risk and solvency assessment continued

B.3.3 Own Risk and Solvency Assessment Process ('ORSA')

The ORSA plays an important role in supporting strategic decision-making and strategy development at the Group's Boards and management committees. It provides:

- a linkage between strategy, risk, capital and stress testing, as well as the effectiveness of management actions required to meet strategic objectives;
- processes to identify, assess, control and monitor risks that the Group faces;
- an understanding of current and potential risks to the business; including financial and non-financial risks under base and stressed scenarios;
- agreed appetite to accept these risks and how the Group manages them; and
- a forward looking, internal assessment of the Group's solvency position in respect of its risk profile and how it is likely to change given business plans and strategy, or due to changes in the external environment.

ORSA processes are run regularly throughout the year and operate within the Group's ORSA cycle outlined below. The Group's ORSA cycle brings together inter-linked risk management, capital and strategic processes.

- **Strategy and business plan** – Delivery of the strategy and business plan exposes the Group to risk.
- **Risk exposure and appetite** – The Board expresses appetite to risk it is willing to accept in pursuit of strategic and business plan objectives.
- **Risk capital assessment** – Capital requirements reflect the risk profile of the business.
- **Risk management and monitoring** – Risk policies manage the risks in line with appetite. Risk reporting provides ongoing oversight of risk exposures.
- **Stress and scenario testing** – A Group Stress and Scenario Testing programme provides insight into principal risks across a continuum of plausible stress environments.
- **ORSA reporting (including ORSA report)** – Provides a forward-looking assessment of the Group's risk and capital position in light of the outputs from key ORSA processes. The ORSA Report aims to inform strategic decision making, stress testing and strategy and business planning processes.

The Group's ORSA Report is reviewed and approved at least annually by the Boards of the Group and the insurance entities in scope of the Group's ORSA Policy. The Group has a waiver from the PRA to produce a single group-wide ORSA report. SLIDAC prepares a standalone ORSA report for the Central Bank of Ireland, though the SLIDAC ORSA is incorporated into the Group ORSA report so that the Boards have visibility of the whole of the Group's risk profile.

B.3 Risk management system, including the own risk and solvency assessment continued

B.3.4. Risk Management and Internal Model Governance

With effect from 30 September 2021, the Group has used a PRA approved harmonised Internal Model covering the UK entities of both Phoenix and Standard Life. This means that the capital the Group holds in respect of these entities reflects a harmonised view directly related to the risks to which these entities are exposed, and takes account of the benefit from the risk management tools in place.

The Group currently uses a Partial Internal Model to calculate Group SCR, aggregating outputs from the harmonised Internal Model, SLIDAC's Standard Formula and ReAssure's Standard Formula. An allowance is made for diversification between Internal Model entities and between Standard Formula entities.

The governance in place for the Internal Model ensures that it remains up to date and appropriate for use, for example via regular assessments of the risk environment as reported in the Group's ORSA processes. The MGC has specific roles and responsibilities in relation to the governance of the Internal Model on an ongoing basis. The Committee monitors the strategic direction and overall governance of the Internal Model and provides assurance to the relevant Board of its ongoing appropriateness, performance and effectiveness. Full details of the Committee's responsibilities are set out in its terms of reference.

The validation process which is used to monitor the performance and ongoing appropriateness of the Internal Model is carried out by the Group Financial Risk team. The output of this activity is presented to the MGC through quarterly validation reports. The process is as follows:

- All proposed Internal Model methodology changes are reviewed extensively within the first line before undergoing a robust second line independent review and challenge. The second line review conclusions are presented to the MGC alongside the first line proposal for approval.
- All methodology underlying the Internal Model is subject to a comprehensive periodic review within the first line. The second line will independently review the appropriateness of the conclusions following this process, as well as initiate their own periodic reviews. External expertise may be sought to add new insight into the review and challenge process.
- The Solvency II Pillar 1 balance sheet results are subject to second line independent review and challenge. In particular, the appropriateness of the SCR is considered from both a top-down and bottom-up perspective in order to provide an assessment of whether the SCR is materially reasonable, the Internal Model as a whole appropriately reflects the risk profile of the business, and the Internal Model is expected to operate effectively going forward.

Section B – System of governance continued

B.4 Internal control system

B.4.1 Internal Control Framework

This section provides information on the material third party arrangements undertaken by the Group and details of the related policy.

The Group's Internal Control Framework places reliance on the effective operation of a 'Three Lines of Defence Model', which is outlined in section B.3.2.

The following five key elements are required in order to ensure the effective operation of the Internal Control Framework thereby enabling all Three Lines of Defence to fully discharge their responsibilities:

- **Key Controls:** The identification of the key controls within the business to effectively manage risks within risk appetite. This is undertaken as part of the Group Policy refresh process as outlined in the Group Risk Policy Framework, which is the process for developing, embedding and monitoring compliance against a Risk Policy that covers each risk category within the Risk Universe.
- **Expected evidence:** Minimum Control Standards ('MCS') defined in risk policies ensure that there is a clear articulation of the expected evidence to support an assertion that each of the MCS is operating effectively.
- **Self-assessment:** The assessment of the operating effectiveness and design of each MCS is performed quarterly by designated control owners in accordance with the Risk and Control Self-Assessment ('RCSA') process.
- **Controls assurance programme:** Implementation of a proportionate programme of independent controls assurance activity by the First Line supported by further risk review and assurance activity in the Second and Third Lines:
  - Second Line – risk reviews that provide independent assurance regarding First Line adherence to the RMF and Internal Control Environment , and sample testing of integrity of completed MCS assessments;
  - Third Line – independent assessments to provide assurance that all significant risks have been identified and appropriately reported and opining as to whether they are adequately controlled.
- **Risk and Control Management Information reporting:** Reporting on inherent and residual risk profiles and MCS performance to provide assurance to stakeholders confirming that controls are operating as expected or highlighting exceptions as required. This in turn enables the data to be incorporated and referenced in risk reporting to appropriate management committees and Boards.

Each of these elements is an integral part of the Group's RMF (see section B.3.2), in particular Risk Appetite; Governance and Organisation; Risk Policies; and Risk & Control Processes and Reporting.

B.4.2 Compliance Function

The Compliance Oversight requirements of the Compliance function are delivered by the Conduct and Compliance team which sits within the Group Risk function. This is an independent function in the Second Line and provides assurance to the Boards that the Group is operating within a compliant framework. Whilst compliance with regulation remains the responsibility of senior management assigned to specific roles, the Conduct and Compliance function ensures that the appropriate mechanisms exist to support management in discharging their responsibilities to this end.

The Conduct and Compliance team is further split into five sub-teams with responsibilities as follows:

- **The Conduct and Compliance Assurance team** provides assurance through its annual Compliance Assurance plan, which is developed through a risk-based approach and approved by the relevant Board Risk Committee. The team also sets, tracks and reports on improvement actions arising from its assurance reviews.
- **The Policy, Advice and Guidance team** leads the process to identify and assess regulatory developments through horizon scanning activity. The team also provides advice, guidance and support to business areas; and supports engagement with the regulators, oversight of regulatory reporting and the operation and implementation of the Senior Managers Regime.
- **The Customer and Conduct Risk team** oversees operation and development of the Conduct Risk Framework; provides proposition advice and guidance to support any proposition development activity; oversees financial promotions and provides reporting on the effectiveness of conduct and compliance risk management across the Group.
- **The Strategic Partner Oversight team** carries out continuous oversight of the Group's outsource service providers ('OSP') and strategic partners; oversees, manages and supports the conduct and compliance risks associated with strategic change activity for OSP and strategic partners; and supports the delivery of Second Line services in relation to the Group's outsourced arrangements and the operation of its strategic partnerships.
- **The SunLife Limited Compliance team** provides regulatory guidance, advice and challenge in respect of the regulated activities of SunLife Limited and those of its strategic partners. Oversight of Financial Promotions is operated on a risk-assessed basis.

Section B – System of governance continued

B.5 Internal audit function

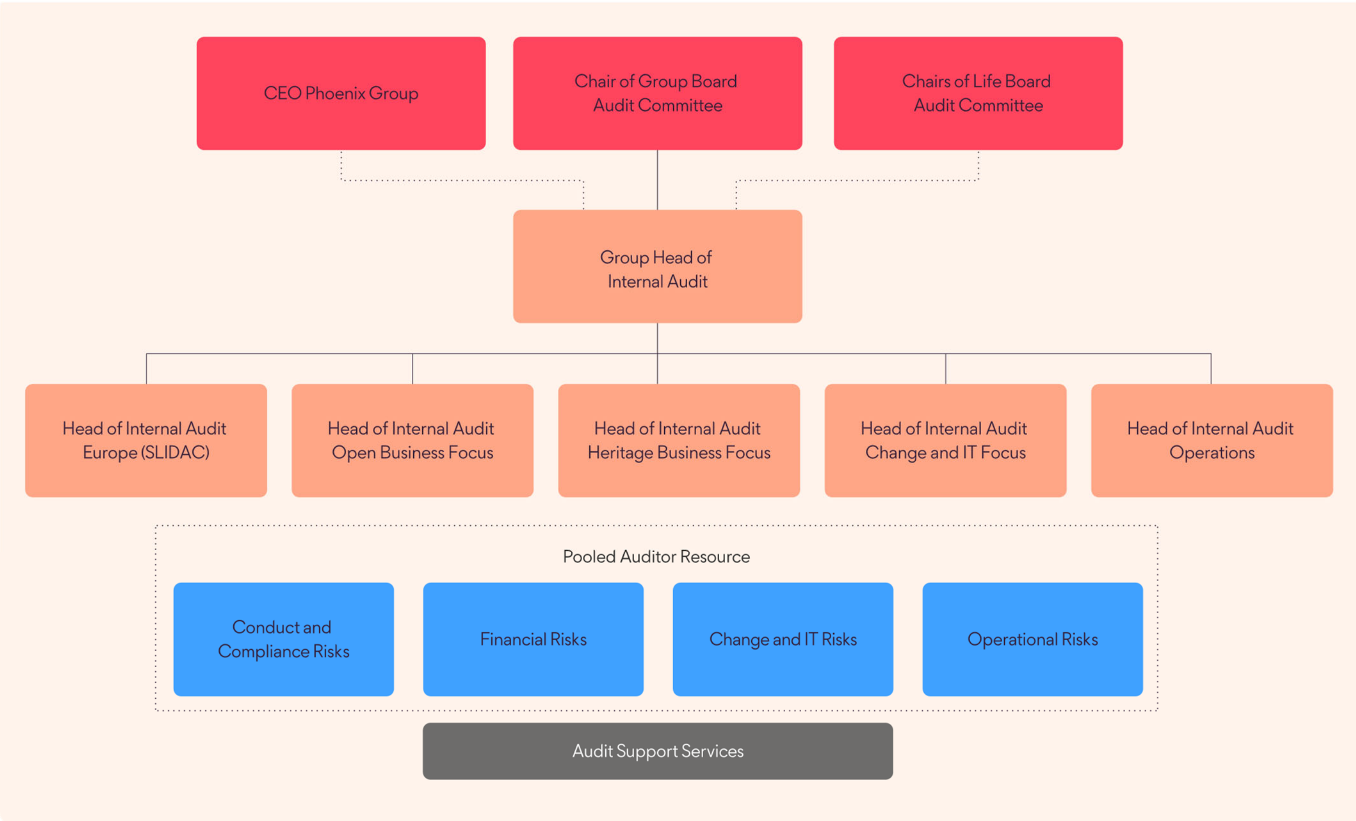
The primary role of the Phoenix Group Internal Audit ('PGIA') function is to support the Board and Executive Management in protecting the assets, reputation and sustainability of the organisation. This is achieved by assessing whether all significant risks are identified and appropriately reported, assessing whether they are adequately controlled and challenging Executive Management to improve the effectiveness of governance, risk management and internal controls.

PGIA operates in compliance with the International Standards for the Professional Practice of Internal Auditing, the Internal Audit Code of Ethics, the Guidance on Effective Internal Audit in the Financial Services Sector and Internal Audit guidance provided by the European Confederation of Institutes of Internal Audit ('ECIIA').

The full Internal Audit Charter can be found on the governance pages of the Group's website (https://www.thephoenixgroup.com/about-us/governance/board-committees).

B.5.1 Structure of Internal Audit

A summarised structure chart for the Phoenix Group Internal Audit function as at 31 December 2021 is shown below:



B.5.2 Roles and Responsibilities of Internal Audit

The Internal Audit scope is unrestricted and there are no aspects of the organisation which PGIA is prohibited from reviewing. Key business risk areas and industry themes identified both internally and externally, are prioritised to receive more extensive coverage, regular ongoing review and opinion formation.

The function has a number of responsibilities, including the following:

- Production of Internal Audit plans: PGIA plans, and material changes to plans, are approved by the Group Board Audit Committee ('BAC') (further details on the Committee are included in Section B.1.8). They have the flexibility to deal with unplanned events to allow PGIA to prioritise emerging risks. Changes to the audit plan are considered through PGIA's ongoing assessment of risk. In setting its plans, PGIA takes into account business strategy, risk and control culture. PGIA forms an independent view of whether the key risks to the organisation have been identified, including emerging and systemic risks, and assesses how effectively these risks are being managed. PGIA's independent view is informed, but not determined, by the views of Management and the Risk function. In deciding the audit plan, PGIA focuses on areas where it considers risk to be higher and will not necessarily cover all Risk Universe scope areas every year.
- Oversight of Outsourced Internal Audit functions: For material OSPs, PGIA operates a risk-based oversight model to ensure the activities of the outsourced Internal Audit functions meet PGIA standards (which are aligned to Chartered Institute of Internal Audit standards).

B.5 Internal audit function continued

B.5.3 Reporting

PGIA attend, and issue reports to the Group BAC and Life Company BACs (see section B.1.4) and any other governing bodies and Board committees as appropriate.

PGIA's reporting to the Group BAC includes significant control weaknesses, root-cause analysis, themes and a view on management's remediation plans. Bi-annually, PGIA provides an opinion on the strength of the design and operation of the Risk Management/Internal Control Framework (and adherence to the risk appetite framework across the business).

B.5.4 Independence and Objectivity of the Internal Audit Function

In order to maintain its independence and objectivity from the activities it reviews, PGIA ensures the following:

- The Group Head of Internal Audit ('GHIA') reports to the Group BAC (through the Chair) and administratively to the CEO on a day-to-day basis. The GHIA is supported by a Head of Internal Audit for SLIDAC (SLIHIA), whose primary focus is Phoenix's European business.
- When the GHIA's tenure exceeds seven years, the Group BAC will explicitly assess independence and objectivity annually. The Group BAC Chair is the final approval point for recommendations made by the CEO regarding the performance objectives, appraisal, appointment or removal of the GHIA, as well as the overall compensation package of the GHIA which is further ratified by the RemCo.
- The remuneration of the GHIA, the SLIHIA and audit staff is structured in a manner such that it avoids conflicts of interest, does not impair independence and objectivity and is not directly or exclusively linked to the short term performance of the organisation.
- The GHIA ensures that PGIA remains free from anything that impacts its ability to carry out its responsibilities in an unbiased manner.
- PGIA has the right to attend and observe all or part of executive management meetings and any other key management decision-making forums. It also has sufficient and timely access to all Board and Executive management information and a right of access to all of the organisation's records, necessary to discharge its responsibilities.
- Effective Risk Management, Compliance and other assurance functions are an essential part of the Group's corporate governance structure. PGIA is independent of these functions and is neither responsible for, nor part of, them. In evaluating the effectiveness of internal controls and risk management processes, in no circumstances does PGIA rely exclusively on the work of these other assurance providers. PGIA exercises informed judgement as to when to leverage the work of other assurance providers and always examines for itself an appropriate sample of the activities under review, after a thorough evaluation of the effectiveness of other assurance providers' work in relation to the applicable area.

It is acknowledged that PGIA may also be asked, by the Board or Executive Management, to provide consultancy, advisory and/or undertake investigative assignments on a range of focused or holistic matters such as ethics, risk culture or tone within the organisation. In these circumstances, the results of any such activities would always be shared with the Chair of the Group BAC, regardless of the origin of such request.

PGIA co-operates with the Group's nominated External Auditors, generally through the sharing of planning information and audit results.

The GHIA, and other senior managers within PGIA, have an open, constructive and co-operative relationship with regulators, which supports the sharing of relevant information.

Section B – System of governance continued

B.6 Actuarial function

B.6.1 Organisational Structure

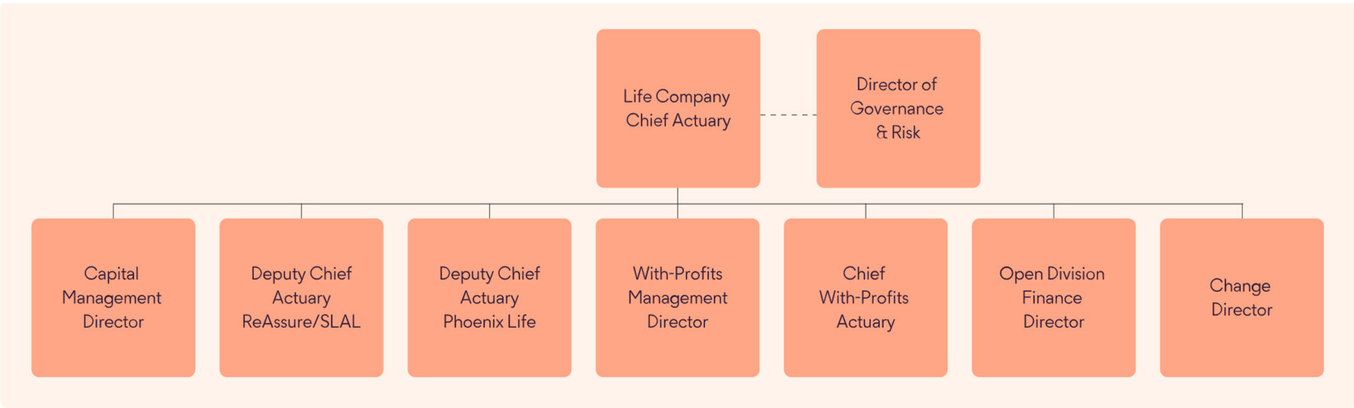
The Actuarial Function within the Group comprises:

- the Life Actuarial department, headed by the Life Company Chief Actuary; and
- the Group Actuarial department, headed by the Group Chief Actuary.

The Actuarial Function provides a range of actuarial services and advice to the Boards and management teams of the insurance subsidiaries and PGH.

B.6.2 Life Actuarial Department

A structure chart for the Life Actuarial department is provided below.



Notes:

1 The Life Company Chief Actuary holds the SMF20 function for PLAL.

2 The Deputy Chief Actuary – Phoenix Life holds the SMF20 function for PLL.

3 The Deputy Chief Actuary – ReAssure/ SLAL holds the SMF20 functions for RAL, RLL, SLAL and SLPF.

4 In July 2020, Phoenix acquired ReAssure Group plc. The ReAssure Actuarial Function is yet to be fully integrated with the Life Actuarial Function though reporting lines have been aligned to the appropriate Director.

B.6 Actuarial function continued

B.6.2 Life Actuarial Department continued

B.6.2.1 Key team roles within Life Actuarial department

A summary of the role of each team within the Life Actuarial department is outlined below.

Capital Management

Solvency Risk and Optimisation

The Solvency Risk and Optimisation team's role is to ensure that an appropriate amount of capital is held in each of the Group's insurance subsidiaries. The team oversees a capital policy which is designed to achieve the following objectives:

- to provide appropriate security for policyholders and meet all regulatory capital requirements while not retaining unnecessary excess capital; and
- to ensure sufficient liquid assets are available to meet obligations to policyholders and other creditors.

The capital policy framework comprises a suite of capital management policies that govern the allocation of capital throughout the Group to achieve these objectives under a range of stress conditions. The policy suite is defined with reference to policyholder security, creditor obligations, dividend policy and regulatory capital requirements.

This team also review the results of the solvency monitoring process which estimates how the solvency of the companies has changed since the last full valuation. These results are reported monthly to management committees and Boards. The team also ensures processes are in place to escalate any breaches of the SCR and identify remedial actions.

Internal Model team

The Internal Model team works with other teams within the business to ensure that the Phoenix Partial Internal Model remains in line with the PRA-approved model. This includes managing the regulatory approval process for any changes required to models, methodology and reporting processes in line with the latest regulatory and industry requirements.

In particular, the team recommends the methodology for calculating Solvency II regulatory capital and co-ordinates an opinion on the adequacy and reliability of the Technical Provisions.

This team is also responsible for the Internal Model market stress calibrations.

Credit Modelling team

The Credit Modelling team provides subject matter expertise guidance on credit risk and leads on methodology and model development for credit risk. It works with teams across the business to ensure that Solvency II aspects of credit investments are appropriately considered and in line with regulatory standards.

In particular, the team is responsible for the Internal Model credit risk calibrations.

Insurance Risk and Reinsurance Oversight team

The Insurance Risk team is involved in all areas of managing longevity, mortality, persistency and morbidity risk, which also includes calibrating the Internal Model stresses for these risks. Longevity and persistency risk are key risks to which the Group is exposed and effective management of these is critical to meeting the Phoenix Group's objectives.

The team ensures appropriate management of insurance risk by developing a risk management strategy, conducting experience investigations, setting best estimate and Solvency II stress assumptions and reporting and oversight of activities in other functions relating to insurance risk.

The Reinsurance Oversight team maintains oversight of key reinsurance risks to which the Group is exposed. The team ensures the in-force treaties operate effectively and provide the intended risk mitigation. The team is accountable for the Reinsurance Strategy on behalf of the life companies.

Open Business Partnering Team

The Open Division Partnering Team is led by the Open Division Finance Director and supports the commercial management of the Group's Open Division. It is aligned to the Group's product lines which are open to new business, supporting new strategic initiatives, proposition development, pricing of new business and commercial performance management.

B.6 Actuarial function continued

B.6.2 Life Actuarial Department continued

B.6.2.1 Key team roles within Life Actuarial department continued

Strategic Projects team

The Strategic Projects team lead and provide technical support for the planning and execution of a wide range of strategic projects to meet fund, entity and Group objectives. Projects include intra group and external transfers under Part VII of the Financial Services and Markets Act 2000 (a court- sanctioned legal transfer of some or all of the policies of one company to another) and a variety of other projects (for example, developing new reassurance arrangements, and with-profit initiatives).

The Life Actuarial department provides project support to all parts of the Group.

With-Profits Actuary

The role of the With-Profits Actuary is to provide actuarial oversight of the With-Profits designated funds. This involves proactively monitoring all aspects of the financial management of the With-Profits funds to ensure that policyholders are treated fairly and developing the future strategy for the financial management of these funds.

With-Profits Management team

The With-Profits Management team is involved in all areas of managing With-Profits business. This includes PPFM management and compliance, setting reversionary and final bonus rates, setting surrender value factors, policyholder communications relating to bonuses and fund performance and managing With-Profit fund estate run off.

B.6.2.2 Key responsibilities of the Life Actuarial function under Solvency II

The key responsibilities of the Life Actuarial function under Solvency II are to:

- inform stakeholders about the reliability and adequacy of the calculation of technical provisions;
- express an opinion on the adequacy of reinsurance arrangements;
- express an opinion on the overall underwriting policy;
- ensure processes are in place to escalate any breaches of the SCR capital policy and identify remedial actions; and
- contribute to the implementation of key parts of the Phoenix RMF (see section B.6.2.5).

Reliability and adequacy of technical provisions

The Life Actuarial department plays a critical role in determining the technical provisions across the following key areas:

- methodology;
- data;
- assumptions;
- calculations; and
- validation.

Ultimately, the Life Actuarial department is responsible for presenting the final technical provisions results to the Boards for approval.

The Life Actuarial department is responsible for overseeing the calculation of technical provisions which are performed by the Life Finance department. The role of the Life Finance department and the interaction with Life Actuarial is summarised briefly below.

The Life Finance department are responsible for ensuring the technical provisions have been calculated in accordance with methodology specified by the Solvency II regulations. As part of this work the Life Finance department are responsible for:

- updating methodology in line with any changes in regulations with subsequent oversight provided by Life Actuarial;
- deriving best estimate demographic and expense assumptions from experience investigations;
- running the models and processes used to calculate the technical provisions;
- the accuracy and reliability of liability data and asset data required to calculate the technical provisions;
- initial review of the technical provision results, and understanding key drivers for changes since the previous valuation; and
- operation of validation controls, such as profit and loss attribution, and comparison of actual results with projected results from the solvency monitoring process.

The Life Actuarial department reviews and challenges the technical provisions produced by the Life Finance department and reports on the reliability and adequacy of these to the Boards. The appropriateness of the technical provisions for use in the balance sheet is assessed by carrying out a detailed review of the technical provisions, which may include studying the control reports and analysing the profit and loss attribution.

B.6 Actuarial function continued

B.6.2 Life Actuarial Department continued

B.6.2.3 Reinsurance arrangements

The Life Actuarial department is responsible for forming an overall opinion on the adequacy of reinsurance arrangements. This is to ensure that existing arrangements operate effectively and provide the intended risk mitigation. It also includes the monitoring of the credit quality of reinsurance counterparties.

This opinion is largely guided by the oversight responsibilities and activities performed by the Group's Reinsurance Management Committee ('RMC'). The RMC conducts annual reviews of the reinsurance strategy with consideration given to risk limits, risk profile and effectiveness of risk transfer. The RMC may propose changes to reinsurance arrangements consistent with the risk appetite developed and adopted by the Group.

B.6.2.4 Underwriting policy

The Life Actuarial department is also responsible for forming an overall opinion on the underwriting policy. This is to ensure that the underwriting policy and practices in place are appropriate to the risk appetite of the Group and that the technical provisions are determined in a consistent manner.

This opinion is largely guided by the oversight responsibilities and activities performed by the New Business and Pricing Committee and the Minimum Control Standards imposed by the Group's insurance risk policy.

B.6.2.5 Contribution to the risk-management system

The Life Actuarial department contributes to the implementation of key parts of the Phoenix Group's RMF, including:

- methodology to calculate the Internal Model SCR;
- on-going development of the Internal Model;
- review and challenge of the calculated SCR results, which are calculated by the Life Finance department;
- on-going management of risks faced by the insurance subsidiaries and Group by considering capital policy, asset/liability matching and investment strategy;
- managing and monitoring the insurance subsidiaries balance sheets; and
- developing, reviewing, and implementing management actions that may be called upon to improve the financial soundness of the Life Companies and the Group.

The Chief Actuary and other senior members of the Actuarial department also sit on or chair a number of key internal governance committees.

This role within the governance process ensures the function is well placed to contribute to the development, monitoring and improvement of the Group's risk management system.

B.6.2.6 Governance & Risk team

The Governance & Risk team provide support to the Life Company Chief Actuary and his management team through provision of assurance over the effectiveness of the RMF, Governance and Internal Controls operated within the Life Actuarial Function. This is achieved through delivery of Line 1 assurance reviews and other activities which include:

- developing and implementing a Line 1 Assurance Methodology with the objective of identifying key areas of control weakness and / or operational inefficiencies and rectifying recommendations. These reviews can be relied upon by Lines 2 and 3 thus avoiding duplication;
- supporting refresh of Policies owned by the Chief Actuary;
- assessing, tracking and reporting on rectification actions for risks reported outside of appetite/Policy controls rated below Satisfactory;
- assisting in the development and monitoring of appropriate Key Risk Indicators; and
- tracking and reporting on key assurance actions that are owned by or impact Life Actuarial.

B.6 Actuarial function continued

B.6.2 Life Actuarial Department continued

B.6.2.7 Reporting of Actuarial department activities to the Boards

The key tasks undertaken by the Life Actuarial department are reported to the Boards and other key stakeholders annually in the 'Actuarial Function Report'.

This report describes the results and outcomes of the key tasks performed by the Actuarial department, along with any material deficiencies arising from them, and highlights where further details can be found regarding recommendations made to address any material deficiencies.

B.6.3 Group Actuarial Department

The Group Actuarial department supports the PGH and PA(GI) Boards in ensuring capital is managed efficiently, managing the Group's solvency position, contributing to the development of the Group's strategy and identifying and delivering opportunities to enhance shareholder value across the Group.

Group Actuarial relies on the controls, governance and oversight provided by the Life Actuarial department in respect of actuarial activities that relate to the insurance subsidiaries, while maintaining oversight through membership on Governance committees.

Group Actuarial key activities are:

- managing and monitoring the Group balance sheet and capital management policies;
- management of the Group's pension schemes;
- maintaining and developing the Group Partial Internal Model, particularly in relation to the staff pension schemes and other risk exposures of the non-insurance entities of the Group;
- supporting the ongoing development of a single Group-wide harmonised Internal Model;
- support on strategic projects;
- pricing and assessment of potential acquisitions; and
- contributing to the development of the Group's strategy.

B.7 Outsourcing

This section provides information on the material third party arrangements undertaken by the Group and details of the related policy.

The Group's business units are supported by corporate functions, operations and asset management. Both operations and asset management operate as a shared service to provide solutions to each of the business units. Both also outsource a range of key services to external partners as part of the Group's strategy to manage risks, reduce costs and focus on core capabilities.

Further details regarding the outsourcing relationships in place for SLIDAC can be found in section B.7 of its solo SFCR.

B.7.1 Third Party relationships

One of the Group's key strategic decisions is to outsource to third parties who deliver a range of key services. All third parties are carefully selected following appropriate due diligence.

The Group operates a third party oversight model, which is a defined Minimum Control Standard ('MCS') within the Sourcing and Procurement Policy detailed in section B.7.2 below. The sourcing model allows for all providers of services to be categorised based upon their risk and materiality to the business. The policy details the minimum standards which the Group is required to employ in establishing and overseeing third parties, with particular focus on those who are deemed to be critical and strategically important. Critical and strategically important third parties have been identified within a Supplier Management Model which defines the manner in which each is overseen. For ReAssure relationships, these third parties are currently being overseen by the ReAssure Supplier Management Framework until harmonisation has been finalised (which is currently underway). The contracts for strategically important and critical third parties fully define the requirements of them as a provider of services to the Group. These contracts make clear the obligations which are placed on each third party.

A Contingency Framework is also in place which recognises that there are risks associated with Outsource Providers' ('OSP') failure/default for which the Group may be accountable. This framework is reviewed on an annual basis and outputs of any reviews are shared with the FCA, upon request.

The outsource partners have scale and common processes, often across multiple clients, which provide several benefits for the Group, including reducing investment requirements, improving the technology used within the administrative capability, and reducing operational risk.

Some specialist roles such as Finance, Actuarial, Risk and Compliance and oversight of the outsource partners are retained in-house, ensuring the Services Companies and Life Companies retain full control over the core capabilities necessary to manage and integrate closed life funds.

Section B – System of governance continued

B.7 Outsourcing continued

B.7.1 Third Party relationships continued

The services provided across the Group's strategic and critical third parties are as follows:

B.7.1.1 Management Services Agreements ('MSAs') with Service Companies

The Service Companies are responsible for providing the Group's UK insurance subsidiaries (via intragroup arrangements) with all required management services.

B.7.1.2 Policy administration

Full policy administration for policyholders includes:

- call centre handling;
- policy servicing; and
- claims handling.

Policy administration services are principally UK based (with some offshore processes/services), and all fall under FCA jurisdiction with the exception of a small book of policies administered by SS&C (formerly DST) who are based in Dublin and are regulated by the CBI. The Group's key third parties for policy administration are listed below.

Policy administration and/or customer services
Diligenta Established in 2005, Diligenta is a UK-based subsidiary of Tata Consultancy Services ('TCS'), and a leading provider of business process services for the life and pensions industry. Specifically, Diligenta provides life and pensions business process services to policyholders of the Phoenix Group via a contact centre delivering policy servicing and claims administration. In managing the Phoenix account, Diligenta operates from three principal UK locations, Peterborough, Liverpool and Basingstoke which are supported by overseas locations in India. During November 2020, the customer servicing and other customer related activity moved to Diligenta from Capita in Glasgow.
Capita Life and Pensions A major supplier of business process services to the UK life and pensions industry. Capita Life and Pensions provides life and pensions business process services to policyholders of the Phoenix Group via a contact centre, delivering policy servicing and claims administration. In managing the Phoenix account, Capita operates from two principal UK locations, Glasgow and Bournemouth which are supported by overseas locations in India.
HCL A UK regulated business process service relationship exists with HCL which operates from Romford, supported by overseas locations in India.
SS&C (formerly DST) A smaller, but critical, service relationship with SS&C operates out of Dublin.
FNZ A smaller, but critical, UK regulated business process service relationship with FNZ operates from Basingstoke and Edinburgh.
Hannover Re Administration of a portfolio of annuities in ReAssure are also fully reinsured by Hannover Re.
Equiniti Paymaster Provides payroll and tax reporting facilities to ReAssure policyholders.

There are also a small number of other third parties which provide policy administration services (for a relatively limited number of policies) on behalf of the Phoenix Group.

B.7 Outsourcing continued

B.7.1 Third Party relationships continued

B.7.1.3 Fund accounting and investment management

Third Parties provide the Phoenix Group with:

- fund accounting and custody services; and
- investment management of assets owned by the Life Companies under Investment Management Agreements and associated mandates.

Investment, fund accounting and custody services are all operated by third parties which are principally UK based. The Group's key providers of these specialist services are listed below.

Fund accounting and investment management OSP
HSBC Provides a number of services including end-to-end securities services incorporating fund accounting and safe custody, third party administration, trustee and depository services, investment management, investment accounting and unit pricing services.
abrdn plc A leading investment management group and strategic partner to the Phoenix Group.
Janus Henderson Global Investors A global investment management group, providing investment management services.
CITI A global custody network provider, providing custody services.
BlackRock Investment management services
LGIM (Legal & General Investment Management) Investment management services

Further to those listed above there are a number of other third parties that provide Investment management services on a smaller scale.

B.7.1.4 Other relationships

A number of third parties operate and deliver core systems, capabilities and processes. Key relationships include BT, Pulsant, Cognizant, TCS, Accenture, IBM, Oracle, Equiniti, Milliman, CCH Tagetik, SD Worx, FCS Lasermail, Midland HR, Iron Mountain, EDM, NTT Europe Limited, Olive, Microsoft, Fujitsu and Moody's.

B.7.2 Sourcing and Procurement policy

Sourcing is the structuring of the supply base, including the evaluation, selection and appointment of third parties to support the operating model of the organisation and key functions. Procurement is the acquisition of goods or services to meet specific business needs and the creation of commercial and legal agreements to fulfil specific requirements.

The Group has a sourcing and procurement policy in place which seeks to manage sourcing and procurement risk (the risk of reductions in earnings and/or value through financial or reputational loss associated with a Third Party, or managing material intragroup arrangements to provide the service required by the Group (either through their own organisational failure, or simply by substandard performance).

The policy covers the Group's MCS which are to be adhered to when evaluating, selecting, implementing and managing third parties in order to ensure risk is managed appropriately. The policy also contains the key risks associated with sourcing and procurement and the MCS in place to mitigate those risks to within an acceptable risk appetite. This aligns with the Risk and Control Framework operated across the Group to manage risk. Further details on the Risk and Control Framework can be found in section B.3.

B.7.3 Board oversight

Management oversight committees are in place to oversee strategic and critical third parties. Related reporting is produced and presented to the Operational Risk Committee.

Risk and control reporting is maintained through the completion of a Line 1 risk report (an outcome report, aligned to the Phoenix Risk Universe and RMF). This report is reviewed and approved by the relevant Management Board on a monthly basis and is submitted to the relevant Life Risk Committee on a quarterly basis.

Section B – System of governance
continued

B.8 Any other information

B.8.1 System of governance – assessment of adequacy

The Group's System of Governance, noted throughout section B, remains adequate given the nature, scale and complexity of risks inherent in the business. This assessment is primarily based on:

- Group Risk conducts an annual assessment of the effectiveness of each function in the business in adhering to the requirements of the RMF, the outcome of which is presented to the Group Board Risk Committee. The assessment for year end 2021 concluded that the RMF is well-embedded and operating effectively within the Group. This assessment allows for the Group's nature, scale and complexity of risks, where the risks inherent in the business are reported to the Board regularly.
- The Group's Own Risk and Solvency Assessment processes are embedded within the organisation and used as a key tool for business decision-making, with the Board actively engaged throughout.
- As noted in B.3.4, the Group has harmonised its Internal Model between the UK entities of both Phoenix and Standard Life, leading to an enhancement of the Group's risk management and modelling capabilities. Regular validation carried out within the second line provides independent review and challenge that the Internal Model appropriately reflects the risk profile of the business.
- Company Secretariat maintains a Corporate Governance Policy, which assesses the adherence of the Group's Solvency II entities with their relevant codes of governance on at least an annual basis; this also includes conducting annual board effectiveness reviews (as required).

There is no further material information to be disclosed regarding the system of governance beyond the information disclosed in section B.

Section C

Risk profile

In this section

Section C

Risk profile

This section provides information on the risk profile of the Group and its Life insurance subsidiaries, including for each category of risk, a description of the risks, a description of the measures used to assess these risks, material risk exposures, concentrations and risk mitigation techniques.

Section B.3 sets out the risk management system including information on how the Risk Management Framework is implemented and integrated into the organisational structure and decision-making processes of the Group and its Life insurance subsidiaries.

Sensitivity analysis for each category of risk is also provided for the Group and its main insurance subsidiaries.

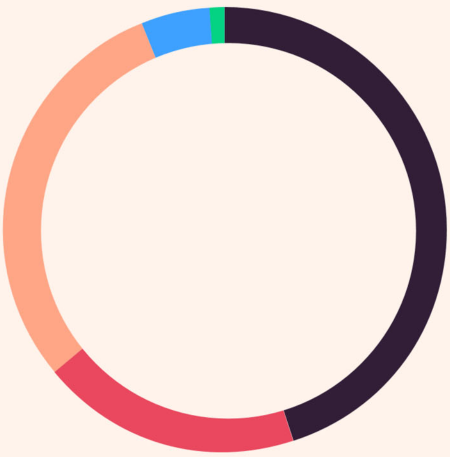
To show an indicative PGH Group view, (where relevant) the underlying tables within this section present the risk profile of the Group's insurance subsidiaries. The harmonised Internal Model which was approved by the PRA in September 2021 brings together two internal models and covers the Phoenix Life and Standard Life entities (excluding SLIDAC).

The risk capitals are calculated on the harmonised Internal Model together with Standard Formula components for SLIDAC and the ReAssure entities, each with different stress calibration assumptions and methodologies. PA(GI) is within the scope of the harmonised Internal Model.

The PGH Group SCR is determined on a Partial Internal Model basis and capital requirements calculated under the harmonised Internal Model and Standard Formula are aggregated in determining the Group position, with no further allowance for diversification.

The chart and table below gives an indicative exposure of the overall risk profile for the PGH Group. It shows a high-level view of the composition of the PGH Group undiversified SCR by aggregating the risk profiles for each entity across the different risk types using a simple pro rata approach.

Risk profile



Underwriting risk	45%
Market risk	19%
Credit risk	30%
Liquidity risk	–
Operational risk	5%
Other risks	1%

Section C – Risk profile
continued

The undiversified SCR of the underlying insurance subsidiaries is presented below.

Risk profile of insurance subsidiaries and the Group	Section reference	PLL	PLAL	SLAL	SLPF	PA(GI)	PGH Group harmonised Internal Model	RAL	RLL	SLIDAC	PGH Group Standard Formula	PGH Group
Underwriting risk	C.1	33%	45%	45%	10%	–	42%	45%	–	36%	51%	45%
Market risk	C.2	18%	19%	17%	–	–	20%	25%	39%	34%	17%	19%
Credit risk	C.3	40%	28%	27%	90%	–	31%	26%	20%	15%	27%	30%
Liquidity risk	C.4	–	–	–	–	–	–	–	–	–	–	–
Operational risk	C.5	9%	8%	11%	–	100%	5%	4%	41%	15%	5%	5%
Other risks	C.6	–	–	–	–	–	2%	–	–	–	–	1%
Total		100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

The Group and its Life insurance subsidiaries are generally exposed to similar risks although the extent of exposures varies depending on the LoB underwritten by the insurance undertaking and the asset portfolios held.

Sections C.1 to C.6 set out, for each of the risks, a description of the material risks to which the Group and its Life insurance subsidiaries are exposed, the risk measurement techniques used to assess these risks, risk concentrations, and a description of risk mitigation techniques used for mitigating these risks. Section C.7 sets out the results of stress testing and sensitivity analysis for material risks.

The Group and its Life insurance subsidiaries do not hold SCR for liquidity risk, as explained further in section C.4.2. More details regarding the SCR are set out in section E.

Climate risk

The financial and non-financial impacts of climate change present material risks to the Group and its customers. A Group-wide project was undertaken to enhance the Group's approach to managing the financial risks of climate change, including embedding climate risk considerations within the Group's RMF, to meet the requirements of the PRA Supervisory Statement 3/19 (SS3/19). The Group's disclosures, in line with the Task Force on Climate-Related Financial Disclosures ('TCFD') are outlined in the Group's Climate Report in the PGH Annual Report and Accounts for the year ended 31 December 2021. The report also includes planned future priorities across each of the TCFD focus areas.

As noted in section B.3.2, climate change risk is considered a cross-cutting risk that impacts all areas of the Risk Universe. Whilst the Group does not currently hold capital specifically against climate risk, the Group considers climate change within its Stress and Scenario Testing Programme. More details are contained in the PGH Climate Report for the year ended 31 December 2021.

Section C – Risk profile
continued

C.1 Underwriting risk

C.1.1 Risk exposure

This section describes the underwriting risk exposures of the Phoenix Group for the year ended 31 December 2021.

Underwriting risk refers to the risk that the frequency or severity of insured events may be worse than expected and includes expense risk. Contracts underwritten within the Group include the following sources of underwriting risk:

Risk source	Description
Mortality risk (including catastrophe risk)	Higher than expected number of death claims on assurance products, lower than expected improvement in policyholder mortality or occurrence of one or more significant claims.
Longevity risk	Lower than expected number of deaths experienced on annuity products or greater than expected improvements in annuitant mortality.
Morbidity/Disability risk	Higher than expected number of inceptions on critical illness or income protection policies and lower than expected termination rates on income protection policies.
Expense risk	Unexpected timing or value of expenses incurred.
Persistency risk	Adverse movements in either surrender rates, premium paying rates, cash withdrawal rates, guaranteed annuity option ('GAO') take-up rates, surrender rates, policyholder retirement dates, the propensity to commute benefits, transfer out rates or the occurrence of a mass lapse event.
New Business pricing risk	Inappropriate pricing of new business that is not in line with the underlying risk factors for that business.

The table below shows the split of the undiversified SCR in respect of underwriting risk.

Components of underwriting risk	PLL	PLAL	SLAL	SLPF	PGH Group harmonised Internal Model	RAL	RLL	SLIDAC	PGH Group Standard Formula	PGH Group
Longevity risk	55%	62%	27%	–	46%	50%	–	9%	41%	45%
Lapse risk (including persistency risk)	27%	35%	67%	–	43%	38%	–	64%	42%	43%
Other life underwriting risk	18%	3%	6%	100%	11%	12%	–	27%	17%	12%
Total underwriting risk	100%	100%	100%	100%	100%	100%	–	100%	100%	100%

RLL holds no risk capital in respect of underwriting risk as all underwriting risk is transferred via reinsurance either through external reinsurance arrangements or through an intra-group reinsurance agreement that is in place with RAL.

In addition to exposure arising from contracts underwritten by the insurance subsidiaries, the Group is also exposed to longevity risk arising from the Pearl Group Staff Pension Scheme ('Pearl Scheme'), the Abbey Life Assurance Company Limited Staff Pension Scheme ('Abbey Life Scheme') and the ReAssure Staff Pension Scheme ('ReAssure Scheme').

During the year ended 31 December 2021, the key changes to underwriting risk exposure include:

- the update of longevity, mortality and persistency assumptions to consider portfolio and population experience up to 31 December 2020 (although for most products, 2020 experience has been given little weight given its anomalous nature due to COVID-19) and the latest views on future trends, resulting in an overall release of longevity risk reserves and capital and an increase in mortality risk reserves and capital;
- the effect of excess mortality over 2021 due to COVID-19 has resulted in an overall release of reserves relative to expectations. No credit has been taken for this increased mortality in forward looking assumptions given the one off nature of this event;
- the successful acquisition of Bulk Purchase Annuity books and the buy-in transactions executed with the Pearl Group Staff Pension Scheme, however most resulting longevity exposure is reinsured externally; and
- the strengthening of expense assumptions that principally reflects the impact of investment in the Group's growth agenda on the maintenance cost base, including the development of capabilities within the Group's Open business, asset management function and within certain other Group functions.

Section C – Risk profile
continued

C.1 Underwriting risk continued

C.1.2 Risk measurement

The Group uses several methods to assess and monitor underwriting risk exposures both for individual types of risks insured and the overall risks. These methods include the use of a PRA-approved harmonised Internal Model (applicable to Phoenix Life and Standard Life UK entities, as described in section B.3.4), experience analyses, external data comparisons, sensitivity analyses, scenario analyses and stress testing. SLIDAC and the ReAssure entities determine their regulatory capital requirements in accordance with the Standard Formula.

In addition, RAL uses a Partial Internal Model for determining an internal economic capital view, which is used to inform business decisions.

The risk capital requirement for underwriting risk is assessed using the Group's Partial Internal Model, which is calibrated to withstand a stress event to a 99.5% confidence level over a one-year period.

As at 31 December 2021, underwriting risk represented 45% of the Group's total undiversified SCR as shown in the chart at the beginning of section C.

C.1.3 Risk concentration

The Group is not exposed to any material concentration of underwriting risk. For all underwriting risks described above, the Group's exposure is spread across a diversified portfolio of products with approximately 13 million individual policyholders. No individual policyholder contract size is large enough to represent a material concentration as a proportion of the Group's total risk exposure.

C.1.4 Risk mitigation

The Group seeks to manage exposure to underwriting risk by establishing Minimum Control Standards ('MCSs') and supporting practices that align with its agreed principles. Risk appetite statements have been established for underwriting risks and the risk exposures are monitored against agreed limits.

The ongoing effectiveness of insurance risk mitigation is monitored on a regular basis by the Financial Risk Committee ('FRC') and the Group Finance and Capital Committee ('GFCC').

The mitigation of underwriting risk through reinsurance and other forms of risk transfer is used to manage the overall level of exposure to underwriting risk.

As at 31 December 2021, the Life Companies and the Group held the following reinsurance recoverable balances.

	Reinsurance recoverables £m	Largest counterparty
PLL	9,125	Legal & General Assurance (Pensions Management) Limited
PLAL	2,388	PLL
SLAL	6,352	Canada Life Re Ireland Designated Activity Company
RAL	825	Scottish Equitable PLC
RLL	520	Swiss Re Europe S.A.
SLPF	7	SLAL
SLIDAC	14,385	SLAL
Other[1]	(16,783)	–
PGH Group	**16,819**	Legal & General Assurance (Pensions Management) Limited

1 Other includes consolidation items in respect of intra-group reinsurance arrangements.

The majority of the underwriting risk that has been ceded relates to annuitant longevity risk, which has been transferred by a mixture of conventional reinsurance treaties and longevity swaps.

The ongoing effectiveness of the reinsurance ceded externally by the Group's Life Companies is monitored on an ongoing basis by the Reinsurance Management Committee ('RMC').

Section C – Risk profile
continued

C.1 Underwriting risk continued

C.1.5 Sensitivity analysis

As part of the Group's internal risk management processes, the impact of a number of underwriting risk scenarios on the SCR is monitored. The results of such stress testing on the Group's SCR and each main insurance subsidiary's SCR are provided below.

	PLL		PLAL		SLAL		RAL		RLL		SLIDAC		PGH Group	
SCR £m (or %)	SCR (£m)	Regulatory ratio (%)	SCR (£m)	Regulatory ratio (%)	SCR (£m)	Regulatory ratio (%)	SCR (£m)	Regulatory ratio (%)	SCR (£m)	Regulatory ratio (%)	SCR (£m)	Regulatory ratio (%)	SCR (£m)	Regulatory ratio (%)
Base: 1 January 2022[1]	**(2,656)**	**162%**	**(1,076)**	**156%**	**(2,997)**	**139%**	**(2,499)**	**156%**	**(37)**	**636%**	**(344)**	**173%**	**(9,462)**	**156%**
Following 6% decrease in annuitant mortality rates[2]	(2,620)	157%	(1,074)	146%	(2,997)	134%	(2,484)	144%	(37)	636%	(344)	171%	(9,411)	149%
Following 6% increase in assurance mortality rates	(2,646)	159%	(1,074)	157%	(2,996)	139%	(2,499)	155%	(37)	636%	(344)	173%	(9,449)	155%
Following a 10% change in lapse rates[3]	(2,633)	161%	(1,075)	156%	(2,948)	138%	(2,469)	155%	(37)	636%	(334)	174%	(9,350)	155%

1 Assumes stress occurs on 1 January 2022.
2 Equivalent of six month increase in longevity applied to the annuity portfolio.
3 Assumes most onerous impact of a 10% increase/decrease in lapse rates across different product groups.

As can be seen from the results, the Group and its insurance subsidiaries are resilient to such scenarios, with the largest exposure being to a decrease in annuitant mortality rates.

C.2 Market risk

C.2.1 Risk exposure

This section describes the market risk exposures of the Phoenix Group for the year ended 31 December 2021.

Market risk is the risk of reductions in earnings and/or value, through financial or reputational loss, from unfavourable market movements. The Group and its Life insurance subsidiaries are exposed to the following sources of market risk:

Risk source	Description
Interest rate risk	The risk of a reduction in earnings and /or value arising from changes in fixed interest yields or changes in the spread between the swap curve and the gilt yield curve that affect bond asset values and /or their volatility. In this context bond assets should be taken to include gilts, debt issued by supranationals, corporate bonds and collectives that invest primarily in these assets.
Equity risk	The risk of reduction in earnings and /or value, from unfavourable movements in equity asset values and / or equity volatility. In this context, equity assets should be taken to include shares, equity derivatives and equity collectives (OEICs, unit trusts, investment trusts).
Property risk	The risk of reduction in earnings and /or value, from unfavourable movements in property asset values and / or property volatility. In this context, property assets should be taken to include direct property investment, shares in property companies, property collectives (OEICs, unit trusts, investment trusts), and structured property assets.
Inflation risk	The risk of reduction in earnings and /or asset and liability values, due to inflation, e.g. price inflation or wage inflation. This could lead to an unanticipated change in insurance cost, or change in asset values relative to the respective liabilities.
Currency risk	The risk of reduction in earnings and /or asset and liability values, arising as a consequence of changes to currency exchange rates. This risk category also covers the risk of a change in swap rates in one currency, relative to the swap rate in another currency.
Alternative assets risk	The risk of reduction in earnings and /or value, from unfavourable movements in the value and /or volatility of investments in alternative asset classes. In this context, alternative asset classes should be taken to include hedge funds and private equity vehicles.

Section C – Risk profile
continued

C.2 Market risk continued

C.2.1 Risk exposure continued

The Group seeks to hedge against the majority of shareholder exposure to falls in the equity markets through the use of derivatives.

During the year ended 31 December 2021, the key changes to market risk exposure included:

- Successful acquisition of Bulk Purchase Annuity books, predominantly backed by a mixture of equity release mortgages ('ERM'), liquid and illiquid credit;
- Increased investment in illiquid assets;
- Increased hedging of inflation risk in SLAL and ReAssure; and
- Implementation of currency hedges at the Group level to manage currency exposures arising on non-Sterling debt issued by the Group and residual currency risk within the Life companies.

There remains significant market uncertainty as a result of the developing conflict in Ukraine and the risks presented by further mutations of the COVID-19 virus. The Group continues to monitor its exposure to markets affected by the conflict in Ukraine and the effects of the conflict on markets in which the Group transacts.

The table below shows the split of the undiversified SCR in respect of market risk for each of the insurance subsidiaries and the Group.

Components of market risk	PLL	PLAL	SLAL	SLPF	PGH Group harmonised Internal Model	RAL	RLL	SLIDAC	PGH Group Standard Formula	PGH Group
Interest rate risk	30%	46%	23%	–	29%	38%	3%	2%	27%	29%
Gilt swap spread risk	23%	31%	20%	–	22%	–	–	–	–	17%
Other market risks	47%	23%	57%	–	49%	62%	97%	98%	73%	54%
Total market risk	100%	100%	100%	–	100%	100%	100%	100%	100%	100%

C.2.2 Risk measurement

The Group and its insurance subsidiaries use several methods to assess and monitor market risk exposures both for individual market risk categories and for the aggregate exposure to all market risks. These methods include monitoring of asset portfolio composition, interest rate mismatch risk metrics, strategic asset allocation, and hedge effectiveness.

In addition, these methods include the use of a PRA approved harmonised Internal Model (applicable to the Phoenix Life and Standard Life UK entities), experience analyses, external data comparisons, sensitivity analyses, scenario analyses and stress testing. SLIDAC and the ReAssure entities determine their regulatory capital requirements in accordance with the Standard Formula.

In addition, RAL uses a Partial Internal Model for determining an internal economic capital view, which is used to inform business decisions.

The risk capital requirement for market risk is assessed using the Group's Partial Internal Model, which is calibrated to withstand a stress event to a 99.5% confidence level over a one-year period.

As at 31 December 2021, market risk represented 19% of the Group's total undiversified SCR as shown in the chart at the beginning of section C.

C.2.3 Risk concentration

The asset concentrations are managed through the Group's strategic asset allocation process, with the allocation to each asset class being agreed by the insurance subsidiaries' Boards. The operation of agreed market risk concentration limits at fund level ensures that the Group and its insurance subsidiaries are not overly exposed to any single country, sector or individual counterparty.

C.2 Market risk continued

C.2.4 Risk mitigation

Interest rate risk

With-profit business and non-participating business within the with-profit funds ('WPFs') are exposed to interest rate risk as guaranteed liabilities are valued relative to market interest rates and investments include fixed interest securities and derivatives. For with-profit business, the profit or loss arising from mismatches between such assets and liabilities is largely offset by increased or reduced discretionary policyholder benefits dependent on the existence of policyholder guarantees. The contribution of these funds to the Group result is determined primarily through the impact on the value of future shareholder transfers and/or by the change in value of the current or assumed future level of shareholder support within the relevant with-profits funds of the insurance subsidiaries. The shareholder capital is exposed to all economic movements until the estate is rebuilt to cover the required capital, at which point the fund becomes 'unsupported'.

Interest rate risk is managed by matching assets and liabilities where practical and by entering into derivative arrangements for hedging purposes where appropriate. This is particularly the case for the health and other life insurance funds including Matching Adjustment annuity funds. For participating business, increased exposure to interest rate risk is permitted where it is consistent with the principles of treating customers fairly. The with-profit funds of the Group provide capital to allow such mismatching to be effected. In practice, the Life insurance subsidiaries within the Group maintain an appropriate mix of fixed and variable rate instruments (including cash and derivatives) according to the underlying policyholder liabilities. A review is performed at regular intervals to ensure that overall exposure is kept within the risk profile agreed for each particular fund. This also requires the maturity profile of these assets to be managed in line with the liabilities to policyholders.

In the non-profit fund and particularly the Matching Adjustment annuity funds, policy liabilities' sensitivity to interest rates are matched primarily with fixed and variable rate income securities and derivatives, with the result that sensitivity to changes in interest rates is low.

Exposure to ERM is included in the PLL Matching Adjustment ('MA') and non MA portfolios and the PLAL MA and non MA portfolios. The interest rate risk in respect of these illiquid assets is matched to liabilities in order to leave a low residual interest rate risk exposure. The potential adverse loss in respect of these illiquid assets is modelled using bespoke in-house models reflecting the specificities of these asset classes.

The Group's pension schemes exposure to interest rates is largely hedged through the use of long dated gilts and interest rate swaps, within the schemes.

Equity and property risk

The Group's objective in holding equity and property assets is to earn higher long-term returns by investing in a diverse portfolio of equities and properties. Portfolio characteristics are analysed regularly and price risks are actively managed in line with investment mandates. The Group's equity holdings are diversified across industries, and concentrations in any one company or industry are limited.

The Group's exposure to property risk has increased due to increased investment in illiquid credit assets such as ERM and Commercial Real Estate Loans ('CREL'). This is in addition to maintaining the current exposure from: existing ERM and CREL investments; collectives in the Unit-Linked funds and WPFs; and some direct property holdings in the SLAL WPFs.

Equity and property price risk is managed through the agreement and monitoring of financial risk profiles that are appropriate for each of the Group's life funds in respect of maintaining adequate regulatory capital and treating customers fairly. This is largely achieved through asset class diversification and within the Group's Asset-Liability Management ('ALM') framework through the holding of derivatives or physical positions in relevant assets to hedge equity risk where appropriate. Any residual equity exposure emanating at Group is hedged, if necessary, to keep the Group exposure within risk appetite. The Group's pension schemes also retain a material exposure to property risk and, in the case of the ReAssure Scheme, to equity risk exposure. Risk exposures are managed via each scheme's investment strategy, as agreed with the trustees.

Inflation risk

The Group is exposed to inflation risk through annuity policies and the Group's pension schemes, which may provide for future benefits to be paid taking account of changes in the level of experienced and implied inflation, and also through the Group's cost base. The Group seeks to manage inflation risk through the holding of derivatives, such as inflation swaps, or physical positions in relevant assets, such as index-linked gilts, where appropriate.

Section C – Risk profile
continued

C.2 Market risk continued

C.2.4 Risk mitigation continued

Currency risk

The Group and its insurance subsidiaries' financial assets are primarily denominated in the same currencies as its policyholder liabilities. Thus, the main foreign exchange risk arises from recognised assets and liabilities denominated in currencies other than those in which policyholder liabilities are expected to be settled and, indirectly, from the earnings of UK companies arising abroad.

The Group and its life insurance subsidiaries have some exposure to overseas assets which is not driven by liability considerations. The purpose of this exposure is to reduce overall risk whilst maximising returns by diversification. This exposure is limited and managed through investment mandates which are subject to the oversight of the investment committees of the Boards of each insurance subsidiary. Fluctuations in exchange rates from certain holdings in overseas assets are hedged against currency risks.

Alternative assets risk

PLL, PLAL, SLAL and RAL hold alternative assets as part of their wider diversified portfolios. The risks are managed in accordance with the ALM framework, taking into account the ALM targets and risk appetite of the funds in question.

The Group's pension schemes also retain a material exposure to alternative assets risk. Risk exposures are managed via each Scheme's investment strategy, as agreed with the trustees.

The ongoing effectiveness of market risk mitigation is monitored on a regular basis by the Investment Management Committee ('IMC').

C.2.5 Sensitivity analysis

As part of the Group's internal risk management processes, the impact of a number of market risk scenarios on the SCR is monitored. The results of that stress testing on the Group's and each main insurance subsidiary's SCR are provided below.

	PLL		PLAL		SLAL		RAL		RLL		SLIDAC		PGH Group	
SCR £m (or %)	SCR (£m)	Regulatory ratio (%)	SCR (£m)	Regulatory ratio (%)	SCR (£m)	Regulatory ratio (%)	SCR (£m)	Regulatory ratio (%)	SCR (£m)	Regulatory ratio (%)	SCR (£m)	Regulatory ratio (%)	SCR (£m)	Regulatory ratio (%)
Base: 1 January 2022[1]	**(2,656)**	**162%**	**(1,076)**	**156%**	**(2,997)**	**139%**	**(2,499)**	**156%**	**(37)**	**636%**	**(344)**	**173%**	**(9,462)**	**156%**
Following a 20% fall in equity markets	(2,695)	161%	(1,101)	153%	(2,905)	139%	(2,381)	164%	(37)	636%	(301)	183%	(9,273)	158%
Following a 12% fall in property values	(2,744)	156%	(1,074)	155%	(2,997)	139%	(2,500)	155%	(37)	636%	(343)	173%	(9,547)	154%
Following a currency appreciation[2]	(2,659)	162%	(1,077)	156%	(2,928)	138%	(2,485)	157%	(37)	636%	(306)	176%	(9,345)	155%
Following a currency depreciation[2]	(2,655)	162%	(1,075)	156%	(3,071)	141%	(2,528)	152%	(37)	636%	(415)	169%	(9,634)	157%
Following a 80bps interest rates rise[3]	(2,379)	170%	(920)	168%	(2,965)	141%	(2,339)	145%	(37)	636%	(327)	197%	(8,812)	158%
Following a 70bps interest rates fall[3]	(2,975)	154%	(1,231)	146%	(3,019)	137%	(2,659)	165%	(37)	636%	(359)	154%	(10,131)	154%

1 Assumes stress occurs on 1 January 2022
2 A 15% weakening/10% strengthening of GBP exchange rates against other currencies
3 Assumes recalculation of TMTP (subject to PRA approval)

RAL's regulatory balance sheet is temporarily more sensitive to certain stresses as a result of Solvency I Pillar 1 biting under the Financial Resources Requirement ('FRR') test at YE2021. This is reflected in the sensitivities above.

As can be seen from the results, the Group and its main insurance subsidiaries are resilient to such scenarios.

C.3 Credit risk

C.3.1 Risk exposure

This section describes the credit risk exposures of the Phoenix Group for the year ended 31 December 2021.

Credit risk is the risk of a reduction in earnings and/or value, through financial or reputational loss, as a result of the default of a counterparty or an associate of such a counterparty to a financial transaction (i.e. failure to honour their financial obligations, or failing to perform them in a timely manner). These obligations can relate to both on and off balance sheet assets and liabilities. The Group and the Life insurance subsidiaries are exposed to the following sources of credit risk:

Risk source	Description
Spread risk	The risk of reduction in earnings and/or value, arising from changes in the spread between corporate bond yields and gilt yields or corporate bond yields and the swap curve. In this context, spread risk also includes changes in the spreads on illiquid assets, such as equity release mortgages ('ERM'), infrastructure loans, commercial mortgage loans, local authority loans and infrastructure investments.
Illiquid credit risk	The risk of reduction in earnings and/or value, from unfavourable movements in the value and/or volatility of investments in illiquid credit asset classes. In this content, illiquid credit assets include ERM, commercial real estate debt, infrastructure debt, local authority loans, export credit agencies, social housing and fund finance.
Investment counterparty risk	The risk of reduction in earnings and/or value, arising from counterparty defaults on investments such as bonds, derivatives and cash deposits. This also includes the residual risk of credit risk mitigation techniques being less effective than expected. For example 'gap risk' where derivative or reinsurance collateral fails to move in line with liabilities following a default event.
Reinsurance counterparty risk	The risk of reduction in earnings and/or value, arising from the failure of a reinsurance counterparty to meet its contractual obligations by way of default or delayed claim settlements.
Outsourcer default risk	The risk of reduction in earnings and/or value through financial or reputational loss associated with a third party providing outsourced services to the Group, either through organisational failure of the third party or sub-standard performance.
Stock-lending risk	The risk of reduction in earnings and/or value, arising as a result of borrowers defaulting on their obligation to return the original stock and the risk arising from the investment of the collateral received in lieu of the borrowed stock.

During the year ended 31 December 2021, the key change to credit risk exposure is the increased investment in illiquid credit assets, including ERM (by acquisition of further back books and ongoing funding of new loans) and other differentiated private credit assets including commercial real estate loans ('CREL'), infrastructure, local authority and housing association debt.

As a result of the ongoing economic impact of COVID-19 the Group has continued de-risking action to mitigate the impact of future downgrades on risk capital. The Group reduced its exposure to 'BBB and below' rated assets to 17% of shareholder assets under management to ensure that the Group operates within a conservative appetite. Newly originated assets were of high quality with an average rating of 'A-'.

The conflict in Ukraine presents economic uncertainty and the Group is monitoring developments closely, though the Group's direct exposure is low; As at 31 December 2021, the Group had £23 million of shareholder exposure to Russia and Ukraine, which represents less than 0.1% of total shareholder assets. The exposure relating to assets held to back policyholder liabilities at 31 December 2021 is not considered to be material and the associated indirect shareholder exposure is minimal.

Section C – Risk profile
continued

C.3 Credit risk continued

C.3.2 Risk measurement

Several methods are used to assess and monitor credit exposures. These methods include monitoring of asset portfolio composition, single name counterparty monitoring, Value-at-Risk ('VaR') and Potential Future Value Exposure modelling.

In addition, these methods include the use of a PRA approved harmonised Internal Model (applicable to Phoenix Life and Standard Life UK entities, as described in section B.3.4), experience analyses, external data comparisons, sensitivity analyses, scenario analyses and stress testing. SLIDAC and the ReAssure entities determine their regulatory capital requirements in accordance with the Standard Formula.

The harmonised Internal Model includes a bespoke stress capital model for ERM and associated loan notes, which looks through to the underlying market and credit risk categories. There is no bespoke model for capturing the credit risks associated with other illiquid assets such as CREL and infrastructure loans, however work is underway to develop bespoke stress capital models for these assets.

In addition, RAL uses a Partial Internal Model for determining an internal economic capital view, which is used to inform business decisions.

The risk capital requirement for credit risk is assessed using the Group's Partial Internal Model, which is calibrated to withstand a stress event to a 99.5% confidence level over a one-year period.

As at 31 December 2021, credit risk represented 30% of the Group's total undiversified SCR as shown in the chart at the beginning of section C.

C.3.3 Risk concentration

Concentration of credit risk exists where the Group or its insurance subsidiaries has significant exposure to an individual counterparty or a group of counterparties with similar economic characteristics that would cause their ability to meet contractual obligations to be similarly affected by changes in economic and other conditions. Counterparty credit risk is monitored by the counterparty limits contained within the Group counterparty limit framework and investment guidelines. Counterparty risk in respect of over-the-counter ('OTC') derivative counterparties is monitored using a Potential Future Value Exposure metric.

An indication of the exposure to credit risk is the quality of assets. The table below provides information regarding the aggregate credit exposure split by credit rating, for direct holdings in government and corporate bonds included in investments (other than assets held for index-linked and unit-linked contracts).

	PLL	PLAL	SLAL	RAL	RLL	Other	PGH Group	
Rating	Market value £m	Market value £m	Market value £m	Market value £m	Market value £m	Market value £m	Market value £m	Percentage of total %
AAA	1,401	255	2,462	1,223	–	109	5,450	10%
AA	11,098	2,430	6,911	4,685	112	160	25,396	48%
A	3,663	580	3,455	5,261	–	69	13,028	25%
BBB	1,770	203	1,780	3,771	–	37	7,561	14%
BB	72	2	123	109	–	–	306	1%
B and below	–	–	7	3	–	–	10	0%
Non-rated	390	56	338	160	–	2	946	2%
Total	**18,394**	**3,526**	**15,076**	**15,212**	**112**	**377**	**52,697**	**100%**

Section C – Risk profile
continued

C.3 Credit risk continued

C.3.3 Risk concentration continued

As at 31 December 2021, the largest credit counterparty exposures to a single name counterparty in the Group's asset portfolio were:

Top 10 single name credit exposures (£m)	PGH Group
HER MAJESTY'S TREASURY	18,247
DIRECTION GENERALE DU TRESOR	2,367
BUNDESREPUBLIK DEUTSCHLAND	1,995
EUROPEAN INVESTMENT BANK	1,139
NETWORK RAIL INFRASTRUCTURE FINANCE PLC	589
KINGDOM OF BELGIUM	535
WALMART INC.	458
HSBC HOLDINGS PLC	419
FGP TopCo Limited	415
LLOYDS BANKING GROUP PLC	383

The insurance subsidiaries and the Group are exposed to concentration risk in respect of reinsurance ceded to external counterparties, although this is largely mitigated by collateral arrangements with the reinsurers and concentration limits in respect of individual reinsurance counterparties. Section C.1.4 contains details on the Group's largest reinsurance counterparties.

C.3.4 Risk mitigation

The insurance subsidiaries and the Group are also exposed to concentration risk with outsource partners. This is due to the nature of the outsourced services market. The Group operates a policy to manage counterparty exposures arising from third party outsourcers and the impact from default is reviewed regularly by executive committees and measured though the PRA approved Partial Internal Model, including the use of stress and scenario testing. Further details on the Group's outsourcing arrangements can be found in section B.7.

Credit risk is managed by monitoring aggregate Group exposures to individual counterparties, through appropriate credit risk diversification and via the investment mandates. The Group manages the level of credit risk it accepts through credit risk tolerances. In certain cases, protection against exposure to particular credit risk types may be achieved through the use of derivatives. The credit risk borne by the shareholder on with-profit policies is dependent on the extent to which the underlying insurance fund is reliant on shareholder support.

The ongoing effectiveness of credit risk mitigation described above is monitored on an ongoing basis by the Investment Management Committee ('IMC') and the Reinsurance Management Committee ('RMC').

Further specific mitigation techniques are set out below.

Matching Adjustment portfolio
PLL, PLAL, SLAL and RAL have Matching Adjustment approval in respect of blocks of non-participating annuity business. Credit risk and Matching Adjustment is managed via the investment mandates and with investment in Matching Adjustment eligible assets.

Reinsurers
The Group cedes insurance risk in the normal course of business. The Group has policies and procedures in place for the management of reinsurance counterparty default risk, including the design of new treaties and the regular monitoring of reinsurance counterparties by the RMC.

Collateral
The Group receives and pledges collateral in the form of cash or non-cash assets in respect of derivative contracts, reinsurance arrangements and securities lending in order to reduce the credit risk of these transactions. The amount and type of collateral required where the Group receives collateral depends on the terms agreed with the counterparty, which are subject to an assessment of credit risk.

Section C – Risk profile
continued

C.3 Credit risk continued

C.3.4 Risk mitigation continued

Outsourcers

The Group receives services from third party outsourcers in relation to policy administration, asset management and fund accounting services. As a result of receiving these services, the Group is exposed to the risk of default. Risk capital is assessed under a 'Multiple Policy Administration Outsourcer failure and default' scenario.

The selected scenario considers a situation where a number of policy administration suppliers default on contractual obligations and become insolvent. Risk capital is assessed based on an established methodology and is reviewed and agreed by management oversight committees and the MGC.

The risk capital assessment takes account of the supplier's operating model, control factors and other forms of protection (such as parental letters of credit used to mitigate the risk for certain outsourcers).

C.3.5 Sensitivity analysis

As part of the Group's internal risk management processes, the impact of a credit risk scenario on the SCR is monitored. The results of that stress testing on the Group's and each main insurance subsidiary's SCR are provided below and demonstrate the resilience of the Group.

	PLL		PLAL		SLAL		RAL		RLL		SLIDAC		PGH GROUP	
SCR £m (or %)	SCR (£m)	Regulatory ratio (%)	SCR (£m)	Regulatory ratio (%)	SCR (£m)	Regulatory ratio (%)	SCR (£m)	Regulatory ratio (%)	SCR (£m)	Regulatory ratio (%)	SCR (£m)	Regulatory ratio (%)	SCR (£m)	Regulatory ratio (%)
Base: 1 January 2022[1]	**(2,656)**	**162%**	**(1,076)**	**156%**	**(2,997)**	**139%**	**(2,499)**	**156%**	**(37)**	**636%**	**(344)**	**173%**	**(9,462)**	**156%**
Following credit spread widening[2]	(2,595)	159%	(1,081)	153%	(2,978)	139%	(2,303)	145%	(37)	636%	(342)	166%	(9,186)	153%
Following credit defaults & downgrades	(2,825)	150%	(1,083)	155%	(3,034)	136%	(2,613)	151%	(37)	636%	(344)	173%	(9,789)	150%

1 Assumes stress occurs on 1 January 2021.
2 Credit stress equivalent to an average 150bps spread widening across ratings and includes allowance for defaults/downgrades.

C.4 Liquidity risk

C.4.1 Risk exposure

Liquidity risk is defined as the failure of the Group to maintain adequate levels of financial resources to enable it to meet its obligations as they fall due. The Group has exposure to liquidity risk as a result of servicing its external debt and equity investors, and from the operating requirements of the Life insurance subsidiaries. The Group's Life insurance subsidiaries have exposure to liquidity risk as a result of normal business activities, specifically the risk arising from an inability to meet medium-term and short-term cash flow requirements.

The Group has a very low risk appetite in respect of liquidity risk, with liquidity buffers being calibrated on the basis of meeting financial obligations in a 1-in-200 stress event.

C.4.2 Risk measurement

Holding capital is not considered to be an appropriate mitigant for liquidity risk. In addition, the liquidity monitoring processes in place across the Group are considered to be sufficient to ensure that liquidity risk exposures remains non-material, or will not arise at all.

The primary metric for measuring liquidity risk is the Quantitative Risk Metric ('QRM') which is defined as the headroom of available liquid assets above demand and required buffers. The liquidity metric is assessed over four different time horizon durations; liquidity risks that could crystallise immediately (overnight), over the short-term (2 weeks), over the medium term (90 days), and over one year. This approach is commensurate with how the Group is exposed to liquidity risk and consistent with the requirements within PRA SS5/19 to consider multiple timeframes. The QRM is set at a combined Life Company level and at a combined Life Company / Group level and considers each liquidity time horizon for the current period and forecast over the next 12 months. These metrics are reported to relevant Management Oversight Committees on a monthly basis.

A triggers framework that applies a Red, Amber and Green ('RAG') status approach, is used to facilitate the monitoring of the liquidity QRMs. Escalation will be dictated by the liquidity RAG status.

Section C – Risk profile
continued

C.4 Liquidity risk continued

C.4.2 Risk measurement continued

Early Warning Indicators ('EWI') have been established for liquidity risks that identify potential upcoming liquidity stress, and thereby prompt potential mitigating action before the crystallization of the liquidity stress.

The Group has established a Contingency Funding Committee ('CFC') that meets at least quarterly. It is a sub-committee of the Group Finance and Capital Committee ('GFCC'), the purpose of which is to ensure liquidity and funding risks are understood across the Group, and to develop actions to deal with liquidity shortfalls which may occur on a business as usual basis or during a stress event. The CFC is also responsible for maintaining the Contingency Liquidity Plan ('CLP'). This plan outlines procedures to be performed in the event of a liquidity stress and sets out contingency actions to address liquidity shortfalls.

The GFCC and the Financial Risk Committee ('FRC') meet monthly to monitor the capital and liquidity positions of the Group entity and its subsidiaries, and the Life insurance companies, respectively.

C.4.3 Risk concentration

The liquidity risk register provides an overview of the sources of liquidity risk across the Phoenix Group and how these are managed. The entities within the Group assess these liquidity risk drivers to determine whether appropriate liquidity buffers should be held within specific entities and funds, and in respect of the different liquidity time periods.

Liquidity Risk for the Life insurance subsidiaries arises primarily from the following key sources:

- Mass Lapse events;
- Collateral calls for derivative assets held;
- Short-term pre-funding of large investments, switches or new business activity such as purchases of Bulk Purchase Annuities ('BPA');
- Reinsurer or counterparty default;
- Operational risk events;
- Injection of assets into Matching Adjustment funds; and
- Support for With-Profit Funds.

C.4.4 Risk mitigation

The liquidity risk framework is designed to ensure that:

- Liquidity risk is managed in a manner consistent with the Board's strategic objectives, risk appetite and PPFM;
- Cash flows are appropriately managed and the reputation of the Group is safeguarded; and
- Appropriate information on liquidity risk is available to those making decisions.

The Group seeks to take business risks that are understood, managed effectively and consistent with the Group's strategy. Achieving this requires strong liquidity and funding risk management and a positive risk culture to support informed decision-making and controlled risk-taking. The Group Risk Management Framework (RMF) enables the business to analyse its risk exposures and use this analysis to reduce exposure to unwanted risks, optimise asset allocation, and ensure the efficient release of capital to enable the Group's cash generation targets to be met. Consequently, the accurate identification, modelling and mitigation of material sources of liquidity risk is critical to achieving the Group's business strategy.

The Group's liquidity risk management strategy is based on a risk appetite of less than a 1 in 200 chance of having insufficient liquid or tangible assets to meet financial obligations as they fall due and is supported by:

- Holding appropriate assets to meet liquidity buffers;
- Holding high quality liquid assets to support day to day operations;
- An effective stress testing framework to ensure survival horizons are met under different plausible scenarios;
- Effective liquidity portfolio management including EWIs; and
- Liquidity risk contingency planning.

For With-Profits contracts, a portfolio of assets is maintained in the relevant funds appropriate to the nature and term of the expected pattern of payments of liabilities. Within that portfolio, liquidity is provided by holdings of cash and highly liquid assets. Where it is necessary to sell less liquid assets within the relevant portfolios, then any incurred losses are generally passed onto the With-Profits policyholders in accordance with policyholders' reasonable expectations.

C.4 Liquidity risk continued

C.4.4 Risk mitigation continued

For unit-linked contracts, assets are invested in accordance with the mandates of the relevant unit-linked funds. Policyholder behaviour and the trading position of asset classes are actively monitored. The unit value and value of any associated contracts would reflect the proceeds of any sales of assets. In stressed conditions, the Life insurance subsidiaries could be exposed to liquidity risk in its unit-linked funds. This could occur where a high volume of surrenders coincides with a tightening of liquidity in a unit-linked fund to the point where assets of that fund have to be sold to meet those withdrawals. Where the fund affected consists of less liquid assets such as property, it can take several months to complete a sale and this would impede the proper operation of the fund. In these situations, both to ensure the fair treatment of all investors in those funds and to protect the Company's own risk exposure, deferral terms within the policy conditions applying to the majority of the Company's unit-linked contracts can be invoked.

The Life insurance subsidiaries are party to a number of derivatives; bilateral and centrally cleared over-the-counter, and exchange traded contracts. These derivative contracts are monitored daily, via an end-of-day valuation process, to assess the need for additional funds to cover margin or collateral calls. Liquid assets are held to cover internally set buffers to meet collateral calls on derivative assets on a daily basis with Management Information produced monthly.

For annuity contracts, assets are held which are specifically chosen with the intention of matching the expected timing of annuity payments. Liquidity risk is minimised through the process of asset and liability cash flow matching. In addition, appropriate buffers are held within the relevant funds in respect of the longevity and credit risk within the annuity funds.

The risks associated with pre-funding for Workplace pension schemes and funding of new business activity (such as BPA), are carefully managed through credit checks on counterparties and use of appropriate legal arrangements. The liquidity implications are assessed by the Liquidity Management and Asset Management teams prior to committing to material transactions, to ensure the liquidity risk is managed in line with risk appetite. Controls are in place and regular meetings are held with the relevant stakeholders to get sufficient sight of upcoming business activities and mitigate any liquidity risk.

Some of the Life insurance subsidiaries' commercial property investments and cash and cash equivalents are held through collective investment schemes. The collective investment schemes have the power to restrict and/or suspend withdrawals, which would, in turn, affect liquidity.

A significant proportion of the financial assets of the Life insurance subsidiaries are held in gilts, cash, supranationals and investment grade securities which the Companies consider sufficient to meet the liabilities as they fall due. The vast majority of these investments are readily realisable since most of them are quoted in an active market.

When deemed necessary the Group uses derivative instruments to hedge its exposure to foreign exchange risk.

EWIs ensure that assigned risk owners monitor and report the liquidity status for each risk to the liquidity management teams. The EWIs are integral to the Group's liquidity risk management framework and in particular liquidity contingency management. It aims to provide senior management with:

- Indicators of potential liquidity risk, thereby prompting potential mitigating action before liquidity stress arises
- Clear reporting against the Group's liquidity risk tolerance
- A robust escalation process to ensure mitigating action is taken in the event of a liquidity stress.

The ongoing effectiveness of liquidity risk mitigation is monitored on a regular basis by the CFC, the FRC and the GFCC.

C.4.5 Stress testing

The annual Group Stress and Scenario Testing ('SST') Programme provides forward-looking insight into the uncertainties and key risks across a continuum of plausible stress events (ranging from current conditions to extreme stress events) that could put the business plan or strategic objectives at risk (and in the extreme cause the business model to become unviable). This includes uncertain demand for liquid or tangible assets under stress. Understanding the availability of contingent actions to recover from stress and the potential implications of taking such actions is a key part of each component of the SST Programme.

Liquidity stress testing activities are conducted within the SST programme at different points over the course of each year to:

- Assess sensitivities of key financial metrics (e.g. tangible asset headroom over defined time horizons, cash generation, dividend paying capacity); and quality of capital;
- Highlight the likely cause of business failure within the reverse stress scenarios and quantify the severity of the stress required to break the business;
- Test the reliability and effectiveness of contingent management actions available to withstand stress events, including the effectiveness of the triggers, monitoring and controls in place across the Group; and
- Support the PGH Board of Directors in making a Viability Statement by ensuring a clear link to the Group's Principal Risks.

C.4 Liquidity risk continued

C.4.6 Expected profits in future premiums ('EPIFP')

Own Funds are used to cover the SCR (see more details in section E.1). The value of liabilities, included within Own Funds, takes into account expected future premium payments even if the policyholder is not contractually committed to making the payments. This methodology for valuing liabilities therefore implicitly allows for any expected profits in future premiums ('EPIFP') which reduces the liability value and increases Own Funds.

The contribution of EPIFP to Own Funds is important from a liquidity perspective as the extent of future premiums assumed in the liability valuation may not emerge in practice (for example due to higher than assumed policyholder lapse rates), thus potentially lowering the available Own Funds to cover the SCR.

As at 31 December 2021, the insurance subsidiaries and the Group's EPIFP included as a component of the reconciliation reserve are shown below. This comprised mainly of future profits arising on protection and unit-linked business. The EPIFP shown below is net of policyholder tax. The EPIFP for SLPF is £nil.

	PLL £m	PLAL £m	SLAL £m	RAL £m	RLL £m	PGH Group £m
EPIFP	80	26	691	678	88	1,424

C.5 Operational risk

C.5.1 Risk exposure

This section describes the operational risk exposures of the Phoenix Group (excluding SLIDAC) for the year ended 31 December 2021.

Operational risk is defined as the risk of reduction in earnings and/or value, through financial or reputational loss, from inadequate or failed internal processes and systems, or from people-related or external events.

From a capital perspective, the main sources of operational risk are Product and Proposition risk (related to the Group's 'Customer' Risk Universe category), Regulatory Compliance risk and Model risk (as defined below in C.5.3).

Outside of the operational risks for which the Group holds capital, the key operational risk exposure anticipated over the reporting period relates to the operational capacity of the Group and the capabilities within the business to continue to deliver against the Group's key strategic objectives to its customers and other key stakeholders. This exposure is driven by the significant change agenda that needs to be delivered by both the Group and specific third party outsourcers to support delivery against those strategic objectives, in addition to external factors such as COVID-19 impacts.

Where operational risk exposures have the potential to materially influence the level of operational capital held in respect of any current or new scenario, the Group operates a trigger process where this is reconsidered on an ongoing basis as new management information becomes available through, for example, internal events; external events; changes to regulations; and changes to the risk profile of the business.

C.5.2 Risk measurement

The Operational Risk capital assessment process remains a structured, scenario-led approach in which the quantification for each of the top risks faced by the organisation is parameterised directly through workshops, led by expert opinion and informed by internal and external data. Actuarial models are used to determine an appropriate amount of capital to hold in respect of 'low probability, high impact' events.

The model considers the frequency of potential loss events and the severity of potential loss should an event occur. The resulting operational risk capital requirements at the '1-in-200' level are modelled by simulating one million events from the distributions and selecting the 99.5th percentile. A similar approach is used to determine operational risk capital requirements at the aggregate level, taking into account the level of correlation between potential risk events.

From a qualitative perspective, the operational risks are regularly reported to management oversight committees.

As at 31 December 2021, operational risk represented 5% of the Group's total undiversified SCR as shown in the chart at the beginning of section C.

Regulatory operational risk capital for RAL and RLL is included in the Group SCR under a Standard Formula basis. In addition, RAL uses a Partial Internal Model for determining an internal economic capital view, which is used to inform business decisions.

Section C – Risk profile
continued

C.5 Operational risk continued

C.5.3 Risk concentration

Operational risk can arise from a number of sources. The largest operational risk capital concentrations are in relation to:

- Product and Proposition risk – Arises from failure to design and/or manage products/propositions appropriately, or failure of the manufacturer to ensure that products/propositions are distributed to the appropriate target market, perform as intended and in line with the expectations set.
- Regulatory Compliance risk –The risk of having the 'licence to operate' withdrawn by a regulator, or having conditions applied (retrospectively or prospectively) that adversely impact the economic value of the firm. This includes reductions in earnings and/or value through either financial or reputational loss.
- Model risk – Errors, omissions or inaccuracies with inputs, outputs or model mechanics leading to the inappropriate use, interpretation or reliance on those outputs in decision-making. It also covers the failure to document and maintain the model and its use, to the appropriate standards.

Strategic change activity will also increase the dependency on a single supplier (Diligenta, and its parent TCS) for the provision of customer administration services, although it should be noted that these services are and will be delivered from a range of onshore and offshore locations that provides some geographic diversification.

Concentration risk in this respect is managed in line with the Group's Sourcing Strategy which is refreshed on an annual basis and includes development and maintenance of an Exit Strategy for TCS and Diligenta as well as capital requirements considered under Credit Risk in the event of default by any of the Group's material outsourcers.

C.5.4 Risk mitigation

The Group and its insurance subsidiaries seek to manage exposure to operational risk by establishing Minimum Control Standards (MCS), and supporting practices where appropriate, for each risk category. These MCS are defined within individual PGH Group risk policies covering each of the operational risk categories and are designed to ensure that the Group operates within the low level qualitative risk appetite statements that are defined within those policies. Periodic reporting by risk owners monitors risk exposure against these agreed limits, taking into account the extent to which the MCS are being effectively applied.

Considering the key areas of risk highlighted within sections C.5.1 and C.5.3, the key mitigants in respect of operational capacity are:

- Production, review and maintenance of an operational capacity and business capability indicators that take account of planned change activity and "business as usual" resource capacity across the Group and its key outsourcers;
- The use of these indicators to inform decision-making on the prioritisation and timing of our project portfolio; and
- Monitoring and maintaining the ongoing effectiveness of the hybrid working models of both the Group and its outsourcers during the COVID-19 pandemic, in parallel with the already established mechanisms to monitor, report and track performance against service level standards.

From a concentration risk perspective, the delivery of strategic change programmes is key in reducing the operational risk profile of the business, where the current legacy systems are not considered to be sustainable in the long term. Whilst this will lead to an increase in supplier concentration risk for PLL, PLAL and SLAL, it will be delivered on a phased basis and will be mitigated principally by:

- ongoing maintenance of an Exit Strategy for TCS / Diligenta (the Diligenta Contingency Framework); and
- the embedding of operational resilience requirements as part of the relevant change programmes, which are not fully met under the current operating models within the scope of transformation by the respective projects.

The effectiveness of these mitigants and the broader range of MCS is monitored and reported on an ongoing basis to the Operations Committee; other management oversight committees, relevant Steering Groups, management boards and Life Company Boards.

In addition, the Group also places reliance upon:

- the transfer of operational risk to the Group's third party outsourcers for non-core activities, with the obligations/ liabilities for each outsource arrangement outlined in the relevant contract; and
- the Group's corporate insurance policies which provide cover in respect of a variety of operational risks including product mis-selling, financial crime, cyber risk and premises.

Key elements of operational risk mitigation are taken account of on a prudent basis against those operational risk capital scenarios in which subject matter experts assess that a valid claim could be made. The approach to corporate insurance in the capital model is conservative, with haircuts made for mismatches, willingness of insurer to pay claims and the residual term of policy from date of a risk event occurring.

C.6 Other material risks

This section describes the other risk exposures of the Phoenix Group (excluding SLIDAC) for the year ended 31 December 2021.

Other material risks which should be highlighted are summarised below. As at 31 December 2021, other material risks represented 1% of the Group's total undiversified SCR as shown in the chart at the beginning of section C.

C.6.1 Tax risk

C.6.1.1 Risk exposure

Tax risk is defined as the risk of financial failure, reputational damage, loss of earnings/value arising from a lack of liquidity, funding or capital, due to an unforeseen tax cost; inappropriate recording, reporting or understanding of tax legislation; and inappropriate disclosure of financial and regulatory information in relation to taxation.

Common causes of tax risk are:

- the Group making a material error in its tax reporting;
- incorrect calculation of tax provisions;
- failure to implement the optimum financial arrangements to underpin a commercial transaction; and
- incorrect operation of policyholder tax requirements.

C.6.1.2 Risk measurement

The risk capital requirement for tax risk is assessed using the Group's PRA approved Partial Internal Model which is calibrated to withstand a stress event to a 99.5% confidence level over a one-year period. The methodology also considers operational tax risk scenarios assessed by experts within the business.

From a qualitative perspective, the tax risks for the Group and its subsidiaries are regularly reported to management oversight committees.

C.6.1.3 Risk concentration

Sources of tax risk that could give rise to concentrations are:

- political: a drive by UK Government to increase tax revenues and to create a social environment in which tax 'avoidance' is considered contrary to the spirit of the law;
- regulatory: changes to tax law that impact the Group's tax position;
- structuring: opportunities to maximise financial or economic value and protect the value of tax assets;
- operational: tax legislation is complex and the potential for operational errors to occur is significant, both by the Group and its outsourcers in calculating and accounting for direct and indirect taxes; and
- tax penalties: the Tax Authorities have strengthened the penalty regime to levy penalties for non-compliance.

C.6.1.4 Risk mitigation

Tax risk is managed by maintaining an appropriately-staffed tax team who have the qualifications and experience to make judgements on tax issues, augmented by advice from external specialists where required. The Group has a formal tax risk policy, which sets out its risk appetite in relation to specific aspects of tax risk, and which details the controls the Group has in place to manage those risks. These controls are subject to a regular review process.

C.6.2 Strategic risk

C.6.2.1 Risk exposure

Strategic risk in its broadest sense can be defined as a possible source of loss that might arise from the pursuit of an unsuccessful business plan; this source of loss can be to the shareholders and / or to the policyholder, and may drive reputational damage which could further impact the Group's ability to meet its strategic objectives. For example, strategic risk might arise from making poor business decisions, from the substandard execution of decisions, from inadequate resource allocation, from a failure to respond well to changes in the business environment, or from failure to exploit opportunities which present themselves.

C.6.2.2 Risk measurement

Strategic risk within the Group's SCR covers risks arising in the Group holding companies or interactions between the Group holding companies and the Life Companies which are not captured by other risk drivers in the Group's Risk Universe. The risk capital requirement for strategic risk is assessed using the Group's PRA approved Partial Internal Model which is calibrated to withstand a stress event to a 99.5% confidence level over a one-year period. The methodology is based on scenarios assessed by experts within the business.

C.6.2.3 Risk concentration

Strategic risk-related principal risks and uncertainties noted in the PGH Annual Report and Accounts for the year ended 31 December 2021 include those related to: strategic partnerships; the acquisition and transition of acquired businesses; Open business growth; climate and wider ESG factors; and delivery of change.

C.6 Other material risks continued

C.6.2 Strategic risk continued

C.6.2.4 Risk mitigation

A strategic risk policy is maintained and reported against regularly, with a particular focus on risk management, stakeholder management, corporate activity and overall reporting against the strategic ambitions of the Life Companies and Group.

C.7 Any other information

C.7.1 Prudent person principle requirements

The Prudent Person Principle in the Solvency II Regulations sets out the principles that should apply in making investment decisions. In particular, this requires that the Group and its insurance subsidiaries should only invest in assets and instruments whose risks they can properly identify, measure, monitor, manage, control and report, and appropriately take into account when assessing solvency needs.

The Prudent Person Principle is implemented through the RMF as part of the Group Policy Framework of which MCS have been designed to ensure compliance. Compliance with the relevant policies is monitored on an ongoing basis. Examples of the MCS in place include:

- Responsibility for agreeing the strategic asset allocation rests with the Life Companies' Boards, as advised by the Board Investment Committee, Investment Management Committee ('IMC') and Phoenix Asset Management.
- Investments for unit-linked and index-linked contracts are governed by the relevant investment mandates which meet the overarching requirements of Group policies, as well as close-matching rules and policy-specific requirements.
- Derivatives are used in many of the Life Companies' funds, within policy guidelines agreed by the relevant Boards. Derivatives are primarily used for risk hedging purposes or for efficient portfolio management.
- Equities are invested in by our asset managers to align to the liabilities created from customer investments in Unit Linked and With-Profit funds to achieve the desired investment objective as described in the customer literature. For each fund they set the strategy, risk and return profiles and duration which influences the nature and level of equity investment as set out for customers in the relevant factsheet or annual statement. Diversification across asset classes, duration and risk appetite are key drivers of the asset mix within any fund and assessed against the customer objective.
- Arrangements with asset managers are set out in the relevant contract between the Life Company and the Asset Manager and the term varies by Manager. The arrangements are long term in nature and are assessed against medium and long term performance of the manager and criteria are defined within the contract. Fees paid to the asset vary by strategy and asset class and investment performance is monitored regularly.
- The capability of managers to perform active stewardship and discharge our voting rights is taken into account as part of the manager selection and delegated formally in the contract between Phoenix Asset Management and the asset manager.
- Transaction costs and turnover are monitored, assessed and reported on each quarter, alongside investment performance of each strategy or fund. Portfolio turnover is a function of the investment strategy employed, the volatility of the market and the opportunities available to deliver the performance.

More details on how the Group achieves compliance with the requirements (in particular, having the appropriate risk management capability for the invested assets, investments appropriate for the nature and term of the liabilities, use of derivatives for risk mitigation, diversification and concentration risk) are described in sections C.2 and C.3.

Section C – Risk profile
continued

C.7 Any other information continued

C.7.2 Sensitivity analysis

As part of the Group's RMF, stress and scenario tests are used extensively to support the assessment of risks and provide an analysis of their financial impact.

The most significant market risk sensitivities arise from interest rate risk, equity and property risks. Sensitivity to credit risk arises from credit spread risk.

The most significant underwriting risk sensitivities arise from longevity, mortality and lapse risk as insurance and pension scheme liabilities are sensitive to the assumptions which have been applied in their calculation. Sometimes allowance must also be made for the effect on future assumptions of management or policyholder actions in certain economic scenarios. This could lead to changes in the assumed asset mix or future bonus rates.

The table below shows the effect of a change on key assumptions, with all other variables held constant, on PLL, PLAL, SLAL, RAL, RLL, and the Group's Solvency II surplus:

Solvency II Surplus £m	PLL	PLAL	SLAL	RAL	RLL	PGH Group
Base: 1 January 2022[1]	**1,653**	**603**	**1,174**	**1,390**	**196**	**5,301**
Following a 20% fall in equity markets	1,636	578	1,135	1,525	196	5,352
Following a 12% fall in property values[2]	1,538	595	1,156	1,377	196	5,146
Following a 80bps interest rates rise[3]	1,654	627	1,214	1,063	196	5,099
Following a 70bps interest rates fall[3]	1,613	572	1,127	1,718	196	5,459
Following credit spread widening[4]	1,535	572	1,149	1,044	196	4,901
Following credit downgrade: immediate full letter downgrade on 20% of portfolio[5]	1,411	591	1,082	1,320	196	4,884
Following a 70bps rise in inflation[6]	1,550	625	1,197	1,392	196	5,256
Following 6% decrease in annuitant mortality rates[7]	1,501	494	1,015	1,094	196	4,567
Following a 10% change in lapse rates[8]	1,598	597	1,113	1,367	196	5,133

1 Assumes stress occurs on 1 January 2022 and that there is no market recovery.
2 Represents an average fall in property prices of 12%.
3 Assumes the impact of a dynamic recalculation of TMTP and an element of dynamic hedging which is performed on a continuous basis to minimise exposure to the interactions of rates with other correlated risks including longevity.
4 Credit stress varies by rating and term and is equivalent to an average 150bps spread widening. It assumes the impact of a dynamic recalculation of TMTP (subject to PRA approval) and it makes no allowance for the cost of defaults/downgrades.
5 Impact of an immediate full letter downgrade across 20% of the shareholder exposure to the bond portfolio (e.g. from AAA to AA, AA to A etc.). This sensitivity assumes no management actions are taken to rebalance the annuity portfolio back to the original average credit rating and makes no allowance for the spread widening which would be associated with a downgrade.
6 Reflects a structural change in long-term inflation with an increase of 70bps across the curve.
7 Equivalent of six-month increase in longevity applied to the annuity portfolio.
8 Assumes most onerous impact of a 10% increase/decrease in lapse rates across different product groups.

For operational risk, stress testing at the 99.5th percentile confidence level is used to determine the operational risk capital requirements, using the PRA approved Partial Internal Model.

In addition, the Group's Capital Risk Appetite Framework ensures that there is sufficient capital to support the needs of the Group and that the Group is operating within its Capital Risk Appetite statement (as defined in section B.3.2).

Section D

Valuation for solvency purposes

In this section

Valuation for solvency purposes

Valuation for solvency purposes

This section describes the bases, methods and main assumptions used in the valuation of assets (section D.1), technical provisions (section D.2) and other liabilities (section D.3) under Solvency II for the PGH Group and its insurance subsidiaries.

A summary of the Solvency II excess of assets over liabilities together with the differences to the valuation under IFRS is set out in the table below. Where the Solvency II valuation of assets and liabilities is the same as IFRS, a description of the bases, methods and main assumptions can be found in the relevant notes to the financial statements of the Group and the relevant insurance subsidiaries. Where there are valuation differences, further detail has been provided in sections D.1 for assets, D.2 for technical provisions and D.3 for other liabilities.

For the year ended 31 December 2021	Assets (D.1) £m	Technical provisions (D.2) £m	Other liabilities (D.3) £m	SII excess of assets over liabilities £m	IFRS excess of assets over liabilities £m	Difference £m
PLL	71,119	(60,360)	(6,031)	**4,728**	**1,966**	**2,762**
PLAL	16,086	(13,013)	(1,032)	**2,041**	**916**	**1,125**
SLAL	149,505	(137,149)	(7,029)	**5,327**	**866**	**4,461**
RAL	66,508	(59,931)	(2,181)	**4,396**	**1,739**	**2,657**
RLL	8,218	(7,579)	(406)	**233**	**100**	**133**
SLIDAC	30,246	(29,427)	(270)	**549**	**508**	**41**
SLPF	19	(9)	–	**10**	**11**	**(1)**
PA(GI)	13	–	(9)	**4**	**4**	**–**
Other Group entities	43,388	–	(15,194)	**28,194**	**28,335**	**(141)**
Consolidation and other adjustments	(64,440)	20,396	13,064	**(30,980)**	**(28,136)**	**(2,844)**
PGH Group	320,662	(287,072)	(19,088)	**14,502**	**6,309**[1]	**8,193**

1 The statutory accounts value for excess of assets over liabilities corresponds to total equity of £6,769 million less non-controlling interests of £460 million in the Group's IFRS statement of consolidated financial position for the year ended 31 December 2021

The statutory accounts value of assets and liabilities presented in this section reflects the recognition basis and valuation methods used in the preparation of the IFRS financial statements. To facilitate comparison between the two sets of numbers, both the statutory accounts values and the Solvency II values have been shown throughout this section in accordance with the Solvency II balance sheet presentation format. This means that the statutory accounts values will not directly agree to corresponding line items in the IFRS financial statements.

The Balance Sheet QRT S.02.01.02 is included in Appendix 1.1 for the PGH Group, Appendix 2.1 for PLL, Appendix 3.1 for PLAL, Appendix 4.1 for SLAL, Appendix 5.1 for RAL, Appendix 6.1 for RLL, Appendix 7.1 for SLPF and Appendix 8.1 for PA(GI).

Consolidation approach

For the PGH Group, the Solvency II balance sheet has been prepared using the default accounting consolidation-based method ('Method 1'), which differs from the approach applied in the preparation of the Group's IFRS financial statements. The key difference is that under Solvency II, only the Group's insurance undertakings, insurance holding companies and ancillary services undertakings are fully consolidated on a line by line basis.

Subsidiary undertakings that are classified as UCITS management companies, financial institutions and non-regulated undertakings carrying out financial activities are reflected as the proportional share of own funds determined in accordance with the relevant sectoral rules. These undertakings are included within the 'Holdings in related undertakings, including participations' line of the Group's Solvency II balance sheet.

All other subsidiaries, referred to as other residual related undertakings ('ORRUs'), are included in the 'Holdings in related undertakings, including participations' line on the Group's Solvency II balance sheet measured using either quoted market prices, or where such a price is not available, the adjusted equity method. The adjusted equity method requires the participation to be valued at the Group's share of the excess of assets over liabilities calculated on a Solvency II basis.

Valuation for solvency purposes continued

Consolidation approach continued

The approach described above differs from the IFRS consolidation approach, whereby all subsidiaries are fully consolidated on a line by line basis. Further details are included in section D.1.2.

Held for sale under IFRS

The sale of the Wrap SIPP, Onshore Bond and TIP business currently within SLAL, will be effected through a Part VII transfer targeted for completion in late 2023. Under IFRS, the assets and liabilities associated with these businesses have been classified as a disposal group held for sale and accordingly the disposal group has been measured at fair value less costs to sell. Under Solvency II, this held for sale classification is not applied.

D.1 Assets

D.1.1 Introduction

The tables below set out the Solvency II value of assets along with the valuation differences compared to the IFRS financial statements for the Group and the insurance subsidiaries within the scope of this report.

D.1.1.1 Assets – PGH Group

Assets as at 31 December 2021	Note	Solvency II value £m	Statutory accounts value £m	Difference £m
Goodwill	1	–	10	(10)
Deferred acquisition costs	2	–	108	(108)
Intangible assets	2	–	4,609	(4,609)
Deferred tax assets	3	244	355	(111)
Pension benefit surplus	4	36	36	–
Property, plant and equipment held for own use	5	125	128	(3)
Investments (other than assets held for index-linked and unit-linked contracts)	6	**114,843**	**114,924**	**(81)**
Property (other than for own use)		1,279	1,279	–
Holdings in related undertakings, including participations		48,519	48,600	**(81)**
Equities		2,629	2,629	–
Bonds		53,038	53,038	–
Collective Investment Undertakings		5,189	5,189	–
Derivatives		4,003	4,003	–
Deposits other than cash equivalents		186	186	–
Assets held for index-linked and unit-linked contracts	7	178,158	178,158	–
Loans and mortgages	8	7,726	7,726	–
Reinsurance recoverables	9	16,819	18,592	(1,773)
Insurance and intermediaries receivables	10	71	71	–
Reinsurance receivables	10	81	81	–
Receivables (trade, not insurance)	11	1,857	1,909	(52)
Cash and cash equivalents	12	702	702	–
Total assets		**320,662**	**327,409**	**(6,747)**

Section D – Valuation for solvency purposes continued

D.1 Assets continued

D.1.1 Introduction continued

D.1.1.2 Assets – PLL

Assets as at 31 December 2021	Note	Solvency II value £m	Statutory accounts value £m	Difference £m
Deferred acquisition costs	2	–	39	(39)
Intangible assets	2	–	99	(99)
Investments (other than assets held for index-linked and unit-linked contracts)	6	**35,829**	**35,783**	**46**
Property (other than for own use)		338	338	–
Holdings in related undertakings, including participations		11,795	11,749	46
Equities		119	119	–
Bonds		22,086	22,086	–
Collective Investment Undertakings		460	460	–
Derivatives		965	965	–
Deposits other than cash equivalents		66	66	–
Assets held for index-linked and unit-linked contracts	7	21,380	21,380	–
Loans and mortgages	8	3,985	3,985	–
Reinsurance recoverables	9	9,125	10,558	(1,433)
Insurance and intermediaries receivables	10	7	7	–
Reinsurance receivables	10	49	49	–
Receivables (trade, not insurance)	11	433	490	(57)
Cash and cash equivalents	12	311	311	–
Total assets		**71,119**	**72,701**	**(1,582)**

D.1.1.3 Assets – PLAL

Assets as at 31 December 2021	Note	Solvency II value £m	Statutory accounts value £m	Difference £m
Investments (other than assets held for index-linked and unit-linked contracts)	6	**12,707**	**12,707**	**–**
Property (other than for own use)		20	20	–
Holdings in related undertakings, including participations		5,788	5,788	–
Equities		94	94	–
Bonds		3,902	3,902	–
Collective Investment Undertakings		2,491	2,491	–
Derivatives		387	387	–
Deposits other than cash equivalents		25	25	–
Assets held for index-linked and unit-linked contracts	7	319	319	–
Loans and mortgages	8	351	351	–
Reinsurance recoverables	9	2,388	2,410	(22)
Receivables (trade, not insurance)	11	288	323	(35)
Cash and cash equivalents	12	33	33	–
Total assets		**16,086**	**16,143**	**(57)**

Section D – Valuation for solvency purposes continued

D.1 Assets continued

D.1.1 Introduction continued

D.1.1.4 Assets – SLAL

Assets as at 31 December 2021	Note	Solvency II value £m	Statutory accounts value £m	Difference £m
Deferred acquisition costs	2	–	248	(248)
Intangible assets	2	–	4	(4)
Property, plant and equipment held for own use	5	8	8	–
Investments (other than assets held for index-linked and unit-linked contracts)	6	**44,937**	**44,921**	**16**
Property (other than for own use)		485	485	–
Holdings in related undertakings, including participations		25,267	25,251	16
Equities		80	80	–
Bonds		15,241	15,241	–
Collective Investment Undertakings		1,455	1,455	–
Derivatives		2,409	2,409	–
Assets held for index-linked and unit-linked contracts	7	96,836	96,836	–
Loans and mortgages	8	792	792	–
Reinsurance recoverables	9	6,352	6,282	70
Insurance and intermediaries receivables	10	33	33	–
Reinsurance receivables	10	1	1	–
Receivables (trade, not insurance)	11	472	486	(14)
Cash and cash equivalents	12	74	74	–
Total assets		**149,505**	**149,685**	**(180)**

D.1.1.5 Assets – RAL

Assets as at 31 December 2021	Note	Solvency II value £m	Statutory accounts value £m	Difference £m
Intangible assets	2	–	631	(631)
Deferred tax assets	3	–	4	(4)
Property, plant and equipment held for own use	5	3	3	–
Investments (other than assets held for index-linked and unit-linked contracts)	6	**24,480**	**24,480**	**–**
Property (other than for own use)		436	436	–
Holdings in related undertakings, including participations		3,653	3,653	–
Equities		2,430	2,430	–
Bonds		15,285	15,285	–
Collective Investment Undertakings		2,504	2,504	–
Derivatives		172	172	–
Assets held for index-linked and unit-linked contracts	7	37,596	37,596	–
Loans and mortgages	8	2,862	2,862	–
Reinsurance recoverables	9	825	1,325	(500)
Insurance and intermediaries receivables	10	147	147	–
Reinsurance receivables	10	15	15	–
Receivables (trade, not insurance)	11	446	446	–
Cash and cash equivalents	12	134	134	–
Total assets		**66,508**	**67,643**	**(1,135)**

D.1 Assets continued

D.1.1 Introduction continued

D.1.1.6 Assets – RLL

Assets as at 31 December 2021	Note	Solvency II value £m	Statutory accounts value £m	Difference £m
Deferred acquisition costs	2	–	23	(23)
Investments (other than assets held for index-linked and unit-linked contracts)	6	**436**	**436**	**–**
Bonds		112	112	–
Collective Investment Undertakings		324	324	–
Assets held for index-linked and unit-linked contracts	7	7,125	7,125	–
Loans and mortgages	8	69	69	–
Reinsurance recoverables	9	520	976	(456)
Insurance and intermediaries receivables	10	5	5	–
Reinsurance receivables	10	17	17	–
Receivables (trade, not insurance)	11	25	25	–
Cash and cash equivalents	12	21	21	–
Total assets		**8,218**	**8,697**	**(479)**

D.1.1.7 Assets – SLPF

Assets as at 31 December 2021	Note	Solvency II value £m	Statutory accounts value £m	Difference £m
Investments (other than assets held for index-linked and unit-linked contracts)	6	**11**	**11**	**–**
Collective Investment Undertakings		11	11	–
Reinsurance recoverables	9	8	8	–
Total assets		**19**	**19**	**–**

D.1.1.8 Assets – PA(GI)

Assets as at 31 December 2021	Note	Solvency II value £m	Statutory accounts value £m	Difference £m
Investments (other than assets held for index-linked and unit-linked contracts)	6	**12**	**12**	**–**
Collective Investment Undertakings		12	12	–
Receivables (trade, not insurance)	11	1	1	–
Total assets		**13**	**13**	**–**

Section D – Valuation for solvency purposes continued

D.1 Assets continued

D.1.2 Asset and liability valuation bases, methods and main assumptions: Assets

The Group's Solvency II valuation principles, including the bases, methods and main assumptions, for each class of asset are set out below. Unless otherwise stated (i.e. where there are differences to the statutory accounts value column) the valuation methods for IFRS are consistent with the valuation methods under Solvency II. Further details on the IFRS valuation principles are set out in the respective notes to the IFRS consolidated financial statements of the PGH Annual Report and Accounts for the year ended 31 December 2021. There have been no significant changes to the valuation principles set out below during the year.

Note	Balance sheet item	Valuation principles
1	**Goodwill**	Under Solvency II, goodwill is valued at £nil. Under IFRS, goodwill is carried on the balance sheet at initially recognised amounts less accumulated impairment.
2	**Deferred acquisition costs and intangible assets (other than goodwill)**	Under Solvency II, deferred acquisition costs and other intangible assets are valued at £nil unless they can be sold separately and it can be demonstrated that there is value for the same or similar assets (i.e. that a value has been derived from quoted prices in active markets). None of the deferred acquisition costs and other intangible assets in the Group have been assessed as meeting this criteria. The cash flows associated with the deferred acquisition costs and acquired value of in-force business intangibles recognised under IFRS are included in the measurement of technical provisions under Solvency II.
3	**Deferred tax assets/liabilities**	Details on the valuation differences between Solvency II and IFRS, and origin of the deferred tax assets, are provided in section D.1.3.
4	**Pension benefit surplus/obligations**	PGH has four material defined benefit staff pension schemes which are all valued in accordance of IAS 19 *Employee benefits* under both Solvency II and IFRS. The value included in the 'pension benefit surplus' line for the PGH Group reflects surplus associated with the ReAssure Staff Pension Scheme and the Abbey Life Staff Pension Scheme. The value of the Pearl Group Staff Pension Scheme is included in the 'pension benefit obligations' line. PGH1, the principal employer of the PGL Pension Scheme, is classified in accordance with the regulations as an ORRU. The Group's share of the net assets of PGH1, including amounts relating to the PGL Pension Scheme, is therefore presented within the 'holdings in related undertakings including participations' line of the Group's Solvency II balance sheet. Further details on all pension schemes can be found in section D.3.3 and information on the IAS 19 valuation basis can be found in note G1 of the PGH Annual Report and Accounts for the year ended 31 December 2021.
5	**Property, plant and equipment (held for own use)**	Under IFRS, owner-occupied property is stated at the revalued amount, being its fair value at the date of the revaluation less any subsequent accumulated depreciation and impairment. There is no difference between IFRS and Solvency II valuations. Leased assets, which principally comprise rented office premises, are recognised on the Solvency II balance sheet in the form of a right of use asset under Property, plant and equipment (held for own use) with a corresponding liability within Payables (trade, not insurance). Under IFRS, right of use assets are measured at cost less accumulated depreciation and lease liabilities are held at amortised cost. Under Solvency II, both the right of use assets and lease liabilities are valued consistently with IFRS on grounds of materiality. Other classes of property, plant and equipment are measured at cost less accumulated depreciation under IFRS. Under Solvency II, a £nil value has been attributed to certain fixtures and fittings and equipment in use by the Group where it has been assessed that no value could be generated from a sale of those assets to a third party. For the remaining items of property, plant and equipment, the Solvency II value has been determined on a basis consistent with IFRS on grounds of materiality.

D.1 Assets continued

D.1.2 Asset and liability valuation bases, methods and main assumptions: Assets continued

Note	Balance sheet item	Valuation principles
6	**Investments (other than assets held for index-linked and unit-linked contracts)**	Investments in equities, bonds, collective investment undertakings, derivatives and property (other than for own use) are measured at fair value under both IFRS and Solvency II. Further details on the valuation methodology can be found in notes E1, E2, E3 and G4 of the PGH Annual Report and Accounts for the year ended 31 December 2021. Section D.4.1 includes information on financial investments and property (other than for own use) that are valued using alternative valuation methodologies. **Holdings in related undertakings, including participations** The following participations are included within this line item: - Holdings in collective investment undertakings in which the Group's interest is greater than 20% (where the interest is less than 20%, the investment is included within the 'Collective Investment Undertakings' line), measured at fair value. A valuation difference arises in respect of the Group's interest in Standard Life Private Equity Trust plc ('SLPET'), a listed investment trust that is classified as a subsidiary undertaking and is therefore consolidated under IFRS. Under Solvency II, SLPET is classified as an ORRU and the value of the Group's participation is based on the quoted market price. This is £93 million lower than the Group's share of SLPET's IFRS net assets reflected in the statutory accounts value. As the interest in SLPET is held by the Group's policyholder funds, there is an equal and opposite valuation difference arising between IFRS and Solvency II technical provisions. - The Phoenix Group Employee Benefit Trust ('EBT'), an undertaking that holds shares in PGH for the purposes of the Group's employee share schemes. Own shares are valued at fair value which is based on the quoted market price of PGH shares at each reporting date. Further details on the treatment of own shares within Own Funds are included in section E.1. In contrast, under IFRS where the EBT has acquired shares in PGH, the consideration paid is shown as a deduction from owners' equity. This results in a £12 million (2020: £6 million) valuation difference between Solvency II and IFRS. - Subsidiary undertakings classified as ORRUs for which quoted market prices are not available and therefore the option to value using the adjusted equity method is applied. The adjusted equity method requires participations to be valued based on the Group's share of the excess of assets over liabilities of the related undertaking, determined in accordance with Solvency II valuation principles. No alternative valuation methods are used for valuing the ORRUs. - The Group's UCITS management company and non-regulated undertakings carrying out financial activities are valued on a local sectoral basis or notional sectoral basis respectively. **Deposits other than cash and cash equivalents** Deposits other than cash and cash equivalents are valued at par and comprise short-term deposits that cannot be used to make payments before a specific maturity date or without any penalty or restriction. There is no difference between IFRS and Solvency II valuations. Any investments related to unit-linked contracts are included as 'assets held for index-linked and unit-linked contracts (see note 7).
7	**Assets held for index-linked and unit-linked contracts**	Assets held for unit-linked funds are measured based on the fair value of the underlying assets and liabilities (other than technical provisions) held within such funds. The valuation methods are consistent between IFRS and Solvency II. In the IFRS financial statements, assets and liabilities under unit-linked contracts are presented on a line-by-line basis. Under Solvency II, all assets and liabilities backing unit-linked contracts are reported in a single line in 'assets held for index-linked and unit-linked contracts'.
8	**Loan and mortgages**	Loans and mortgages are valued at fair value. For the majority of the loans, including equity release mortgage ('ERM') loans and commercial real estate loans ('CREL'), fair value is determined using alternative valuation methods. Further details are included in section D.4.1. There is no difference between IFRS and Solvency II valuations.
9	**Reinsurance recoverables**	The value of reinsurance recoverables is dependent on the expected claims and benefits arising under the related reinsured policies. To the extent that the Solvency II valuation of the related technical provisions differs to the valuation under IFRS, the valuation of the related reinsurance recoverable will also be impacted. Further details on the calculation approach for Solvency II reinsurance recoverables are included in section D.2.8.
10	**Insurance and intermediaries receivables, Reinsurance receivables**	Given their short-term nature, the carrying amount per the IFRS financial statements is considered to represent the fair value for these assets under Solvency II. The balances only include amounts past due as amounts not yet due are included in the cash flow projections of technical provisions and reinsurance recoverables.
11	**Receivables (trade, not insurance)**	Receivables (trade, not insurance) are valued consistently under IFRS and Solvency II, with the exception of prepayments. Under IFRS, a prepayment asset is recognised in respect of payments for expenses that relate to future periods. No value is assigned to prepayments under Solvency II as they cannot be sold separately to a third party.
12	**Cash and cash equivalents**	Cash and cash equivalents are valued at par and comprise of cash balances that are usable for all forms of payments without penalty or restriction. There is no difference between IFRS and Solvency II valuations.

Section D – Valuation for solvency purposes continued

D.1 Assets continued

D.1.3 Analysis of deferred tax

Deferred tax assets on the Solvency II balance sheet are recognised by reference to expected future taxable profits and valued based on the difference between the carrying value of the asset on the balance sheet and its tax base. Deferred tax assets and liabilities are recognised separately to the extent that the deferred tax asset cannot be offset against corresponding deferred tax liabilities. Deferred tax assets and deferred tax liabilities are only offset if there is a legally enforceable right to do so and they relate to taxes levied by the same tax authority on the same taxable undertaking. They are comprised as shown in the table below. Deferred tax assets are treated as Tier 3 capital in Basic Own Funds for the PGH Group and its insurance subsidiaries. Further details are set out in section E.1.

The standard rate of UK corporation tax for the accounting period is 19% (2020: 19%).

It was announced in the 2021 UK Budget on 3 March that the UK corporation tax rate will be 25% with effect from 1 April 2023 and the related Royal Assent was received on 10 June 2021. The impact of the tax rate change is reflected in the balance sheet for the year ended 31 December 2021.

On 23 March 2022, it was announced that from April 2024, subject to legislation, the basic rate of income tax in the UK will be reduced from 20% to 19%. The implications for the Group and the Policyholders are yet to be fully assessed.

The table below summarises the Solvency II deferred tax assets and liabilities compared to the statutory accounts value column for the Group, for the year ended 31 December 2021. SLPF and PA(GI) have no deferred tax assets and liabilities.

Deferred tax assets Item	PLL £m	PLAL £m	SLAL £m	RAL £m	RLL £m	Other Group entities £m	PGH Group £m
Trade and capital losses carried forward	4	2	–	28	5	102	141
Expenses and deferred acquisition costs carried forward	20	3	6	9	10	15	63
Accelerated capital allowances	1	1	1	4	–	11	18
Other temporary differences	12	–	(1)	61	–	154	226
Offset of deferred tax asset and liabilities in Solvency II	(37)	(6)	(6)	(102)	(15)	(38)	(204)
Total Solvency II deferred tax assets	–	–	–	–	–	**244**	**244**
Reversal of offset of deferred tax asset and liabilities in Solvency II	37	6	6	102	15	38	204
Valuation adjustments	(11)	–	3	(57)	2	89	26
Offset of deferred tax asset and liabilities in IFRS	(26)	(6)	(9)	(41)	(17)	(20)	(119)
Total statutory accounts column deferred tax assets	–	–	–	**4**	–	**351**	**355**

Deferred tax liabilities Item	PLL £m	PLAL £m	SLAL £m	RAL £m	RLL £m	Other Group entities £m	PGH Group £m
Technical provisions	(320)	(45)	(716)	(425)	(18)	(37)	(1,561)
Shareholder future bonus transfers	(85)	(50)	–	(55)	–	–	(190)
IFRS transitional adjustments	(4)	(4)	–	–	(1)	–	(9)
Unrealised gains on investments	(99)	(11)	(18)	(223)	(101)	–	(452)
Pension scheme surplus	(1)	–	–	–	–	(234)	(235)
Other temporary differences	(18)	(2)	18	–	1	1	–
Offset of deferred tax asset and liabilities in Solvency II	37	6	6	102	15	38	204
Total Solvency II deferred tax liabilities	**(490)**	**(106)**	**(710)**	**(601)**	**(104)**	**(232)**	**(2,243)**
Reversal of offset of deferred tax asset and liabilities in Solvency II	(37)	(6)	(6)	(102)	(15)	(38)	(204)
Technical provisions	320	45	716	425	18	37	1,561
Shareholder future bonus transfers	85	50	–	55	–	–	190
Pension scheme surplus	–	–	–	–	–	(14)	(14)
Acquired on in-force business	(24)	–	–	(1)	–	(863)	(888)
Other temporary differences	3	–	(60)	–	(6)	(81)	(144)
Offset of deferred tax asset and liabilities in IFRS	26	6	9	41	17	20	119
Total statutory accounts column deferred tax liabilities	**(117)**	**(11)**	**(51)**	**(183)**	**(90)**	**(1,171)**	**(1,623)**

Section D – Valuation for solvency purposes continued

D.1 Assets continued

D.1.3 Analysis of deferred tax continued

The PGH Group had excess tax losses of £1,055 million (2020: £630 million) on which a deferred tax asset of £141 million (2020: £40 million) is recognised in both IFRS and Solvency II.

Deferred tax assets are recognised for tax losses carried forward only to the extent that realisation of the related tax benefit is probable.

PGH Group deferred tax assets have not been recognised in respect of:	PLL £m	PLAL £m	SLAL £m	RAL £m	RLL £m	PA(GI) £m	Other Group entities[1] £m	PGH Group £m
Tax losses carried forward	–	–	–	–	2	6	44	**52**
Intangible assets	–	–	–	–	–	–	31	**31**
Capital losses	–	–	–	25	2	–	1	**28**

1 There is an unrecognised deferred tax asset in SLPF in respect of the difference between Solvency II and IFRS technical provisions which is less than £1 million (2020: less than £1 million).

There are no unrecognised deferred tax liabilities at 31 December 2021 (31 December 2020: no unrecognised deferred tax liabilities) within the PGH Group and its insurance subsidiaries.

Details of deferred tax assets and liabilities for SLIDAC are disclosed within its solo SFCR.

D.1.4 Leases

The Group holds investment properties which are let out to tenants under operating leases. Where investment property is leased out by the Group, rental income from these operating leases is recognised in the consolidated income statement on a straight-line basis over the period of the lease.

Certain investment properties held by the Group life companies possess a ground rent obligation. Under IFRS 16, this gives rise to both a right-of-use asset and a lease liability. The right-of-use asset associated with the ground rent obligation is valued at fair value and is included within the total investment property valuation. The value of the ground rent right-of-use asset as at 31 December 2021 was £21 million (2020: £17 million).

Lease arrangements where the Group acts as the lessee are disclosed in section A.

Section D – Valuation for solvency purposes continued

D.2 Technical provisions

D.2.1 Introduction

This section provides the following information on the Solvency II technical provisions:

- valuation of Solvency II technical provisions split by material lines of business ('LoB');
- a description of the bases, methodology and main assumptions used in the valuation of the Solvency II technical provisions;
- a quantitative and qualitative explanation of material differences between the valuations under Solvency II and IFRS technical provisions; and
- a description of the level of uncertainty in Solvency II technical provisions.

Solvency II technical provisions are calculated as the sum of the Best Estimate Liabilities ('BEL') and the Risk Margin ('RM') less the Transitional Measure on Technical Provisions ('TMTP'), calculated in line with PRA approvals.

The Matching Adjustment is applied to the risk-free curve used for discounting liabilities in the Matching Adjustment portfolios only and has the effect of reducing technical provisions. The Group has PRA approval to apply a Matching Adjustment to all liabilities in the PLL, PLAL, RAL and SLAL Matching Adjustment portfolios.

Of the Group's insurance subsidiaries, regulatory approval is in place from the PRA for the application of the Volatility Adjustment in RAL and SLAL only. No allowance is currently made for the transitional measure on interest rates.

The PRA have also approved the use of TMTP applied to liabilities in PLL, PLAL, RAL and SLAL entities which allows firms to apply a transitional deduction to their technical provisions. Transitional measures are aimed at providing a smooth transition between the technical provisions under the previous Solvency I regulatory regime and the technical provisions under the Solvency II regulatory regime.

Further details on the application of Matching Adjustment, TMTP and Volatility Adjustments can be found in sections D.2.7.1 – D.2.7.3.

D.2.2 Technical provisions by line of business

The LoBs relevant to each insurance subsidiary are set out in the table below. PA(GI) held no technical provisions as at 31 December 2021.

	PLL	PLAL	SLAL	RAL	RLL	SLPF
Insurance with-profit participation	✓	✓	✓	✓	–	–
Index-linked and unit-linked insurance	✓	✓	✓	✓	✓	–
Health insurance	✓	–	✓	✓	✓	–
Other life insurance	✓	✓	✓	✓	✓	✓
Health reinsurance	–	–	✓	–	–	–
Life reinsurance	✓	✓	✓	✓	–	–

Section D – Valuation for solvency purposes continued

D.2 Technical provisions continued

D.2.2 Technical provisions by line of business continued

The tables below summarise the Group and insurance subsidiaries' technical provisions as at 31 December 2021 by Solvency II LoB. The amount of BEL, risk margin, technical provisions calculated as a whole and TMTP are shown separately, as applicable.

Table D.2.2.1a Technical provisions by Line of Business – PGH Group

31 December 2021 Technical provisions by Line of Business	Insurance with-profit participation £m	Index-linked and unit linked insurance £m	Health insurance £m	Other life insurance £m	Accepted reinsurance £m	Total technical provisions £m
Best Estimate Liabilities	56,592	(5,796)	346	46,501	1,199	**98,842**
Risk margin	1,161	967	15	2,474	(5)	**4,612**
Technical provisions as a whole	–	188,075	23	–	–	**188,098**
TMTP adjustment	(1,225)	(806)	(13)	(2,423)	(13)	**(4,480)**
Gross technical provisions	**56,528**	**182,440**	**371**	**46,552**	**1,181**	**287,072**
Reinsurance	26	(9,939)	(163)	(6,732)	(11)	**(16,819)**
Net technical provisions	**56,554**	**172,501**	**208**	**39,820**	**1,170**	**270,253**

Table D.2.2.2a Technical provisions by Line of Business – PLL

31 December 2021 Technical provisions by Line of Business	Insurance with-profit participation £m	Index-linked and unit linked insurance £m	Health insurance £m	Other life insurance £m	Accepted reinsurance £m	Total technical provisions £m
Best Estimate Liabilities	10,243	(275)	76	22,392	10	**32,446**
Risk margin	195	130	6	871	12	**1,214**
Technical provisions as a whole	–	26,685	–	–	1,739	**28,424**
TMTP adjustment	(374)	(139)	(9)	(1,190)	(12)	**(1,724)**
Gross technical provisions	**10,064**	**26,401**	**73**	**22,073**	**1,749**	**60,360**
Reinsurance	(117)	(7,086)	(55)	(1,856)	(11)	**(9,125)**
Net technical provisions	**9,947**	**19,315**	**18**	**20,217**	**1,738**	**51,235**

Table D.2.2.3a Technical Provisions by Line of Business – PLAL

31 December 2021 Technical provisions by Line of Business	Insurance with-profit participation £m	Index-linked and unit linked insurance £m	Health insurance £m	Other life insurance £m	Accepted reinsurance £m	Total technical provisions £m
Best Estimate Liabilities	8,636	(45)	–	2,678	142	**11,411**
Risk margin	279	17	–	148	3	**447**
Technical provisions as a whole	–	1,928	–	–	–	**1,928**
TMTP adjustment	(563)	(16)	–	(190)	(4)	**(773)**
Gross technical provisions	**8,352**	**1,884**	–	**2,636**	**141**	**13,013**
Reinsurance	–	(1,648)	–	(740)	–	**(2,388)**
Net technical provisions	**8,352**	**236**	–	**1,896**	**141**	**10,625**

Section D – Valuation for solvency purposes continued

D.2 Technical provisions continued

D.2.2 Technical provisions by line of business continued

Table D.2.2.4a Technical provisions by Line of Business – SLAL

31 December 2021 Technical provisions by Line of Business	Insurance with-profit participation £m	Index-linked and unit linked insurance £m	Health insurance £m	Other life insurance £m	Accepted reinsurance £m	Total technical provisions £m
Best Estimate Liabilities	14,325	(2,284)	8	10,970	13,565	**36,584**
Risk margin	305	474	–	543	254	**1,576**
Technical provisions as a whole	–	98,611	–	–	1,734	**100,345**
TMTP adjustment	(254)	(535)	–	(358)	(209)	**(1,356)**
Gross technical provisions	**14,376**	**96,266**	**8**	**11,155**	**15,344**	**137,149**
Reinsurance	–	(2,479)	(6)	(3,111)	(756)	**(6,352)**
Net technical provisions	**14,376**	**93,787**	**2**	**8,044**	**14,588**	**130,797**

Table D.2.2.5a Technical provisions by Line of Business – RAL

31 December 2021 Technical provisions by Line of Business	Insurance with-profit participation £m	Index-linked and unit linked insurance £m	Health insurance £m	Other life insurance £m	Accepted reinsurance £m	Total technical provisions £m
Best Estimate Liabilities	10,285	(1,390)	98	12,666	(110)	**21,549**
Risk margin	73	249	6	820	45	**1,193**
Technical provisions as a whole	–	37,754	16	–	45	**37,815**
TMTP adjustment	129	(116)	(4)	(639)	4	**(626)**
Gross technical provisions	**10,487**	**36,497**	**116**	**12,847**	**(16)**	**59,931**
Reinsurance	(4)	(475)	(1)	(345)	–	**(825)**
Net technical provisions	**10,483**	**36,022**	**115**	**12,502**	**(16)**	**59,106**

Table D.2.2.6a Technical provisions by Line of Business – RLL

31 December 2021 Technical provisions by Line of Business	Insurance with-profit participation £m	Index-linked and unit linked insurance £m	Health insurance £m	Other life insurance £m	Accepted reinsurance £m	Total technical provisions £m
Best Estimate Liabilities	–	(339)	(5)	867	–	**523**
Risk margin	–	5	–	2	–	**7**
Technical provisions as a whole	–	7,043	6	–	–	**7,049**
Gross technical provisions	**–**	**6,709**	**1**	**869**	**–**	**7,579**
Reinsurance	–	341	6	(867)	–	**(520)**
Net technical provisions	**–**	**7,050**	**7**	**2**	**–**	**7,059**

Table D.2.2.7a Technical provisions by Line of Business – SLPF

31 December 2021 Technical provisions by Line of Business	Insurance with-profit participation £m	Index-linked and unit linked insurance £m	Health insurance £m	Other life insurance £m	Accepted reinsurance £m	Total technical provisions £m
Best Estimate Liabilities	–	–	–	9	–	**9**
Gross technical provisions	**–**	**–**	**–**	**9**	**–**	**9**
Reinsurance	–	–	–	(8)	–	**(8)**
Net technical provisions	**–**	**–**	**–**	**1**	**–**	**1**

Section D – Valuation for solvency purposes continued

D.2 Technical provisions continued

D.2.2 Technical provisions by line of business continued

Table D.2.2.1b Material differences between IFRS and Solvency II technical provisions – PGH Group

The table below outlines separately for each LoB, the material differences between the bases, methods and main assumptions used for Solvency II and those used for IFRS.

Technical provisions – IFRS to Solvency II reconciliation	Note	Insurance with-profit participation £m	Index-linked and unit-linked insurance £m	Health insurance £m	Other life insurance £m	Life reinsurance £m	Total technical provisions £m
IFRS technical provisions – gross		**60,902**	**177,045**	**386**	**49,757**	**1,191**	**289,281**
Add liabilities classified as held for sale		–	11,676	–	–	–	11,676
Longevity derivative assets and liabilities		–	–	–	(97)	–	(97)
Reclassification of accounting provisions		–	2	–	–	–	2
Statutory accounts value technical provisions – gross[1]		**60,902**	**188,723**	**386**	**49,660**	**1,191**	**300,862**
IFRS reinsurers' share		(5)	(9,986)	(172)	(8,395)	(11)	(18,569)
Add assets classified as held for sale		–	(27)	–	–	–	(27)
Longevity derivative assets and liabilities		–	–	–	(83)	–	(83)
Reclassification of reinsurance payables and receivables		74	7	2	4	–	87
Statutory accounts value reinsurance recoverable[2]		**69**	**(10,006)**	**(170)**	**(8,474)**	**(11)**	**(18,592)**
Statutory accounts value technical provisions – net		**60,971**	**178,717**	**216**	**41,186**	**1,180**	**282,270**
Change to discount curve	1	486	39	(1)	190	4	718
Change in restriction for negative sterling reserves	2	(309)	(5,202)	(4)	66	–	(5,449)
Demographic margin	3	–	(32)	(5)	(2,124)	–	(2,161)
Annuity profit margin	4	115	–	–	20	1	136
Policyholders' share of estate	5	(5,388)	–	–	(208)	(29)	(5,625)
Prepayments	6	(9)	–	–	–	–	(9)
Other	7	752	(1,182)	–	639	32	241
Solvency II Best Estimate Liabilities/TP as a whole – net		**56,618**	**172,340**	**206**	**39,769**	**1,188**	**270,121**
Add risk margin		1,161	967	15	2,474	(5)	4,612
Deduct transitional adjustments		(1,225)	(806)	(13)	(2,423)	(13)	(4,480)
Solvency II technical provisions – net		**56,554**	**172,501**	**208**	**39,820**	**1,170**	**270,253**
Solvency II reinsurance		(26)	9,939	163	6,732	11	16,819
Solvency II technical provisions – gross		**56,528**	**182,440**	**371**	**46,552**	**1,181**	**287,072**

1 The statutory accounts value of gross technical provisions of £300,862 million is different to the IFRS value of £289,281 million reported in the PGH Annual Report and Accounts for year ended 31 December 2021, largely due to presentational differences in respect of liabilities reported as held for sale under IFRS and longevity arrangements which PLL has in place with corporate pension schemes. The longevity arrangements are recognised as financial instruments under IFRS whereas under Solvency II, they are recognised within technical provisions.

2 The statutory accounts value of reinsurance recoverable of £18,592 million is different to the IFRS value of £18,569 million reported in the PGH Annual Report and Accounts for year ended 31 December 2021, due to presentational differences with respect to reinsurance payables and receivables balances, together with the equivalent presentational differences on reinsurance recoverables arising from the held for sale classification and treatment of longevity arrangements under IFRS.

D.2 Technical provisions continued

D.2.2 Technical provisions by line of business continued

Table D.2.2.2b Material differences between IFRS and Solvency II technical provisions – PLL

Technical provisions – IFRS to Solvency II reconciliation	Note	Insurance with-profit participation £m	Index-linked and unit-linked insurance £m	Health insurance £m	Other life insurance £m	Life reinsurance £m	Total technical provisions £m
IFRS technical provisions – gross[1]		**10,501**	**28,300**	**77**	**23,918**	**1,749**	**64,545**
Longevity derivative assets and liabilities		–	–	–	(97)	–	(97)
Statutory accounts value technical provisions – gross		**10,501**	**28,300**	**77**	**23,821**	**1,749**	**64,448**
IFRS reinsurers' share		(118)	(7,070)	(55)	(3,221)	(11)	(10,475)
Longevity derivative assets and liabilities		–	–	–	(83)	–	(83)
Statutory accounts value reinsurance recoverable[2]		**(118)**	**(7,070)**	**(55)**	**(3,304)**	**(11)**	**(10,558)**
Statutory accounts value technical provisions – net		**10,383**	**21,230**	**22**	**20,517**	**1,738**	**53,890**
Change to discount curve	1	94	32	–	95	–	221
Change in restriction for negative sterling reserves	2	(39)	(761)	–	–	–	(800)
Demographic margin	3	–	–	–	(540)	–	(540)
Annuity profit margin	4	81	–	–	20	–	101
Policyholders' share of estate	5	(1,075)	–	–	(200)	–	(1,275)
Prepayments	6	(4)	–	–	–	–	(4)
Other	7	686	(1,177)	(1)	644	–	152
Solvency II Best Estimate Liabilities/TP as a whole – net		**10,126**	**19,324**	**21**	**20,536**	**1,738**	**51,745**
Add risk margin		195	130	6	871	12	1,214
Deduct transitional adjustments		(374)	(139)	(9)	(1,190)	(12)	(1,724)
Solvency II technical provisions – net		**9,947**	**19,315**	**18**	**20,217**	**1,738**	**51,235**
Solvency II reinsurance		117	7,086	55	1,856	11	9,125
Solvency II technical provisions – gross		**10,064**	**26,401**	**73**	**22,073**	**1,749**	**60,360**

1 The statutory accounts value of gross technical provisions of £64,448 million is different to the IFRS value of £64,545 million reported in the PLL statutory accounts for the year ended 31 December 2021, due to presentational differences in respect of longevity arrangements which PLL has in place with corporate pension schemes. These arrangements are recognised as derivative financial instruments under IFRS whereas under Solvency II, they are recognised within technical provisions, and therefore the IFRS balances have been presented within technical provisions in the statutory accounts value column.
2 The statutory accounts value of reinsurance recoverable of £10,558 million is also different to the IFRS value of £10,475 million reported in the PLL statutory accounts for year ended 31 December 2021, as a result of the transactions detailed above. The difference of £83 million is as a result of the reclassification of derivative assets and liabilities.

Section D – Valuation for solvency purposes continued

D.2 Technical provisions continued

D.2.2 Technical provisions by line of business continued

Table D.2.2.3b Material differences between IFRS and Solvency II technical provisions – PLAL

Technical provisions – IFRS to Solvency II reconciliation	Note	Insurance with-profit participation £m	Index-linked and unit-linked insurance £m	Health insurance £m	Other life insurance £m	Life reinsurance £m	Total technical provisions £m
Statutory accounts value/IFRS technical provisions – gross		**9,097**	**1,883**	**–**	**2,828**	**141**	**13,949**
IFRS reinsurers' share		–	(1,651)	–	(759)	–	(2,410)
Statutory accounts value/IFRS technical provisions – net		**9,097**	**232**	**–**	**2,069**	**141**	**11,539**
Change to discount curve	1	133	5	–	5	1	144
Change in restriction for negative sterling reserves	2	(16)	(11)	–	–	–	(27)
Demographic margin	3	–	–	–	(89)	–	(89)
Annuity profit margin	4	33	–	–	–	1	34
Policyholders' share of estate	5	(667)	(1)	–	(7)	(20)	(695)
Prepayments	6	(4)	–	–	–	–	(4)
Other	7	60	10	–	(40)	19	49
Solvency II Best Estimate Liabilities/TP as a whole – net		**8,636**	**235**	**–**	**1,938**	**142**	**10,951**
Add risk margin		279	17	–	148	3	447
Deduct transitional adjustments		(563)	(16)	–	(190)	(4)	(773)
Solvency II technical provisions – net		**8,352**	**236**	**–**	**1,896**	**141**	**10,625**
Solvency II reinsurance		–	1,648	–	740	–	2,388
Solvency II technical provisions – gross		**8,352**	**1,884**	**–**	**2,636**	**141**	**13,013**

Table D.2.2.4b Material differences between IFRS and Solvency II technical provisions – SLAL

Technical provisions – IFRS to Solvency II reconciliation	Note	Insurance with-profit participation £m	Index-linked and unit-linked insurance £m	Health insurance £m	Other life insurance £m	Life reinsurance £m	Total technical provisions £m
Statutory accounts value/IFRS technical provisions – gross		**15,779**	**98,651**	**8**	**11,067**	**16,520**	**142,025**
IFRS reinsurers' share		–	(2,480)	(6)	(3,039)	(757)	(6,282)
Statutory accounts value/IFRS technical provisions – net		**15,779**	**96,171**	**2**	**8,028**	**15,763**	**135,743**
Change to discount curve	1	94	–	–	48	91	233
Change in restriction for negative sterling reserves	2	(5)	(2,322)	–	–	(193)	(2,520)
Demographic margin	3	–	–	–	(324)	(34)	(358)
Policyholders' share of estate	5	(1,543)	–	–	–	(1,092)	(2,635)
Other	7	–	(1)	–	107	8	114
Solvency II Best Estimate Liabilities/TP as a whole – net		**14,325**	**93,848**	**2**	**7,859**	**14,543**	**130,577**
Add risk margin		305	474	–	543	254	1,576
Deduct transitional adjustments		(254)	(535)	–	(358)	(209)	(1,356)
Solvency II technical provisions – net		**14,376**	**93,787**	**2**	**8,044**	**14,588**	**130,797**
Solvency II reinsurance		–	2,479	6	3,111	756	6,352
Solvency II technical provisions – gross		**14,376**	**96,266**	**8**	**11,155**	**15,344**	**137,149**

D.2 Technical provisions continued

D.2.2 Technical provisions by line of business continued

Table D.2.2.5b Material differences between IFRS and Solvency II technical provisions – RAL

Technical provisions – IFRS to Solvency II reconciliation	Note	Insurance with-profit participation £m	Index-linked and unit-linked insurance £m	Health insurance £m	Other life insurance £m	Life reinsurance £m	Total technical provisions £m
Statutory accounts value/IFRS technical provisions – gross		**11,221**	**37,889**	**122**	**14,200**	**253**	**63,685**
IFRS reinsurers' share		(4)	(477)	(1)	(843)	–	(1,325)
Statutory accounts value/IFRS technical provisions – net		**11,217**	**37,412**	**121**	**13,357**	**253**	**62,360**
Change to discount curve	1	75	–	(2)	22	11	106
Change in restriction for negative sterling reserves	2	–	(1,552)	(1)	–	(279)	(1,832)
Demographic margin	3	–	–	(2)	(1,079)	(43)	(1,124)
Policyholders' share of estate	5	(1,011)	–	–	–	(9)	(1,020)
Other	7	–	29	(3)	21	2	49
Solvency II Best Estimate Liabilities/TP as a whole – net		**10,281**	**35,889**	**113**	**12,321**	**(65)**	**58,539**
Add risk margin		73	249	6	820	45	1,193
Deduct transitional adjustments		129	(116)	(4)	(639)	4	(626)
Solvency II technical provisions – net		**10,483**	**36,022**	**115**	**12,502**	**(16)**	**59,106**
Solvency II reinsurance		4	475	1	345	–	825
Solvency II technical provisions – gross		**10,487**	**36,497**	**116**	**12,847**	**(16)**	**59,931**

Table D.2.2.6b Material differences between IFRS and Solvency II technical provisions – RLL

Technical provisions – IFRS to Solvency II reconciliation	Note	Insurance with-profit participation £m	Index-linked and unit-linked insurance £m	Health insurance £m	Other life insurance £m	Life reinsurance £m	Total technical provisions £m
IFRS technical provisions – gross		**–**	**7,071**	**15**	**939**	**–**	**8,025**
Reclassification of accounting provisions		–	2	–	–	–	2
Statutory accounts value technical provisions – gross		**–**	**7,073**	**15**	**939**	**–**	**8,027**
IFRS reinsurers' share		–	(35)	(10)	(943)	–	(988)
Reclassification of reinsurance receivable		–	7	2	3	–	12
Statutory accounts value reinsurance recoverable		**–**	**(28)**	**(8)**	**(940)**	**–**	**(976)**
Statutory accounts value technical provisions – net		**–**	**7,045**	**7**	**(1)**	**–**	**7,051**
Other	7	–	–	–	1	–	1
Solvency II Best Estimate Liabilities/TP as a whole – net		**–**	**7,045**	**7**	**–**	**–**	**7,052**
Add risk margin		–	5	–	2	–	7
Solvency II technical provisions – net		**–**	**7,050**	**7**	**2**	**–**	**7,059**
Solvency II reinsurance		–	(341)	(6)	867	–	520
Solvency II technical provisions – gross		**–**	**6,709**	**1**	**869**	**–**	**7,579**

D.2 Technical provisions continued

D.2.2 Technical provisions by line of business continued

Table D.2.2.7b Material differences between IFRS and Solvency II technical provisions – SLPF

Technical provisions – IFRS to Solvency II reconciliation	Note	Insurance with-profit participation £m	Index-linked and unit-linked insurance £m	Health insurance £m	Other life insurance £m	Life reinsurance £m	Total technical provisions £m
Statutory accounts value/IFRS technical provisions – gross		–	–	–	8	–	8
IFRS reinsurers' share		–	–	–	(8)	–	(8)
Statutory accounts value/IFRS technical provisions – net		–	–	–	–	–	–
Other	7	–	–	–	1	–	1
Solvency II Best Estimate Liabilities/TP as a whole – net		–	–	–	1	–	1
Add risk margin		–	–	–	–	–	–
Solvency II technical provisions – net		–	–	–	1	–	1
Solvency II reinsurance		–	–	–	8	–	8
Solvency II technical provisions – gross		–	–	–	9	–	9

Section D – Valuation for solvency purposes continued

D.2 Technical provisions continued

D.2.2 Technical provisions by line of business continued

An explanation of the material differences between the IFRS valuation for technical provisions and that used for Solvency II is included below:

Note	Item	Description
1	Change to discount curve	Liabilities are valued using a discount rate derived from the PRA swap curves under Solvency II. For IFRS they are valued using a discount rate from the PRA swap curve plus an illiquidity adjustment of 36bps for UK business and 10bps for Euro business. Liabilities in the Matching Adjustment portfolio are valued using the same discount curve for IFRS and Solvency II with both taking credit for the Matching Adjustment.
2	Change in restriction for negative sterling reserves	The term 'sterling reserves' refers to reserves set aside to cover future cash flow obligations on unit-linked policies, over and above the value of units held. Under IFRS, sterling reserves are not recognised where they are negative (i.e. where future charges are in excess of expenses). For Solvency II, negative sterling reserves are allowed as a reduction to technical provisions.
3	Demographic margin	A margin for demographic risk is included within the IFRS technical provisions for the non-profit funds. This item is based on a percentage of undiversified demographic risk capital, relating to mortality, longevity, persistency and expenses. Solvency II does not require this margin to be held over and above best estimate.
4	Annuity profit margin	Annuity profit margin includes future profits expected to be recognised when deferred annuities vest from the with-profit funds into the Matching Adjustment portfolio. Under Solvency II, there is no allowance for the reserving of the profit margin. For IFRS this profit margin is included within unallocated surplus.
5	Policyholders' share of estate	The proportion of the with-profit estate which is expected ultimately to be distributed to policyholders is included within technical provisions on the IFRS basis. For Solvency II, it is recognised as surplus funds (being accumulated profits which have not been made available for distribution to policyholders or other beneficiaries) and is not recognised within technical provisions but instead as an item of Own Funds. Further details are included in section E.1.
6	Prepayments	Under IFRS, the Life Companies recognise a prepayment relating to payment for transfer of certain risks to Service Companies. An offsetting amount is also held within technical provisions to recognise the future charge that will be incurred as the prepayment is released. For Solvency II, the prepayment cannot be recognised, as it is considered to not have any economic value, and therefore the liability held within technical provisions is released.
7	Other	The 'other' line includes the following items: - the impact of reallocation of reserves in the with-profit funds between the two bases. - an adjustment is made to the IFRS technical provisions in the non-Matching Adjustment portfolio (non-profit business only) for liabilities backed by Solvency II Matching Adjustment eligible assets, representing - an estimate of the allowance for illiquidity expected to be earned on such assets. This adjustment is not made under Solvency II. For SLAL the 'other' line also includes: - the costs for any known mandatory requirements; - product development and exceptional costs that the Company has committed to incur in the year after the valuation date; and - ex-gratia payments if additional costs (e.g. legal) would be expected if the payments were not made.

The unallocated surplus under IFRS represents amounts which have yet to be allocated to the shareholder since the unallocated surplus attributable to policyholders have been included within IFRS technical provisions. Under Solvency II, the shareholder share of future bonuses forms part of own funds, and may be subject to Ring Fenced Fund restriction.

D.2 Technical provisions continued

D.2.3 Bases, methodology and main assumptions used for best estimate liabilities ('BEL')

Technical provisions represent the value of policyholder obligations, if these were to be transferred to a third party at the valuation date. For its insurance subsidiaries, the Group's approach is to value all actuarial liabilities based on the BEL plus the risk margin, except for unit funds which are valued as 'Technical Provisions as a whole'. The technical provisions for the Group and its insurance subsidiaries can be seen in section D.2.2 and, for the insurance subsidiaries only, in the S.12.01.02 technical provisions QRT, which have been disclosed in the appendices.

Sections D.2.3 to D.2.10 set out in detail the bases, methodology and main assumptions used to derive the BEL. Risk margin methodology is covered in section D.2.11.

All data used to calculate technical provisions is assessed for appropriateness, completeness and accuracy. Where there are any material weaknesses, limitations or errors associated with data, these are identified in control and validation reports together with any remedial adjustments made.

D.2.3.1 Best Estimate Liability

BEL is calculated gross, without any deduction for amounts recoverable on reinsurance contracts. Reinsurance recoverables are valued separately, recognised as a reinsurance asset and calculated in the same manner as the BEL (see section D.2.8 for further details).

All assumptions are updated to reflect current economic conditions and demographic experience. Material changes to the relevant assumptions made in the calculation of technical provisions are covered in section D.2.5.

For the majority of policies which have rider contracts (an additional provision attached to an insurance policy), the rider is separated from the main contract for valuation purposes. For example, a term assurance rider contract attached to a unit-linked pension policy is treated as a separate stand-alone term assurance contract. This ensures appropriate assumptions are used to value the rider contract.

The following section details the methodology and key assumptions used to calculate the BEL.

D.2.3.2 Overview of Methodology

A cash flow projection model is used to calculate BEL. This projects cash inflows and outflows required to meet obligations to policyholders over the lifetime of the policy, taking into account the undertaking's regulatory duty to treat its customers fairly.

The projection of future cash flows is performed using realistic assumptions regarding future experience. The key relevant assumptions include mortality, longevity, lapse rates, expenses and option take-up rates with allowance for any expected trends. An allowance is also made for future expenses.

The model takes account of the time value of money through discounting at an appropriate risk-free rate (see section D.2.3.3 below). The assessment of the expected cash flows underlying the BEL takes into account any taxation payments which are charged to policyholders, or which would be required to be made to settle the insurance obligations.

In certain specific circumstances, the best estimate may be negative (e.g. for some protection business where the value of future premiums exceeds the value of future claims and expenses). A negative BEL is permitted under the regulations.

D.2.3.3 Discount rates

For the purpose of calculating the Solvency II technical provisions, nominal discount rates, based on swap rates prescribed by the PRA are used. These rates vary by currency of liabilities. The vast majority of the Group's insurance obligations are denominated in sterling. The Group's main non-sterling currency exposure relates to euro denominated liabilities.

An adjustment (also specified by the PRA) is made to the swap curve for credit risk. From 31 July 2021, the PRA transitioned their basis for sterling risk free rates from the London Inter-Bank Offered Rate ('LIBOR') to the Sterling Overnight Index Average ('SONIA') with a credit risk adjustment of zero. An adjustment (also specified by the PRA) is made to the euro denominated swap curve for credit risk. At 31 December 2021, the euro credit risk adjustment was minus 10bps at each duration.

For certain liabilities, a matching adjustment or volatility adjustment is added to the basic risk-free yield curve (see section D.2.7.1).

D.2.3.4 Tax assumptions

The March 2021 Budget announced an increase in the corporation tax rate to 25% with effect from 1 April 2023 and the related Royal Assent was received on 10 June 2021. The impact of the tax rate change is reflected in the balance sheet for year ended 31 December 2021.

Section D – Valuation for solvency purposes continued

D.2 Technical provisions continued

D.2.3 Bases, methodology and main assumptions used for best estimate liabilities ('BEL') continued

D.2.3.5 Contract boundaries

Under the regulations the liability cash flows that need to be considered within the BEL are those that fall within the 'contract boundary'. Depending on the features of the contract type, the contract boundary can vary (e.g. the contract boundary may be the original maturity date, the next policy anniversary or the valuation date).

The boundary used is based on a product level assessment which has been performed against the regulations.

Within SLAL's technical provisions, in general, future premiums with no guarantees and no cap on charges are not included within the contract boundary, even where the policyholder has the right to invest future premiums into with profits or a fund with a charge cap. In this case, the contract boundary is at the reporting date. Contracts investing in a combination of with profits funds, funds with a charge cap and funds with no guarantee or charge cap are unbundled to allow for different contract boundaries on the different parts of the contract. For the avoidance of doubt, all related cash flows in respect of premiums paid up to and including the reporting date are included in the calculation of technical provisions.

D.2.3.6 Grouping of liability data

The majority of policies are grouped into model points to improve computational efficiency. Groups are selected so that the model points appropriately allow for the risk characteristics of the individual policies and do not distort the valuation of BEL.

There is no model point grouping for the business in the RAL Guardian With Profit Fund, RAL Non Profit Fund or RLL and the valuation is performed on an individual policy basis.

D.2.4 Calculation

The following sub-sections outline how each type of BEL is valued.

D.2.4.1 Insurance with-profit participation

The BEL is typically calculated as the sum of:

- asset shares – the value (as at the valuation date) of the underlying policy cash flows accumulated at the investment returns earned historically on assets backing those policies;
- the market-consistent cost of guarantees and smoothing as these may give rise to claim payments greater than the asset shares; and
- other with-profit future policyholder related liabilities, which includes future discretionary benefits and any remaining options and guarantees.

Cost of options and guarantees

A range of options and guarantees exist. As the cost of an option or guarantee will vary depending on future economic conditions, stochastic methods are used to value the majority of them (see section D.2.6 for further details) and these are included in the BEL.

Investment mix of asset shares

As the value of options and guarantees can depend on the projected asset share, the stochastic model requires assumptions about the current and future mix of investments held within the asset shares. These assumptions reflect the asset share pools as described in each with-profit fund's Principles and Practices of Financial Management ('PPFM').

The change to the asset mix of these asset share pools varies over time as described in the PPFM; certain funds will retain a static mix based on the assets backing asset shares at the valuation date, others will vary from an initial mix to a long-term strategic mix.

D.2.4.2 Other life insurance (including health)

The BEL for the annuity business is the present value of future annuity payments and associated policy administration expenses less any future premiums payable. For non-pension annuities, the annuity payments may include policyholder tax on the income element of any payments.

For other business, BEL represents a realistic assessment of the present value of projected claims payments, plus expenses less premium income.

D.2.4.3 Index-linked and unit-linked business

The unit linked liability is a combination of the unit fund, which are treated as "technical provisions as a whole" and the BEL. The BEL is calculated as the discounted value of future expected fee income less expenses using risk-free rates of return and best estimate assumptions.

D.2 Technical provisions continued

D.2.5 Demographic and expense assumptions

Actuarial assumptions have been reviewed throughout the year, resulting in updates to a number of the assumptions. The most material change being the strengthening of expense assumptions, principally reflecting the impact of investment in the Group's growth agenda on the maintenance cost base, including the development of capabilities within the Group's Open business, asset management capabilities and within certain Group functions. The increase in reserves also reflects provision for the anticipated costs associated with the implementation of IFRS 17 and delivery of the Group Target Operating Model for IT and Operations. This was partially offset by a reduction in longevity base and improvement assumptions to reflect latest experience analyses, a move to the most recent Continuous Mortality Investigation ('CMI') 2020 projection tables and input from a medical expert panel in relation to cause of death assumptions.

Additionally, changes were made to persistency assumptions on critical illness business and to pension retirement rate assumptions, reflecting latest experience analyses. Changes to investment expense assumptions have also arisen, largely due to changes in the structure and allocation of assets. A £10 million mortality provision previously held in PLL to reflect the possible short-term increase in future claims as a result of COVID-19 has been released following the passing of the second wave of deaths.

The Part VII of the L&G Mature Savings business from Legal and General Assurance Society ('LGAS') into RAL completed in September 2020. Some demographic assumptions are based on those used by LGAS or were changed at the outset as part of the transaction pricing. Some elements have been set pragmatically with reference to the existing RAL basis, particularly if full details of the LGAS basis were not disclosed for commercial reasons. Going forwards it is expected that demographic assumptions will be reviewed as part of the annual experience analysis, with experience post-Part VII to be gradually built into the future recommendations and incorporated into the annual review of assumptions presented to the Board.

All demographic and expense assumptions are determined on a best estimate basis (i.e. they include no allowance for prudence). Any changes to external factors are also taken into account when determining the best estimate assumptions.

Assumptions are set in accordance with the regulations. In particular, they:

- are applicable to homogenous risk groups and LoBs within each insurance subsidiary;
- are based on knowledge of the business and practices for managing the business; and
- ensure appropriate allowance for anticipated trends or future changes in the Group and its insurance subsidiaries and portfolio specific factors as well as legal, technological, social, economic or environmental factors.

Typically assumptions are reviewed annually, however for less material assumptions the updates may be less frequent.

The assumption setting process involves analysing experience data from the last two to five years. This ensures data is detailed enough to allow credible statistical analysis to be performed and emerging trends to be identified.

For example, in order to set a particular assumption for a particular group of policies, the annual percentage of policies subject to the relevant decrement (for example, lapses, death) over the last five years is typically considered. The actual rates observed over the last five years are then compared to the best estimate assumption being used to value the BEL. Where the best estimate assumption is materially out of line with actual experience, changes to the best estimate assumption are considered.

Validations are performed to ensure the experience data is accurate, relevant and credible. Other industry data (e.g. industry trend data) may also be used to supplement the Group's experience data, where relevant and credible.

Expert judgement is applied to assess the impact on the proposed assumption of one-off events and likely future policyholder behaviour. It is also used where there is insufficient credible experience/other data to set the assumption. Due to the COVID-19 pandemic, during 2020 the number of deaths was significantly higher than in previous years. Based on the judgement that this was an exceptional year, the 2020 data was excluded from analysis when setting the longevity base assumptions and improvement assumptions for 31 December 2021.

Key best estimate demographic assumptions are:

- Early and late retirement rates;
- Lapse rates;
- Option take-up rates (e.g. early retirement options, Guaranteed Annuity Options ('GAO'));
- Mortality rates (using base table and future improvement rates);
- Income Drawdown rates;
- Premium escalation rates; and
- Rate of conversion from premium paying to paid up status.

Other less material best estimate assumptions include morbidity rates and cash withdrawal rates on bonds.

Section D – Valuation for solvency purposes
continued

D.2 Technical provisions continued

D.2.5 Demographic and expense assumptions continued

D.2.5.1 Mortality

Base annuitant mortality

The base table mortality assumption review for annuitants is based on individual insurance subsidiary mortality experience primarily over a four or five year period.

Criteria used to subdivide fund level data into homogenous risk groups are gender, product group, smoker status and ex-entity (i.e. the original company that sold the policy to the policyholder). However for impaired life annuities, underwriting class is also used. RAL also applies some aggregation to less material annuitant blocks based on broad socioeconomic class groupings.

The main mortality tables currently in use are from the '00 Series' of base mortality tables supplied by the CMI. RAL uses base mortality tables from the 'S3 series' and the '08 series' with an adjustment for high age mortality. These tables represent a best estimate view of the shape of the underlying mortality rates by age and gender. A base mortality multiplier is then applied to the table so that the assumptions align to the underlying experience.

PCXA00 and RXV00 are examples of standard mortality tables from the '00 series' used by Life Companies to value technical provisions. Adjustments are made to these tables to reflect mortality improvements from the date they were published to the current valuation date.

A separate allowance is made for future mortality improvements applicable after the valuation date, which are detailed below.

Pre-vesting mortality

Pre-vesting mortality assumptions apply to products such as term assurances and endowments.

The assumption review is based on mortality experience primarily over a five-year period. Criteria used to subdivide fund level data are gender, product group, smoker status and ex-entity.

A base mortality multiplier that varies by gender is applied to a standard mortality table. Adjustments may be made to the mortality table to take account of changes in mortality improvements since the table was published.

Base multiplier and mortality assumptions are selected that are in line with the underlying experience data. In some cases, age specific percentages are used where they better match experience.

The main standard mortality tables currently in use are AX92, TX92, AXC00, ELT14 and TX00.

Additionally, company specific tables are used to value term policies and certain individual policies which include total and permanent disability benefits.

Future improvement in mortality rates

For immediate annuities, deferred annuities or products with GAOs or Guaranteed Minimum Pension ('GMP') guarantees and for certain whole of life and term assurance business, a separate allowance for future improvements in mortality rates is made when calculating technical provisions.

For annuity business, the future improvement assumption is a material assumption and it is expressed using an industry model (the CMI projections model) which firstly fits a model to England and Wales historic population data. The CMI model then uses assumptions regarding the rate of convergence from the recent historic rates to an appropriate long-term rate of future improvement. Internal models are used to set and validate these assumptions. The published projection model currently in use is the CMI_2020 projections model which was published in March 2021 and uses historic data up to 31 December 2020. As a result of the COVID-19 pandemic, the numbers of deaths were exceptionally high during 2020. Therefore, based on expert judgement, no weight was placed on the data from 2020 in the CMI_2020 model.

For certain whole of life and term assurance business, the future improvement assumption is less material and a single rate of future improvement assumption is used.

Future deterioration in critical illness rates

For certain RLL business providing stand-alone and accelerated critical illness cover, a future deterioration assumption is used. It is assumed that the rate of deterioration is the same for all future years.

D.2 Technical provisions continued

D.2.5 Demographic and expense assumptions continued

D.2.5.2 Persistency

The lapse rate assumption review for PLL and PLAL is based on experience primarily over a five-year period, splitting policies into homogeneous risk groups and identifying an assumption for the group as a whole. Criteria used to subdivide fund level data are product type and premium payment status (i.e. regular premium or single premium/paid up). Where experience data is insufficient to perform a credible analysis, the experience from similar products may be aggregated. RAL business follows a similar process but uses a three-year period.

The lapse, retirement, withdrawal and paid up rates for SLAL are largely based on five years of experience data for life and bonds and two years for Open business and legacy pensions, and vary by product type, duration of business, policyholder age and territory, depending on the assumption. In addition, an allowance for dynamic policyholder behaviour is made.

With profits contracts in Germany give the policyholder the option of increasing their premium each year, subject to limits. Assumptions are required for both the future eligibility to premium increases, and the take-up rate. The assumption varies by: product; policy term; and maximum indexation level selected at policy outset.

D.2.5.3 Early and late retirement rates

The assumption review for early and late retirement rates is based on experience primarily over a three to five year period. The criteria used to subdivide fund level data are product type and ex-entity. Late retirement rates are reviewed for those products where the assumption has a material impact on BEL.

In setting the assumptions, allowance is made for known or anticipated trends (e.g. changes in early and late retirement rates as a result of low interest rate environment or changes resulting from Pensions Freedoms legislation introduced in April 2015).

D.2.5.4 Income drawdown rates

The assumption review is based on experience over a two-year period. Criteria used to subdivide fund level data are age, pot size and product type. Where experience data is insufficient to perform a credible analysis, the experience from similar products may be aggregated. The analysis is carried out by splitting policies into homogeneous risk groups and identifying an assumption for the group as a whole.

D.2.5.5 Option take-up rates

The current best estimate assumptions for GAO take-up rates are based on experience data since the implementation of the Pensions Freedoms Act in April 2015, where the requirement to take policy benefits in the form of an annuity was removed in the Pensions Freedom Act. Given the significance of this change, it will take some time for sufficient experience to build-up to produce a stable take-up rate assumption.

GAO liabilities are valued using a stochastic model. The take-up rate for PLL and PLAL varies depending on the projected interest rate at policy maturity date in each stochastic scenario. An upper and lower bound apply to the take-up rate based on the degree to which the guarantee is in the money (i.e. by how much the guaranteed annuity rate exceeds the current market annuity rate). For SLAL's UK and Irish and RAL's National Mutual and Windsor Life GAO liabilities, the take-up rates do not vary dynamically.

The assumed GAO take-up rates across the different funds currently lie between 50% and 100%.

GAO take-up rates are also set on German business where rates vary by age and product type.

Deferred annuity business in RAL includes Guaranteed Cash Options. The liabilities are valued deterministically with an assumption for the proportion of benefits taken as an annuity rather than cash benefits. This assumption does not vary dynamically. Across different products the annuity take-up assumption varies between 60% and 84%.

D.2 Technical provisions continued

D.2.5 Demographic and expense assumptions continued

D.2.5.6 Expense assumptions

Future expense assumptions are set on a going concern basis, which assumes that Standard Life new business, new BPA and vesting annuity business, and SunLife protection business will continue to be written in future. RLL expense assumptions are assumed to benefit from economies of scale as it is moved on to the ALPHA platform. It is assumed that other product lines remain substantively closed to new business.

Assumptions are set on a per policy basis, varying by product and/or fund. They are set with reference to per policy charges defined in the Master Services Agreements ('MSAs') signed with the Group's Service Companies for the provision of policy administration. Allowance has been made, where relevant, for the estimated impact of changes in per policy charges which may arise at the next charge review date. These charges are in respect of all administration costs and any associated overhead costs. RAL also has service agreements with some external companies. From RLL's perspective, these costs are guaranteed via an intra-group reinsurance arrangement with RAL.

The MSAs also define direct costs (e.g. regulatory and insurance fees) and project costs which are separately billed to the insurance companies as they are incurred. The future expense assumptions include allowances for some direct and project costs where applicable. For European business, future expense assumptions on a per policy basis are derived from an analysis of management expenses. This allows for all expenses incurred in servicing policies, including overheads, and also assumes that the company continues to write new business.

There are further services provided which are not covered by the MSAs as they were introduced after the current agreements were signed. Future expense assumptions also include allowances for these costs. An assessment is made of the material expenses expected to be incurred in future (for example, relating to regulatory project costs), based on known budgetary information and expert judgement.

At a Group level, adjustments are made to the Life Company expense assumptions where the charges to the Life Companies under the MSAs do not fully reflect the underlying maintenance cost base.

Investment management expense assumptions include explicit inputs to the valuation models, as well as reductions to the investment returns used to calculate BEL. For with-profit funds and some non-profit funds investment expenses are set by considering the underlying asset mix of the asset shares and those assets backing other liabilities and Own Funds.

D.2.6 Stochastic model

D.2.6.1 Economic Scenario Generators

An Economic Scenario Generator ('ESG') developed by a third party supplier has been used to support the stochastic valuation of all material options and guarantees in the with-profit funds. A stochastic methodology is required for options and guarantees due to their potential volatility and asymmetric behaviour under different sets of future economic scenarios. The stochastic methodology involves valuing the options and guarantees under 1,000 different future economic scenarios and then averaging over all scenarios. RAL values options and guarantees on 4,000 different scenarios for the base results and 1,000 for stresses. The central scenario in the ESG is equal to the single deterministic scenario used to value all non-profit and unit-linked business.

The ESG generates projected asset returns consistent with asset prices observed in financial markets and assumes no arbitrage opportunities exist. The calibration of the parameters and scenarios is consistent with the relevant risk-free interest rate term structure used to calculate the BEL provided by PRA. Where possible the ESG has been calibrated to assets from deep, liquid and transparent markets that are appropriate to the nature of the funds' options and guarantees.

D.2.6.2 Management actions

The methods and techniques for the estimation of future cash flows take account of potential future actions taken by management. The management actions allowed for are determined and justified in accordance with the regulations. Management actions in this context are mainly relevant to with-profit liabilities and, in the calculation of technical provisions, primarily relate to discretion over the amount of annual and final bonuses. In each ESG scenario, the level of annual future reversionary bonus applied to benefits is determined dynamically, and is set at a level such that the final bonus is targeted at a specified percentage of the guaranteed benefit.

Some reversionary bonuses are guaranteed at a specified minimum. Where this is the case the model uses the dynamic methodology as above, but applies a floor of the guaranteed minimum.

The final bonus rates are typically assumed to be adjusted in each scenario so as to correspond to the rate that can be covered by the difference between the asset share and the guaranteed benefit, including any reversionary bonuses. The overall final bonus is subject to a minimum of zero.

In addition, for RAL, the management actions include market value reductions (where the terminal bonus rate is allowed to fall below zero in certain circumstances) and the application of smoothing on bonus rates. The LGWPF also has dynamic asset allocation that allows the equity backing ratio to adjust for each ESG scenario. This adjustment occurs when the asset share to guaranteed benefit ratio passes certain trigger points.

Section D – Valuation for solvency purposes continued

D.2 Technical provisions continued

D.2.6 Stochastic model continued

D.2.6.2 Management actions continued

In addition, for SLAL, management actions include the regular review of deductions for guarantees, the application of smoothing on payouts and management of with profits assets.

D.2.6.3 Policyholder actions

The impact of policyholder actions is considered primarily in relation to GAO take-up rates, as these take-up rates are expected to be correlated with the financial benefit gained from the option, which is in turn highly correlated with the level of interest rates.

The central GAO take-up rate assumptions in the stochastic models are supported by the analysis of historical data. This analysis takes into account the following:

- how beneficial exercise of the option was and will be to policyholders under circumstances at the time of exercising the option;
- the influence of past and future economic conditions;
- the impact of past and future management actions; and
- any other circumstances that are likely to have influenced the decisions on whether to exercise the option (e.g. changes in legislation such as Pension Freedom legislation introduced in April 2015).

The modelling of RAL's cost of guarantees does not dynamically allow for policyholder behaviour.

D.2.7 Solvency II long-term guarantee and transitional measures

Within PLL, PLAL, RAL and SLAL, regulatory approval has been received from the PRA for the application of:

- Matching Adjustment, which is applied to all liabilities in the Matching Adjustment portfolios; and
- the TMTP which is applied to all liabilities.

Within RAL and SLAL, regulatory approval has also been received from the PRA for the application of the Volatility Adjustment. For RAL, this applies to certain annuities in the ReAssure Limited Non-Profit Fund and guaranteed annuity rates, guaranteed annuity options and cash guarantees in the National Mutual With-Profit Fund ('NMWPF') and the With-Profit Fund ('WPF'). Within SLAL, this applies to almost all business within the entity, except unit-linked business and business in the Matching Adjustment portfolio.

RLL, SLPF and PA(GI) do not apply a Matching Adjustment or TMTP adjustment.

D.2.7.1 Matching Adjustment

The application of the Matching Adjustment allows insurers to use a (typically) higher discount rate when valuing liabilities that meet strict eligibility criteria, with the effect of increasing Own Funds and reducing the SCR. The assets and liabilities in each of the Matching Adjustment portfolios meet the Matching Adjustment eligibility criteria as set out in the regulations.

The Matching Adjustment is based on the expected yield from eligible assets held to back eligible liabilities, less a margin for defaults and downgrades. It is applied as a flat increase to the Solvency II basic risk-free curve used to discount liabilities.

The calculation of the Matching Adjustment requires PRA specified assumptions for the basic risk free curve and fundamental spreads. These assumptions are combined with asset and liability cash flows to generate the Matching Adjustment for each currency of liabilities.

The liabilities in the PLL Matching Adjustment portfolio consist of sterling denominated non-profit immediate and deferred annuities. There is also a relatively small block of non-profit euro denominated immediate annuities. The immediate and deferred annuities provide policyholders with a mixture of level, fixed escalation and inflation linked benefits. Liabilities in the PLAL Matching Adjustment portfolio consist of sterling denominated non-profit immediate annuities from which policyholders receive a mixture of level, fixed escalation and inflation linked benefits.

Liabilities in the SLAL and RAL Matching Adjustment portfolios consist of sterling immediate annuity liabilities which include index-linked annuities and non-linked annuities.

At the current valuation date, assets held to back liabilities in the Matching Adjustment portfolios include: fixed and index-linked government bonds; supranational bonds; corporate bonds; commercial real estate loans; infrastructure loans; private placements; loans guaranteed by export credit agencies; UK local authority and US Municipal loans; cross-currency swaps; interest rate swaps and inflation swaps; gilt total return swaps and cash. For PLL and PLAL Matching Portfolios, ERM notes issued by ERM SPVs within the Group are also held to back liabilities.

Section D – Valuation for solvency purposes continued

D.2 Technical provisions continued

D.2.7 Solvency II long term guarantee and transitional measures continued

D.2.7.1 Matching Adjustment continued

The impact of reducing the Matching Adjustment to zero on the Solvency II balance sheet (including technical provisions, Own Funds and SCR) is summarised below and shown in QRT S.22.01 in Appendix for PGH Group and each life company.

Group	Including Matching Adjustment £m (A)	Excluding Matching Adjustment £m (B)	Impact of removing Matching Adjustment £m (B) – (A)
Technical provisions	287,072	290,108	3,036
Basic Own Funds	14,692	12,105	(2,587)
Eligible Own Funds to meet SCR	14,763	12,176	(2,587)
SCR	9,462	12,842	3,380

PLL	Including Matching Adjustment £m (A)	Excluding Matching Adjustment £m (B)	Impact of removing Matching Adjustment £m (B) – (A)
Technical provisions	60,360	61,925	1,565
Basic Own Funds	4,309	2,808	(1,501)
Eligible Own Funds to meet SCR	4,309	2,808	(1,501)
SCR	2,656	4,657	2,001

PLAL	Including Matching Adjustment £m (A)	Excluding Matching Adjustment £m (B)	Impact of removing Matching Adjustment £m (B) – (A)
Technical provisions	13,013	13,112	99
Basic Own Funds	1,679	1,580	(99)
Eligible Own Funds to meet SCR	1,679	1,580	(99)
SCR	1,076	1,167	91

SLAL	Including Matching Adjustment £m (A)	Excluding Matching Adjustment £m (B)	Impact of removing Matching Adjustment £m (B) – (A)
Technical provisions	137,149	137,615	466
Basic Own Funds	4,171	3,900	(271)
Eligible Own Funds to meet SCR	4,171	3,900	(271)
SCR	2,997	3,527	530

RAL	Including Matching Adjustment £m (A)	Excluding Matching Adjustment £m (B)	Impact of removing Matching Adjustment £m (B) – (A)
Technical provisions	59,931	60,837	906
Basic Own Funds	3,889	3,174	(715)
Eligible Own Funds to meet SCR	3,889	3,174	(715)
SCR	2,499	3,257	758

D.2 Technical provisions continued

D.2.7 Solvency II long term guarantee and transitional measures continued

D.2.7.2 Transitional Measure on Technical Provisions (Unaudited)

Transitional measures allow insurers to recognise the impact of increased technical provisions calculated under the Solvency II regime compared to the previous Solvency I regime (using the Pillar 2 Individual Capital Assessment ('ICA') basis, and subject to restriction as described below) on a gradually reducing basis over 16 years. The Group's technical provisions calculated under Solvency II exceed those calculated under the Solvency I regime for two main reasons.

Firstly, the regulations require inclusion of a risk margin within technical provisions, which was not required under Solvency I. Secondly, the regulations require the use of a swap-based risk-free curve to discount liabilities whereas under Solvency I, the Group (other than RAL, which used a mix of gilts and swaps depending on the fund) used a higher gilts-based risk-free curve to determine the discount rate. This results in higher Solvency II liabilities at Group level, although the impact on liabilities is negative for SLAL because SLAL had transitioned to a lower discount rate in its ICA, largely in anticipation of the introduction of Solvency II. Thirdly, Solvency II introduces the concept of a "contract boundary" for which the primary effect is that future premiums (and hence profit margins) are not taken into account on certain unit linked savings products.

The TMTP is a deduction from the amount of Solvency II technical provisions and is included as part of Tier 1 Basic Own Funds. In summary, the initial deduction is calculated as the difference between Solvency II technical provisions and Solvency I technical provisions as at 1 January 2016. The deduction runs off linearly to zero over the course of the 16-year transitional period unless a faster pace of run-off is required due to the actual run-off of the business being higher than 1/16 per annum.

The regulations allow all firms to recalculate their transitionals every two years after 1 January 2016 or more frequently under circumstances where the risk profile of the business changes materially and to reflect this recalculation in the reported transitionals amount.

A recalculation of the TMTP was conducted as at 30 June 2021 for PLL and PLAL as a result of the rise in risk free rates.

In line with the two-year recalculation cycle, a recalculation of the TMTP was conducted as at 31 December 2021 for all entities, where relevant. There is a requirement that the TMTP should not result in the financial resources (technical provisions plus other liabilities plus capital requirements) held under Solvency II to be less than those that would have been held under the Solvency I regime. The assessment on both bases as at 31 December 2021 demonstrated that such a restriction was required in RAL only.

The impact of reducing the TMTP to zero on the Solvency II balance sheet (including technical provisions, Own Funds and SCR) is summarised below and shown in QRT S.22.01.22 and S.22.01.21 in the Appendix for PGH Group and each life company respectively.

Group	Including transitionals £m (A)	Excluding transitionals £m (B)	Impact of removing transitionals £m (B) – (A)
Technical provisions	287,072	291,552	4,480
Basic Own Funds	14,692	11,789	(2,903)
Eligible Own Funds to meet SCR	14,763	11,860	(2,903)
SCR	9,462	9,786	324

PLL	Including transitionals £m (A)	Excluding transitionals £m (B)	Impact of removing transitionals £m (B) – (A)
Technical provisions	60,360	62,084	1,724
Basic Own Funds	4,309	3,138	(1,171)
Eligible Own Funds to meet SCR	4,309	3,138	(1,171)
SCR	2,656	2,747	91

D.2 Technical provisions continued

D.2.7 Solvency II long term guarantee and transitional measures continued

D.2.7.2 Transitional Measure on Technical Provisions (Unaudited) continued

PLAL	Including transitionals £m (A)	Excluding transitionals £m (B)	Impact of removing transitionals £m (B) – (A)
Technical provisions	13,013	13,786	773
Basic Own Funds	1,679	1,101	(578)
Eligible Own Funds to meet SCR	1,679	1,101	(578)
SCR	1,076	1,124	48

SLAL	Including transitionals £m (A)	Excluding transitionals £m (B)	Impact of removing transitionals £m (B) – (A)
Technical provisions	137,149	138,505	1,356
Basic Own Funds	4,171	3,461	(710)
Eligible Own Funds to meet SCR	4,171	3,461	(710)
SCR	2,997	2,997	–

RAL	Including transitionals £m (A)	Excluding transitionals £m (B)	Impact of removing transitionals £m (B) – (A)
Technical provisions	59,931	60,557	626
Basic Own Funds	3,889	3,445	(444)
Eligible Own Funds to meet SCR	3,889	3,445	(444)
SCR	2,499	2,684	185

In addition to impacting the technical provisions, any change in TMTP also affects the SCRs for PLL, PLAL and RAL. This is due to the impact of the change in TMTP on the Loss Absorbing Capacity of Deferred Tax ('LACDT') for PLL, PLAL and RAL, and also the impact of additional management actions applied in the SCR calculation for PLL and PLAL that can be used to reduce losses under stressed conditions. For SLAL any change in the TMTP does not affect the SCR.

D.2.7.3 Volatility Adjustment

RAL applies a Volatility Adjustment to certain annuities in the RAL Non-Profit Fund where a Matching Adjustment is not used and for all future policyholder-related liabilities in the NMWPF and WPF.

SLAL applies a Volatility Adjustment when calculating technical provisions for all contract types where a Matching Adjustment is not used, except for unit-linked business.

The Volatility Adjustment is designed to protect insurers with long-term liabilities from the impact of market volatility, by reducing the likelihood that insurers sell their risky assets when markets are falling. The Volatility Adjustment is a parallel increase in the market segment of the risk free curve. There is no change to the ultimate forward rate.

As noted in section D.2.1 PLL, PLAL and RLL do not apply the Volatility Adjustment, and therefore any removal of Volatility Adjustment would not impact the technical provisions of those entities.

Section D – Valuation for solvency purposes continued

D.2 Technical provisions continued

D.2.7 Solvency II long term guarantee and transitional measures continued

D.2.7.3 Volatility Adjustment continued

The tables below set out the impact on the Group, RAL and SLAL's Basic Own Funds and Eligible Own Funds as set out in in the appendices.

Group	Including Volatility Adjustment £m (A)	Excluding Volatility Adjustment £m (B)	Impact of removing Volatility Adjustment £m (B) – (A)
Technical provisions	287,072	287,210	138
Basic Own Funds	14,692	14,707	15
Eligible Own Funds to meet SCR	14,763	14,778	15
SCR	9,462	9,509	47

SLAL	Including Volatility Adjustment £m (A)	Excluding Volatility Adjustment £m (B)	Impact of removing Volatility Adjustment £m (B) – (A)
Technical provisions	137,149	137,259	110
Basic Own Funds	4,171	4,199	28
Eligible Own Funds to meet SCR	4,171	4,199	28
SCR	2,997	3,037	40

RAL	Including Volatility Adjustment £m (A)	Excluding Volatility Adjustment £m (B)	Impact of removing Volatility Adjustment £m (B) – (A)
Technical provisions	59,931	59,958	27
Basic Own Funds	3,889	3,876	(13)
Eligible Own Funds to meet SCR	3,889	3,876	(13)
SCR	2,499	2,506	7

D.2.8 Recoverables on reinsurance contracts

The amounts recoverable on reinsurance contracts are recognised as a reinsurance asset on the Solvency II balance sheet and calculated in the same manner as the BEL. The amounts recoverable are adjusted to take account of expected losses due to default of the counterparty which is described below.

D.2.8.1 Assessment of reinsurers' default risk (counterparty default adjustment)

The regulations require that an adjustment is made to the value of the reinsurance asset to reflect the risk that a reinsurer may default on its obligations. This adjustment is known as the counterparty default adjustment.

The counterparty default adjustment ('CDA') is the best estimate of the expected losses due to default of the reinsurance counterparty over the lifetime of the liabilities. The adjustment is calculated for each counterparty exposure as:

- the cumulative expected probability of default over the lifetime of the reinsurance exposure; multiplied by
- an assumption for losses given default.

Further adjustments are then made to reflect the recovery rate from the reinsurer in excess of the collateral. The CDA also recognises that on default of the counterparty, additional risk margin would need to be held in respect of the recaptured liabilities. Also for longevity swaps recognition is made for the fee leg liability falling away on reinsurer default.

The probability of default assumptions are based on credit rating of the counterparty. Loss given default is calculated for each component of the counterparty risk: longevity risk, valuation basis risk – stress, valuation basis risk – base, collateral risk and over/under collateralisation.

There is no reinsurance with Solvency II SPVs.

Section D – Valuation for solvency purposes continued

D.2 Technical provisions continued

D.2.9 Simplifications

Where it is proportionate, the Group adopts various simplifications in the calculation of BEL. These simplifications may exist within the calculation methodology, or within the valuation models themselves.

The most material areas where such simplifications are adopted are listed below.

D.2.9.1 Methodology simplifications

This section describes the significant simplifications within the Group's methodology for calculating the Solvency II BEL. However, neither is considered to have a material impact on BEL.

Dynamic policyholder behaviour

How valuable guarantees are to policyholders will vary with economic conditions. In the PLL and PLAL stochastic model, dynamic policyholder behaviour is modelled in respect of the GAO take-up rates, where the take-up rate varies depending on the level of projected interest rates at the policyholder's retirement date.

For RAL due to limited historical evidence of policyholder behaviour the GAO take-up rates are modelled deterministically.

Variation in economic conditions would also affect the lapse and surrender rates. However, due to a lack of relevant experience data and modelling complexity, dynamic lapse and surrender rates are not currently modelled.

D.2.9.2 Modelling simplifications

Substantially all of the Group's BEL is calculated using probability weighted averages of future cash flows. However, simplified valuation techniques have been used in certain circumstances. These simplifications are typically used where material uncertainty exists around the size, incidence or timing of liability cash flows or, where further model development is required for a more robust assessment. Examples include provisions set aside to cover items such as additional service fees, data issues, project implementation costs, impacts of system changes, impacts of regulation changes, unknown claims and litigation costs.

The Group uses the skills, knowledge and experience of actuaries, accountants and other subject matter experts to perform these assessments, which are carried out in accordance with the Group's internal framework on application of expert judgement.

The proportion of gross BEL calculated using simplified methods was 1%.

D.2.10 Uncertainty associated with the value of technical provisions

The sources and level of uncertainty associated with the risk margin component are described in section D.2.11.3.

The key sources and level of uncertainty associated with the BEL component of technical provisions are:

- uncertainty of demographic and economic assumptions;
- uncertainty in the timing and frequency of insured events;
- uncertainty in claim amounts, including uncertainty caused by path dependency (i.e. where the cash flows depend not only on circumstances such as economic conditions on the cash flow date, but also on those circumstances at previous dates);
- uncertainty in claims inflation;
- uncertainty in the amount of expenses and expense inflation;
- uncertainty in the actions that are assumed to be taken by management in response to changes in market conditions;
- uncertainty in expected future developments; and
- uncertainty in policyholder behaviour.

For PLL, PLAL, RAL and SLAL, some of this uncertainty is addressed by using a stochastic model where appropriate. In particular, use of a stochastic model enables both the intrinsic and time value associated with options and guarantees to be determined with greater certainty. Use of a stochastic model also enables key dynamic policyholder behaviour and key management actions to be modelled.

D.2.10 Uncertainty associated with the value of technical provisions continued

Uncertainty may also emanate from the use of best estimate assumptions that did not accurately reflect the risk profile of the business being modelled. For example, demographic best estimate assumptions are typically based on an analysis of past experience with adjustments to allow for expected future trends and developments. However, these assumptions may not be borne out in practice for a number of reasons, including:

- lack of credible historical data upon which to base the assumption. This may require experience data from different homogenous risk groups being grouped, the use of relevant and credible industry data, or the assumption being set by expert judgement;
- allowance for future trends being different from expected; and
- random variation.

Any simplifications and approximations made when setting non-economic assumptions takes into account the sensitivity and materiality of the assumption.

D.2.11 Risk margin

The risk margin calculation represents the additional amount above the BEL that is required to be held under the Solvency II regulations. It is calculated at a value to proxy for the amount of compensation above BEL that a third party (i.e. the reference undertaking) would require to take over those liabilities. The move to the harmonised internal model during 2021 also impacted the risk margin. The change was in the introduction of multiple run off profiles for individual risk drivers, Euler allocation for individual funds in a superfund and non-linearity in the calculation of non-hedgeable risk capital.

The Group uses a simplified methodology to calculate the risk margin, as described in section D.2.11.2 below.

D.2.11.1 Methodology overview

The calculation of the risk margin for the undertaking is based on a 6% per annum cost of capital applied to the projected reference undertaking SCR. The reference undertaking SCR is based on non-hedgeable risks only. The definition of non-hedgeable risks for the reference undertaking SCR includes:

- underwriting risk with respect to the existing business;
- credit risk with respect to reinsurance contracts counterparties, policyholders and any other material exposures related to existing business; and
- operational risk, including tax and regulatory risk.

D.2 Technical provisions continued

D.2.11 Risk margin continued

D.2.11.2 Validation of simplified approach and level of uncertainty

A 'full' calculation of the risk margin would involve:

- a 'full' calculation of the reference undertaking SCR over all future time periods; and
- calculating the risk margin at entity level and allocating this to each LoB.

However, in practice, for the vast majority of business, the Group uses a simplified bottom up approach such that the risk margin is initially calculated at fund LoB level by:

- allocating the time zero reference undertaking SCR to each fund and further by LoB and risk driver. For each LoB this allocation makes allowance for the expected contribution from individual risks, management actions, diversification benefits and also non-linearity. Non-modelled risks are allocated in a simplified way using LoB weightings based on modelled BEL; and
- applying a 6% cost of capital charge to the 'projected' fund level LoB reference undertaking SCRs and discounting. For this purpose the fund level LoB reference undertaking SCR is typically projected the run-off profile each LoB and risk driver. This means that there are multiple run-off profiles within a fund level LoB for individual risk drivers.

The insurance subsidiary risk margins are then the sum of the LoB risk margins across all funds. The Group risk margin is the sum of the insurance subsidiaries risk margins.

In order to understand the impact of the simplification used to allocate the SCR to LoB, alternative methods of allocating the SCR to LoB and risk driver have been investigated (e.g. the impact of allocating non-modelled risks to LoB using policy counts instead of the BEL). This demonstrated that the risk margin results were relatively insensitive to the alternative allocation methods that were tested.

In order to understand the impact of the simplification used to represent the projection of the SCR, alternative run-off approaches for individual drivers were also assessed. In particular:

- Alternative proxies to run-off the SCR were used (e.g. policy count and renewal expenses) and the sensitivity of the risk margin calculation was assessed. This showed that the risk margin results were relatively insensitive to the alternative run-off patterns tested.

D.2.11.3 Uncertainty associated with the risk margin

Uncertainty attached to the risk margin calculation primarily stems from its unduly high sensitivity to interest rate movements. Sensitivity to interest rates arises because interest rate movements can have a significant second order impact of the size of the longevity risk SCR and because risk-free rates are used to discount the projected reference undertaking SCRs. However, a material change in interest rates may trigger a recalculation of the TMTP (see section D.2.7.2), subject to regulatory approval, which would currently act to offset much of the volatility in the risk margin calculation.

Some uncertainty also relates to the simplifications used by the group to calculate the risk margin. However, based on the results of the validation investigations described above, the simplifications used are considered to be appropriate.

Section D – Valuation for solvency purposes continued

D.3 Other liabilities

D.3.1 Introduction

The valuation of other liabilities on the Solvency II balance sheet is covered in this section. Some of the Group's liabilities are determined using alternative valuation methods which use non-observable market inputs. Further details are included in section D.4.1.

D.3.1.1 Other liabilities – PGH Group

Other liabilities as at 31 December 2021	Note	Solvency II value £m	Statutory accounts value £m	Difference £m
Provisions other than technical provisions	1	229	229	–
Pension benefit obligations	2	1,511	1,511	–
Deposits from reinsurers	3	3,569	3,569	–
Deferred tax liabilities	4	2,243	1,623	620
Derivatives	5	874	874	–
Debts owed to credit institutions	6	3,323	3,323	–
Financial liabilities other than debts owed to credit institutions	7	2	2	–
Insurance and intermediaries payables	8	1,824	1,886	(62)
Reinsurance payables	8	69	69	–
Payables (trade, not insurance)	9	1,311	1,213	98
Subordinated liabilities (in Basic Own Funds)	10	4,133	4,138	(5)
Total other liabilities		**19,088**	**18,437**	**651**

D.3.1.2 Other liabilities – PLL

Other liabilities as at 31 December 2021	Note	Solvency II value £m	Statutory accounts value £m	Difference £m
Provisions other than technical provisions	1	23	23	–
Deposits from reinsurers	3	287	287	–
Deferred tax liabilities	4	490	117	373
Derivatives	5	174	174	–
Debts owed to credit institutions	6	781	781	–
Financial liabilities other than debts owed to credit institutions	7	3,552	3,552	–
Insurance and intermediaries payables	8	553	580	(27)
Reinsurance payables	8	11	11	–
Payables (trade, not insurance)	9	160	158	2
Any other liabilities not elsewhere shown	11	–	7	(7)
Total other liabilities		**6,031**	**5,690**	**341**

Section D – Valuation for solvency purposes continued

D.3 Other liabilities continued

D.3.1 Introduction continued

D.3.1.3 Other liabilities – PLAL

Other liabilities as at 31 December 2021	Note	Solvency II value £m	Statutory accounts value £m	Difference £m
Provisions other than technical provisions	1	5	5	–
Deferred tax liabilities	4	106	11	95
Derivatives	5	100	100	–
Debts owed to credit institutions	6	668	668	–
Insurance and intermediaries payables	8	128	131	(3)
Reinsurance payables	8	6	6	–
Payables (trade, not insurance)	9	19	19	–
Total other liabilities		**1,032**	**940**	**92**

D.3.1.4 Other liabilities – SLAL

Other liabilities as at 31 December 2021	Note	Solvency II value £m	Statutory accounts value £m	Difference £m
Provisions other than technical provisions	1	36	36	–
Deposits from reinsurers	3	3,196	3,196	–
Deferred tax liabilities	4	710	51	659
Derivatives	5	416	416	–
Debts owed to credit institutions	6	2,051	2,051	–
Financial liabilities other than debts owed to credit institutions	7	1	1	–
Insurance and intermediaries payables	8	287	298	(11)
Reinsurance payables	8	77	77	–
Payables (trade, not insurance)	9	255	255	–
Any other liabilities not elsewhere shown	11	–	33	(33)
Total other liabilities		**7,029**	**6,414**	**615**

D.3.1.5 Other liabilities – RAL

Other liabilities as at 31 December 2021	Note	Solvency II value £m	Statutory accounts value £m	Difference £m
Provisions other than technical provisions	1	20	20	–
Deposits from reinsurers	3	85	85	–
Deferred tax liabilities	4	601	183	418
Derivatives	5	168	168	–
Debts owed to credit institutions	6	133	133	–
Financial liabilities other than debts owed to credit institutions	7	243	243	–
Insurance and intermediaries payables	8	604	604	–
Reinsurance payables	8	36	36	–
Payables (trade, not insurance)	9	291	291	–
Total other liabilities		**2,181**	**1,763**	**418**

Section D – Valuation for solvency purposes continued

D.3 Other liabilities continued

D.3.1 Introduction continued

D.3.1.6 Other liabilities – RLL

Other liabilities as at 31 December 2021	Note	Solvency II value £m	Statutory accounts value £m	Difference £m
Deferred tax liabilities	4	104	90	14
Insurance and intermediaries payables	8	117	117	–
Reinsurance payables	8	141	141	–
Payables (trade, not insurance)	9	44	44	–
Any other liabilities not elsewhere shown	11	–	178	(178)
Total other liabilities		**406**	**570**	**(164)**

D.3.1.7 Other liabilities – PA(GI)

Other liabilities as at 31 December 2021	Note	Solvency II value £m	Statutory accounts value £m	Difference £m
Provisions other than technical provisions	1	2	2	–
Payables (trade, not insurance)	9	7	7	–
Total other liabilities		**9**	**9**	**–**

Section D – Valuation for solvency purposes
continued

D.3 Other liabilities continued

D.3.2 Asset and liability valuation bases, methods and main assumptions: Other liabilities

The Group's Solvency II valuation principles (including the bases, methods and main assumptions) for each class of other liabilities are set out below. Unless otherwise stated (i.e. where there are differences to the Statutory accounts value column) the valuation methods under IFRS are consistent with the valuation methods applied under Solvency II. There have been no significant changes to the valuation principles set out below during the year.

1	**Provisions (other than technical provisions)**	Consistent with IFRS, a provision is recognised when the Group has a present legal or constructive obligation, as a result of a past event, which is likely to result in an outflow of resources and where a reliable estimate of the amount of the obligation can be made. There is no difference between IFRS and Solvency II valuations.
2	**Pension benefit obligations**	See section D.3.3 for further information
3	**Deposits from reinsurers**	It is the Group's practice to obtain collateral to cover certain reinsurance transactions, usually in the form of cash or marketable securities. Where such cash collateral is available to the Group for investment purposes, it is recognised as a 'financial asset' and the collateral repayable is recognised as 'deposits received from reinsurers'. These are valued in line with IFRS, using a discounted cash flow methodology.
4	**Deferred tax liabilities**	See section D.1.3 for further information
5	**Derivatives**	See section D.1.2 for further information
6	**Debts owed to credit institutions**	Debts owed to credit institutions primarily reflect obligations for repayment of collateral received. It is the Group's practice to obtain collateral to mitigate the counterparty risk related to OTC derivatives and certain reinsurance transactions, usually in the form of cash or marketable financial instruments. Where the Group or insurance subsidiaries receive collateral in the form of marketable financial instruments which it is not permitted to sell or re-pledge except in the case of default, it is not recognised on the balance sheet. Obligations for repayment of collateral received are valued at fair value under both IFRS and Solvency II.
7	**Financial liabilities other than debts owed to credit institutions**	Financial liabilities other than debts owed to credit institutions are valued consistently with IFRS, at fair value. No adjustment to remove change in OCS is required as it is immaterial.
8	**Insurance and intermediaries payables, Reinsurance payables**	Insurance and intermediaries payables primarily comprise liabilities for outstanding claims. The balances only include amounts past due as amounts not yet due are included in the cash flow projections of technical provisions and reinsurance recoverables. Under Solvency II, all outstanding claims are measured at fair value, determined based on a probability-weighted best estimate of the liability. Under IFRS, a different measurement basis is applied depending on the classification of the related policy as either an insurance or investment contract. Outstanding claims on insurance contracts are measured consistently across IFRS and Solvency II. Investment contracts are considered to have a demand feature and accordingly the associated outstanding claims are measured at full settlement value under IFRS.
9	**Payables (trade, not insurance)**	The valuation difference between IFRS and Solvency II is due to a deferred income liability recognised by the Service Companies in respect of payments received from the Life Companies to transfer risks associated with the costs of future regulatory change. Under IFRS this liability is eliminated against a corresponding prepayment in the Life Companies, however a related technical provision is recognised by the Life Companies and the Group in respect of these risks. As detailed in section D.2.2, the prepayment and technical provision are derecognised under Solvency II.
10	**Subordinated liabilities (in Basic Own Funds)**	Under IFRS, subordinated debt is valued on an amortised cost basis, with allowance for the deferral of directly attributable issue costs. As a general principle, under Solvency II financial liabilities are measured at fair value with an adjustment to remove the effect of changes in Own Credit Standing ('OCS') from inception. This gives rise to valuation differences on subordinated liabilities between the two bases. Further details can be found in section E.1.
11	**Any other liabilities not elsewhere shown**	This balance sheet caption relates to deferred income balances. In the company's IFRS financial statements, front end fees on certain service contracts, including investment management service contracts, are deferred as a liability and amortised. In accordance with the Solvency II valuation rules, £nil value has been allocated to deferred income balances.

Section D – Valuation for solvency purposes continued

D.3 Other liabilities continued

D.3.3 Pension schemes

As detailed in section D.1.2, PGH has four material defined benefit staff pension schemes. In accordance with the regulations, all schemes are valued consistently with IFRS (i.e. IAS 19 valuation basis). This section gives further details on the Group's four main pension schemes for its employees.

On 17 November 2020, the Pearl Scheme entered into a Commitment Agreement with PGH2 to complete a series of buy-ins that are scheduled to be executed by 31 December 2022. The second and third tranches were completed during 2021, with the final buy-in expected to be completed in 2022.

At 31 December 2021, the value of the Pearl Group Scheme is £171 million including the value of its reimbursement rights arising from the bulk annuity contract entered into with PLL in 2021. The balance is included in 'pension scheme obligation' line on the Solvency II balance sheet.

At 31 December 2021, the value of the PGL Scheme in PGH1 is £26 million including the value of its reimbursement rights arising from bulk annuity contracts entered into with PLL in 2016 and 2019. As detailed in Section D.1.2, the value of the PGL scheme is recognised in 'holdings in related undertakings including participations'.

Transactions between the Group's pension schemes and Life Companies are fully eliminated on consolidation. Accordingly, certain financial assets which are held under collateral agreements to support the pension scheme obligations are included on a line by line basis, as the risks and rewards are held by PLL.

At 31 December 2021, the value of the Abbey Life Scheme is £1 million and recognised in the PeLHL holding company, as a 'pension benefit surplus' on the Solvency II balance sheet.

At 31 December 2021, the value of the ReAssure Scheme is £35 million and is also shown as 'pension benefit surplus' .

Further details regarding the Group's pension schemes, including the principal assumptions used in their valuation are set out in note G1 of the PGH Annual Report and Accounts for the year ended 31 December 2021.

Section D – Valuation for solvency purposes
continued

D.3 Other liabilities continued

D.3.3 Pension schemes continued

The distribution of the scheme assets for each pension scheme as at 31 December 2021 were as follows:

	Pearl Scheme		PGL Scheme		Abbey Life Scheme		ReAssure Scheme	
Pension Scheme Assets	Asset value £m	% of total scheme assets	Asset value £m	% of total scheme assets	Asset value £m	% of total scheme assets	Asset value £m	% of total scheme assets
Equities	–	–	–	–	–	–	62	12%
Fixed interest gilts	–	–	–	–	68	21%	–	–
Other debt securities	349	43%	–	–	–	–	–	–
Hedging portfolio	438	54%	–	–	–	–	–	–
Diversified income fund	–	–	–	–	139	42%	–	–
Properties	104	13%	–	–	–	–	–	–
Private equities	4	1%	–	–	–	–	–	–
Hedge funds	4	1%	–	–	–	–	–	–
Government bonds	–	–	–	–	–	–	151	31%
Corporate bonds	–	–	–	–	118	36%	173	35%
Managed funds	–	–	–	–	–	–	60	12%
Other quoted securities	–	–	–	–	–	–	43	9%
Cash and other	67	8%	31	100%	4	1%	3	1%
Derivatives	–	–	–	–	1	–	–	–
Obligations for repayment of stock lending collateral received	(159)	(20)%	–	–	–	–	–	–
Reported scheme assets	**807**	**100%**	**31**	**100%**	**330**	**100%**	**492**	**100%**
Add back:								
Insurance policies eliminated on consolidation	1,680		1,618		–		–	
Economic value of assets	**2,487**		**1,649**		**330**		**492**	

Section D – Valuation for solvency purposes continued

D.4 Alternative methods for valuation

This section provides information on alternative valuation methods used by the Group and covers the justification for the use of alternative valuation methods and the assumptions underlying this approach. An assessment of the valuation uncertainty is performed by management on a bi-annual basis and the results of such analysis shared via governance.

There have been no significant changes in the recognition, measurement or valuation bases used for financial assets and liabilities during the reporting period.

The alternative valuation methods for assets and liabilities are shown in the sections below.

D.4.1 Alternative valuation methods – Assets

Some financial assets held by the insurance subsidiaries are valued using alternative valuation methods and these assets are shown in the table below. The valuation of these assets utilises a combination of observable and non-observable market inputs and all of the alternative valuation methods described below follow accepted market practice.

	Solvency II value £m										
Assets	PLL	PLAL	SLAL	RAL	RLL	SLPF	PA(GI)	SLIDAC	Other Group entities	Consolidation adjustments[1]	PGH Group
Assets held for index-linked and unit-linked contracts	20,836	320	88,160	9,176	7,109	–	–	12,881	–	–	**138,482**
Property, plant and equipment held for own use	–	–	8	4	–	–	–	1	115	–	**128**
Property (other than for own use)	338	20	485	436	–	–	–	–	–	–	**1,279**
Holdings in related undertakings including participations	11,389	5,787	25,042	3,380	–	–	–	–	–	3,685	**49,283**
Corporate bonds	3,120	261	970	–	–	–	–	–	–	–	**4,351**
Government bonds	1,319	127	91	–	–	–	–	–	–	–	**1,537**
Collective Investment Undertakings	460	2,491	1,455	2,504	324	11	12	453	1,164	(3,685)	**5,189**
Collateralised securities	3,676	370	–	–	–	–	–	–	–	(3,967)	**79**
Equities	1	1	80	–	–	–	–	–	–	–	**82**
Derivatives	965	386	2,331	164	–	–	–	1	109	–	**3,956**
Loans and mortgages	3,985	351	792	2,862	69	–	–	35	–	(368)	**7,726**
Structured notes	4	–	–	–	–	–	–	–	1	–	**5**

1 Consolidation adjustments include the elimination of intragroup transactions and reclassification of holdings in collective investment undertakings in which the Group's holding is greater than 20%.

D.4 Alternative methods for valuation continued

D.4.1 Alternative valuation methods – Assets continued

D.4.1.1 Identification of assets subject to alternative valuation methods

The following assets are subject to alternative valuation methods:

- Assets held for index-linked and unit-linked contracts: This balance largely consists of investments in collective investment undertakings which are discussed below.
- Property, plant and equipment held for own use: Property owned by the Group is valued on an open market basis in accordance with Royal Institution of Chartered Surveyors ('RICS') requirements. Right-of-use property assets are valued at cost less depreciation/impairment, adjusted for certain remeasurements of the associated lease liability. Further details are included in note G3 of the PGH Annual Report and Accounts for the year ended 31 December 2021.
- Property (other than own use): This balance consists of investment property which is discussed in more detail in sections D.4.1.2 to D.4.1.5 below.
- Holdings in related undertakings including participations: Includes investments in hedge funds and private equity investments. The alternative valuation method for these assets is discussed in more detail in sections D.4.1.2 to D.4.1.5 below.
- Corporate bonds: This balance includes illiquid bonds such as private placement and infrastructure loans. The alternative valuation method for illiquid bonds is discussed in more detail in sections D.4.1.2 to D.4.1.5 below.
- Government bonds: This class of assets mainly includes illiquid bonds such as local authority loans and loans guaranteed by export credit agencies. The alternative valuation method for illiquid bonds is discussed in more detail in sections D.4.1.2 to D.4.1.5 below.
- Collective Investment Undertakings: Includes investments in hedge funds and private equity investments. The alternative valuation method for these assets is discussed in more detail in sections D.4.1.2 to D.4.1.5 below.
- Collateralised securities: The life companies hold internally securitised ERM loan notes which are valued using an equation of value approach, which means that the aggregate value of the notes equal the value of underlying loans, other than frictional costs. The valuation of the underlying ERM loans is discussed in more detail in sections D.4.1.2 to D.4.1.5 below.
- Equities: Unlisted equities are valued using net asset statements or broker quotes.
- Derivatives: Most derivative positions are vendor sourced. However, certain derivative positions are valued by alternative valuation techniques, such as longevity swaps. The alternative valuation method for derivative assets is discussed in more detail in sections D.4.1.2 to D.4.1.5 below.
- Loans and mortgages: This balance consists of equity release mortgages ('ERM'), commercial real estate loans ('CREL') and other loans and mortgages (including intra-group loans) which are discussed in more detail in sections D.4.1.2 to D.4.1.5 below.

D.4.1.2 Assets subject to alternative valuation methods

Investment properties

Investment properties are subject to alternative valuation methods due to the absence of a tradable financial market for which identical or similar properties are frequently exchanged to provide common and credible market prices. Investment properties are valued in accordance with the Royal Institute of Chartered Surveyors ('RICS') guidelines by independent valuation specialists.

Illiquid bonds

Illiquid bonds are valued using non-observable market inputs due to the unavailability of actively traded market prices . These bonds are valued by external funds managers using approved valuation methodology such as a discounted cash flow model, and will include valuation adjustments in respect of liquidity and credit risk.

Equity Release Mortgages ('ERMs')

The use of alternative valuation methods to price equity release mortgage assets is justified because no actively traded market prices are available. Internally developed discounted cash flow models are used to value these assets, using appropriate assumptions corroborated with external market data where possible.

Mortgages and loans

The use of alternative valuation methods is necessary as these investments generally have no open market observable prices.

Derivatives

The Group's insurance subsidiaries hold certain derivative positions to hedge very long-term annuity liabilities and therefore may not have an active market. Forward contracts are also held by the insurance subsidiaries, which include a commitment to acquire or provide funding for illiquid debt instruments at specified future dates. Such holdings are valued using a discounted cash flow models, and will include a valuation adjustment to reflect reduced liquidity.

Holdings in related undertakings including participations

The valuation is based on non-observable market inputs, primarily using net asset value statements provided by independent third parties. Holding largely include unit trusts and property funds.

Collective Investment Undertakings and private equity investments

Holdings are valued by independent specialists using non-observable market inputs such as net asset value statements.

Section D – Valuation for solvency purposes continued

D.4 Alternative methods for valuation continued

D.4.1 Alternative valuation methods – Assets continued

D.4.1.3 Documentation of assumptions underlying the alternative valuation methods

Changes in valuation model and inputs used

During 2021, the spread methodology for ERM loans was updated such that determination of the spread is now based on most recent loan originations rather than the average spread of loan originations during the latest quarter. Also during 2021, the fair valuation approach for OTC derivatives within Phoenix Life was changed from bid to mid basis.

Investment properties

The Group uses property valuation experts to support the valuation of all investment property held within property funds.

The process for valuing investment properties includes a degree of subjectivity in estimating the probability of realising expected future rental income and future resale values. Property valuations are broadly made using two types of assumptions;

- property-specific assumptions (e.g. opinions of market rent); and
- valuation assumptions (outlined in the annual valuation report, the contract and general terms of business).

Property valuation experts and surveyors adhere to the professional reference known as the RICS 'Red Book' when making valuation assumptions. The Red Book contains mandatory rules, best practice guidance and related commentary for all members of RICS conducting property valuations. It also offers a useful reference resource for valuation users and other stakeholders.

The Group's insurance subsidiaries also hold property reversionary loans, an interest in customers' properties which the Group will realise upon death. These are valued using a discounted cash flow based on the Group's proportion of the current open market value, and discounted for the expected lifetime of the policyholder derived from published mortality tables. Note G4 of the PGH Annual Report and Accounts for the year ended 31 December 2021 includes further information on the valuation techniques used in measuring the fair value of the investment properties.

Illiquid bonds

The Group uses external fund managers to price illiquid bonds that are valued using approved models. The models will include an adjustment to take account of any illiquidity by using suitable gilts and bonds as a reference to derive an appropriate spread.

The illiquidity premium of the private placements includes two components: market spread based on public corporate spreads having similar tenors; and an illiquidity spread determined by a reputable, market leading, vendor (based on the quality rating, average life and Treasury yields).

Accessibility to finance supported by a UK government backed sovereign guarantee is assumed for local authority bonds with no market price modelled using alternative valuation models therefore the main risk consideration is liquidity exposure.

Equity Release Mortgages

The loans are valued using internally developed discounted cash flow models corroborated with external market data where possible i.e. house price index. A Black-Scholes model is also used for valuation of the No-Negative Equity Guarantee ('NNEG'). The NNEG caps the loan repayment in the event of death or entry into long-term care to be no greater the sales proceeds from the property.

The future cash flows are estimated based on assumed levels of mortality derived from published mortality tables, entry into long-term care rates and voluntary redemption rates. They are discounted using a risk free curve plus a spread to reflect different risk profiles of ERM loans.

Mortgages and loans

Other loans are valued using an income approach, which converts future amounts, such as cash flows or income or expenses, to a single current amount. The fair value reflects current market expectations about those future amounts. Valuation techniques consistent with the income approach include present value techniques, option pricing models and the multi-period excess earnings method.

Holdings in related undertakings including participations

Relevant assumptions and valuation principles as detailed in section D.1.2 are applied to the calculation of the net asset value of related undertakings.

Collective Investment Undertakings and private equity investments

The key non-observable market input is net asset value statements received from fund managers. In situations where valuations are received at a date other than the balance sheet date, adjustments are made for subsequent drawdowns and distributions.

Derivatives

The Group uses industry standard pricing models using the derivative contract specifics. Such models use market observable metrics sourced from external data providers such as currency exchange rates, index values, current (and forward) interest rate curves in a given currency and, for contracts with optionality and volatility.

D.4 Alternative methods for valuation continued

D.4.1 Alternative valuation methods – Assets continued

D.4.1.4 Assessment of valuation uncertainty surrounding alternative valuation methods used

Investment properties

Commercial and residential properties are traded less frequently and therefore a lack of liquidity increases the challenge to easily assess and attribute accurate prices. Inherent uncertainties prevail in any method of valuing property. There are different types of uncertainty which include:

- property valuations based on opinion which cannot be quantified;
- market conditions at the time of valuation (particularly in rapidly moving markets);
- property-specific issues (e.g. will the tenant vacate at lease expiry or renew); and
- investment approach.

Valuation assessments are made on the basis of collation and analysis of appropriate comparable investment and rental transactions, together with evidence of demand within the vicinity of the respective properties. With the benefit of such transactions, valuation experts then apply these factors to individual properties, taking into account size, location, lease terms, covenant strength and other material applicable factors. Uncertainty is further reduced by harnessing multiple sources of quality information, including external benchmarks, in-house and industry-specific databases.

Other valuation uncertainties concern properties where few or no similar properties exist within close vicinity upon which to base a valuation opinion. A scarcity of comparable local properties places greater weighting on the surveyors' own opinion. While there is an element of subjectivity to a surveyor's assessment, each valuation should be reviewed and subject to sign-off. Further analysis may be undertaken by property analysts to independently review a valuation, discuss their findings with the surveyor and provide a report updating senior management or partners to secure a final decision.

Illiquid bonds

All models are subject to limitations and uncertainties. For illiquid bonds, the individual spreads applied can vary within a range of approximately 200 basis points in extreme market conditions. While these assets are not generally traded actively in an open market there is an active new issue market and assets are traded between willing buyers and sellers. Valuation uncertainly is reduced by taking valuation advice from fund management experts who deal frequently in these asset types, whether that is on the primary issue market or the secondary market. The residual valuation uncertainly inherent in these asset types is not considered to be material with respect to the overall size of the portfolio.

Models subject to liquidity premiums typically feature a higher frequency of uncertainty. Where a liquidity premium is applied, this factor is highly variable on a day-to-day basis although the liquidity multiple which the bonds are marketed at is reviewed once a month to reflect the buy and hold nature of the bonds. In addition to the size of the holdings, maturity is also given consideration versus the total portfolio size. When considering these factors, they equate to an insignificant contribution in terms of duration and market value to the overall portfolio.

Equity Release Mortgages

As part of the Group’s internal risk management processes, sensitivity analysis is performed to assess the valuation uncertainty of the main inputs to the discounted cash flow model. The significant sensitivities arise from movements in the yield curve, inflation rate, house prices, mortality and voluntary redemption rate. Note E.2.3 of the PGH Annual Report and Accounts for the year ended 31 December 2021 includes the outcome of the sensitivity analysis on these main inputs.

Collective Investment Undertakings and private equity investments

Different fund managers can value the same investment differently. This may be observed in cross held investments demonstrating that two managers can both value the same asset using recognised valuation methodologies and come up with differing views on fair value.

Information on secondary markets has been considered, which may show a discount to NAV, or evidence of positions trading at a premium. However if there is a small market of buyers, and the motivation of sellers is wide and varied may present include liquidity constraints. This is likely to occur when activities such as portfolio rebalancing, and strategic withdrawals from private equity have taken place. Caution would therefore have to be exercised if attempting to use the secondary market as a proxy for assessing valuation uncertainty, and has therefore been discounted in our current methodology.

Derivatives

Valuation uncertainties are reduced by using market observable data in pricing models wherever this is possible. In addition, model results are subject to price verification review as part of the standard price verification process.

Section D – Valuation for solvency purposes
continued

D.4 Alternative methods for valuation continued

D.4.1 Alternative valuation methods – Assets continued

D.4.1.5 Comparison of the valuations against experience

Investments valued by alternative valuation methods are generally towards the more illiquid end of the scale and in some cases, particularly illiquid credit investment and mortgages and loans, they will often be held to maturity. In such cases the valuations used, which reflect cash flows at an appropriate discount rate, will be a close match to actual experience. Independent price verification is also performed on such assets to validate the credit spreads used by the external asset managers.

Property assets are also infrequently traded with disposals often reflecting a particular opportunity. That opportunity might be both positive (to realise an asset premium to valuation) or negative (to dispose of a poorly performing property or one that no longer fits the strategic aim of the property portfolio). While this may mean that experience of property assets is that they can realise both a premium and a discount to valuation, overall property valuations would be supported by values realised from disposals. Over time, the Group has not experienced material detriment from the realisation of property below the valuation attributed in the balance sheet.

In the derivatives market, prices are generally set using standard derivative models and the Group would expect to be able to realise derivative assets at or close to balance sheet valuation if that was required.

Assessment of the fair valuation of holdings in collective investment undertakings includes assessment of last NAV date, consideration of the sector mix of underlying investments, review of transactions (such as, disposals and realisations), and assessment of market movement at a portfolio level relative to benchmark indices.

D.4.2 Financial instrument sensitivities

Further details regarding the impact of reasonably possible changes in valuation inputs, including a sensitivity analysis showing how these changes affect the assets valuation, are set out in notes E2.3 and G4 of the PGH Annual Report and Accounts for the year ended 31 December 2021. Sensitivity analysis for the insurance subsidiaries is shown in the financial instrument and risk management notes of the individual financial statements for the year ended 31 December 2021. All figures quoted reflect the impact to both the assets valuation and the Basic Own Funds of the sensitivity being applied.

Section D – Valuation for solvency purposes continued

D.4 Alternative methods for valuation continued

D.4.3 Alternative valuation techniques – Liabilities

As outlined in section D.4.2 the Group uses alternative valuation techniques using non-observable market inputs for certain financial liabilities. These are used to value refinancing loans, which are based on a combination of independent third party evidence and internally developed models. All of the alternative valuation methods described below follow accepted market practice.

For SLPF and PA(GI) there are no liabilities valued using alternative methods as at 31 December 2021.

		Solvency II value £m						
Liabilities	Note	PLL	PLAL	SLAL	RAL	SLIDAC	Other Group entities	PGH Group
Deposits from reinsurers	1	287	–	3,196	85	–	–	**3,568**
Derivatives	2	157	96	361	147	11	44	**816**
Debts owed to credit institutions	3	50	20	–	–	–	–	**70**
Subordinated liabilities in Basic Own Funds	4	–	–	–	–	–	4,133	**4,133**

The valuation of property reversion loans included in debts owed to credit institution is sensitive to key assumptions of the discount rate and the house price inflation rate, set out in note E2.3 of the PGH Annual Report and Accounts for the year ended 31 December 2021.

Item	Note	Alternative valuation method	Assumption
Deposits from reinsurers	1	DCF approach, using a market observable discount rate.	Contractual cash flows discounted using a swaps-based risk-free curve.
Derivatives	2	Market approach, which uses prices and other relevant information generated by market transactions involving identical or similar assets, liabilities or group of assets and liabilities. Valuation techniques are consistent with the market approach (for example, levels of fair value hierarchy).	Various assumptions used are dependent on derivative type, including interest rate curve, discount curve and implied volatility.
Debts owed to credit institutions	3	Refinancing loans: Internally developed model using a combination of observable and non-observable market inputs.	Various assumptions including discount rate (based on asset duration, adjusted for liquidity/mortality risk) and house price inflation.
Subordinated liabilities in Basic Own Funds	4	DCF approach, using a market observable discount rate adjusted to exclude the effect of changes in OCS.	Other Group companies: Contractual cash flows, discounted using a swap rate. Changes in OCS are excluded by reference to the swap rate at issue.

D.5 Any other information

There is no further material information to be disclosed regarding the valuation of assets and liabilities for solvency purposes.

Section E

Capital management

In this section

Capital management

This section provides information on the Group and insurance subsidiaries' regulatory capital positions.

The Solvency II capital assessment involves valuation of Own Funds in line with the Solvency II regulations and a risk-based assessment of the SCR. Solvency II surplus is the excess of Eligible Own Funds over the SCR.

The Group and insurance subsidiaries hold an amount of Eligible Own Funds that is greater than the SCR to allow for adverse events in the future that may reduce Own Funds and might otherwise cause failure to maintain the minimum level of regulatory capital, the Minimum Capital Requirement ('MCR').

The SCR, shareholder coverage ratios and availability restrictions applied to Own Funds mentioned throughout this section, with the exception of the Standard Formula component of the Partial Internal Model SCR, are unaudited.

As at 31 December 2021, the capital position for the Group and its insurance subsidiaries is presented in the table below:

Key Solvency metrics

31 December 2021	Eligible Own Funds £m	SCR £m	Solvency II surplus £m	Ratio of Eligible Own Funds to SCR	Shareholder capital coverage ratio
PLL	4,309	(2,656)	1,653	162%	197%
PLAL	1,679	(1,076)	603	156%	194%
SLAL	4,171	(2,997)	1,174	139%	163%
RAL	3,889	(2,499)	1,390	156%	165%
RLL	233	(37)	196	636%	636%
SLPF	10	–	10	2,944%	2,944%
PA(GI)[4]	4	(3)	1	116%	116%
SLIDAC	595	(344)	251	173%	173%
Other Group entities[1]	32,327	(661)	31,666		
Consolidation and other adjustments[2]	(32,454)	811	(31,643)		
PGH Group 31 December 2021	14,763	(9,462)	5,301[3]	156%	180%
PGH Group 31 December 2020	16,832	(11,591)	5,241[3]	145%	164%

1 Other Group entities includes the Eligible Own Funds of the Group's holding companies and non-insurance subsidiaries and include the contribution of Group pension schemes and subordinated liabilities qualifying as capital for solvency purpose.
2 Group consolidation adjustments include the elimination of intercompany balances and participations.
3 The regulatory capital position as at 31 December 2021 incorporated a mandatory recalculation of TMTP as at that date. Assuming a dynamic recalculation of TMTP as at 31 December 2020, the Group's Solvency II surplus would have been £113 million higher.
4 The capital requirements and solvency ratios for PA(GI) are based on the MCR, as this is greater than the SCR.

As at 31 December 2021, the Group's Solvency II surplus over the consolidated Group SCR is £5,301 million (2020: £5,241 million), with a ratio of Eligible Own Funds to SCR of 156% (2020: 145%).

67% of the Group's Eligible Own Funds are unrestricted Tier 1 (2020: 69%), and are principally comprised of ordinary share capital, share premium related to ordinary share capital, surplus funds and the reconciliation reserve. This includes TMTP which is included in the calculation of Basic Own Funds as Tier 1 capital.

All the required SCR quantitative limits have been complied with for the Group and insurance subsidiaries, and result in no restrictions nor are any Own Funds required to be relegated to lower tiers.

Further details regarding the capital position of each of the insurance subsidiaries are set out in section E.1.

Shareholder Capital Coverage ratio

In the calculation of the Solvency II surplus, the SCR of unsupported with-profit funds and the Group pension schemes are included, but the related Eligible Own Funds are recognised only to a maximum of their respective SCR amounts. Surpluses that arise in with-profit funds and the pension schemes are therefore not recognised in the Solvency II surplus as there is uncertainty as to the extent (if any) to which such surpluses will accrue to shareholders. However, such surpluses are available to absorb economic shocks, thereby increasing resilience to economic stresses.

The Group focuses on the metric of shareholder capital coverage ratio as a more appropriate measure of the extent to which shareholders' Eligible Own Funds cover the capital requirements. It is defined as the ratio of Eligible Own Funds to SCR, after adjusting to exclude Own Funds and SCR amounts relating to unsupported with-profit funds and the unsupported Group pension schemes.

The Shareholder Capital Coverage ratio of PGH Group is 180% as at 31 December 2021 (2020: 164%).

E.1 Own funds and analysis of solvency position

E.1.1 Management of own funds

The Group's Capital Management Framework for managing its Own Funds is designed to achieve the following objectives:

- provide appropriate security for policyholders and meet all regulatory capital requirements while not retaining unnecessary excess capital;
- ensure sufficient liquidity to meet obligations to policyholders and other creditors;
- optimise the overall financial leverage ratio to maintain an investment grade credit rating; and
- to meet the dividend expectations of shareholders as set by the Group's dividend policy.

The Group and its insurance subsidiaries operate under a suite of capital management policies that govern the allocation of capital throughout the Group to achieve the framework objectives under a range of stress conditions. The policy suite considers policyholder security, creditor obligations, dividend policy and regulatory capital requirements.

A liquidity policy is set by the Boards and monitored each month at both executive and Board level. The policy ensures sufficient liquidity to meet creditor and dividend obligations through a combination of cash buffers and regular cash flow forecasting. Volatility in the latter is monitored at executive and Board level through stress and scenario testing. Where cash flow volatility is judged to be in excess of the relevant Board's risk appetite, de-risking activities are undertaken. Further details on the Group's approach to managing liquidity risk are provided in section C.4.

A capital policy is also set by the relevant Boards and monitored by management regularly, to ensure there is sufficient capital to meet the SCR under stress conditions which are currently determined at a 1-in-10 level. The capital policy is managed according to the risk profile and financial strength of the Group and insurance subsidiaries.

The future capital position of the Group and its insurance subsidiaries is projected over a five-year planning horizon as part of the Annual Operating Plan process.

Further details are also provided in section E.5.

ReAssure transitioned onto the Phoenix Risk Management Framework on 1 July 2021. Work is ongoing to align the Capital Management Risk Policy and therefore ReAssure continues to apply to a Capital Policy Buffer based on the ReAssure Capital Policy. The ReAssure Capital Policy aims to hold sufficient capital such that it continues to meet its SCR following a 1-in-20 stress event. A harmonised policy is scheduled for approval in H1 2022.

Additionally, SLIDAC operates its own Capital Management Framework, details of which can be found in section E.1.2 of its solo SFCR.

E.1.2 Structure and quality of own funds

Own Funds are split into Tiers in line with the regulations. There are three Tiers based on both 'permanence' and 'loss absorbency' (Tier 1 being the highest quality). Tier 1 is further divided into 'unrestricted' and 'restricted' Tier 1.

Own Funds which are classified as 'unrestricted' Tier 1 include share capital, surplus funds and the reconciliation reserve. Relevant Own Funds items which are classified as 'restricted' Tier 1 are certain subordinated liabilities.

The regulations impose limits on the amount of each Tier that can be held to cover capital requirements with the aim of ensuring that the items will be available if needed to absorb any losses that may arise. Items with a fixed duration or a right to redeem early may not be available when needed. Similarly, obligations to pay distributions or interest will reduce the amount available. The rules on 'tiering' are designed to reflect the existence of such features.

Section E – Capital management continued

E.1 Own funds and analysis of solvency position continued

E.1.3 Analysis of solvency position – PGH Group

The table below sets out a summary of the PGH Group's solvency position as at 31 December 2021. There are no ancillary Own Fund items included in the Group's solvency position.

Phoenix Group Holdings plc

		31 December 2021					31 December 2020
Description	Section reference	Tier 1 (Unrestricted) £m	Tier 1 (Restricted) £m	Tier 2 £m	Tier 3 £m	Total £m	Total £m
Ordinary share capital and share premium	E.1.3.1	106	–	–	–	106	104
Surplus funds	E.1.3.1	5,611	–	–	–	5,611	3,759
Reconciliation reserve (pre availability restrictions)[1]	E.1.3.1	8,026	–	–	–	8,026	11,082
Deferred tax assets	E.1.3.1	–	–	–	244	244	179
Preference shares (Tier 1 Notes)	E.1.3.1	–	515	–	–	515	540
Excess of assets over liabilities		13,743	515	–	244	14,502	15,664
Subordinated liabilities	E.1.3.2	–	564	2,871	698	4,133	4,506
Total Basic and Own Funds[1]		13,743	1,079	2,871	942	18,635	20,170
Availability restrictions in reconciliation reserve[1]	E.1.3.3	(3,872)	–	–	–	(3,872)	(3,338)
Eligible Own Funds to meet SCR		9,871	1,079	2,871	942	14,763	16,832
Consolidated Group SCR	E.1.3.4					(9,462)	(11,591)
Solvency II surplus						5,301	5,241
Ratio of Eligible Own Funds to SCR						156%	145%
Shareholder capital coverage ratio						180%	164%

1 Basic Own Funds do not agree to that presented on the Own Funds QRT due to the different presentation of the availability restrictions in the table above. The reconciliation reserve as shown on Own funds QRT includes the reconciliation reserve (pre availability restrictions) amount of £8,026 million and restrictions to own funds of £(3,872) million. Further details on the restrictions to own funds are provided in section E.1.3.3.

Following the approval of the harmonised Internal Model by the PRA, and as referred to in Article 230 of the Solvency II directive, the Group wholly uses Method 1 (the default accounting based consolidation method) to calculate Group solvency. Capital requirements for the Group continue to be determined on a Partial Internal Model ('PIM') basis, with the standard formula utilised for SLIDAC and the ReAssure entities and all other Group entities falling within the scope of the harmonised Internal Model.

E.1.3.1 Basic Own Funds

The PGH Group Basic Own Funds before availability restrictions total £18,635 million (2020: £20,170 million) and comprise of ordinary share capital, share premium related to ordinary share capital, surplus funds, a reconciliation reserve, subordinated liabilities , preference shares and deferred tax assets. Further details regarding each of these items of Basic Own Funds are set out below.

Ordinary share capital and share premium

The Group's issued and fully paid up ordinary share capital and share premium of £106 million (2020: £104 million) is treated as Tier 1 unrestricted Own Funds. The Articles of Association of PGH include the right to cancel and withhold dividends at any time prior to payment. The increase in both share capital and share premium reflects shares issued in order to satisfy obligations to employees under the Group's sharesave schemes.

Surplus funds

The Group Basic Own Funds include surplus funds of £5,611 million (2020: £3,759 million) which are classified as Tier 1 unrestricted Own Funds.

Surplus funds represent accumulated profits within a with-profit fund which have not yet been made available for distribution to policyholders or shareholders. They satisfy the characteristics of Tier 1 capital because they will only be distributed in the future if it is appropriate to do so and are loss-absorbent because future distributions can be reduced if the amount of accumulated profits reduces due to future losses.

Surplus funds are generally only available to meet losses arising within the relevant with-profit fund. As a result, they are subject to Ring Fenced Fund ('RFF') restrictions to the extent that they exceed the with-profit fund's notional SCR. Further information on RFF restrictions can be found in section E.1.3.3.

Section E – Capital management continued

E.1 Own funds and analysis of solvency position continued

E.1.3 Analysis of solvency position – PGH Group continued

E.1.3.1 Basic Own Funds continued

Preference shares (Tier 1 Notes)

On 26 April 2018, Old PGH (the Group's ultimate parent undertaking up to December 2018) issued £500 million of Restricted Tier 1 bonds due 2028 with a coupon of 5.75% up to the first call date of 26 April 2028. On 12 December 2018, PGH plc was substituted in place of Old PGH as issuer. The Restricted Tier 1 bonds meet the definition of equity under IFRS. In line with PRA guidance they are reflected as preference shares in the Own Funds QRT.

The Tier 1 Notes will be subject to conversion to ordinary shares of PGH plc at the conversion price of £1,000 per share, subject to adjustment in accordance with the terms and conditions of the notes, and all accrued interest would be cancelled, on occurrence of any of the following trigger events:

- the amount of Own Fund Items eligible to cover the SCR is equal to or less than 75 percent of the SCR;
- the amount of Own Fund Items eligible to cover the MCR is equal to or less than the MCR; or
- a breach of the SCR has occurred and such breach has not been remedied within a period of three months from the date on which the breach was first observed.

Further information on the Tier 1 Notes is included in note D4 of the PGH Annual Report and Accounts for the year ended 31 December 2021.

Reconciliation reserve (pre availability restrictions)

The reconciliation reserve is treated as Tier 1 unrestricted Own Funds and is primarily made up of the excess of assets over liabilities, reduced by the following items:

- ordinary share capital;
- share premium;
- surplus funds;
- preference shares; and
- deferred tax assets.

Additionally, the reconciliation reserve is reduced by availability restrictions, described further in section E.1.3.3.

The movement in the excess of assets over liabilities represents the net profits generated by the Group. The reconciliation reserve may be subject to potential volatility and further details regarding the impact of various sensitivities on the excess of assets over liabilities which forms part of the Own Funds calculation are set out in section C.7.

Deferred tax assets

A deferred tax asset of £244 million (2020: £179 million) is included as Tier 3 Own Funds and further detail is included in section D.1.3. The table below sets out an analysis of movement in the deferred tax assets during the year.

	£m
Opening deferred tax assets (Tier 3) at 1 January 2021	**179**
Trade and capital losses carried forward	101
Expenses carried forward	39
Accelerated capital allowances	11
Pension scheme deficit	(12)
Provisions and other temporary differences	(29)
Change in offset of deferred tax asset and liabilities	(45)
Closing deferred tax assets (Tier 3) at 31 December 2021	**244**

Section E – Capital management
continued

E.1 Own funds and analysis of solvency position continued

E.1.3 Analysis of solvency position – PGH Group continued

E.1.3.2 Subordinated Debt

Details of the Group's subordinated debt included within Own Funds are shown in the table below:

Note	Instrument	Issuer	Tier of capital	31 December 2021 Solvency II Value £m	31 December 2020 Solvency II Value £m
A	US$750 million Contingent Convertible Tier 1 notes	PGH	Restricted Tier 1	564	577
B	£200 million subordinated loan notes	PLL	Tier 2	–	202
	£428 million subordinated debt	PGH	Tier 2	436	455
	US$500 million Tier 2 bonds	PGH	Tier 2	384	400
	€500 million Tier 2 bonds	PGH	Tier 2	440	485
	£500 million Tier 2 notes	PGH	Tier 2	471	490
	US$500 million Fixed Rate Reset Tier 2 notes	PGH	Tier 2	359	366
	£500 million 5.867% Tier 2 subordinated notes	PGH	Tier 2	520	545
	£250 million Fixed Rate Reset Callable Tier 2 subordinated notes	PGH	Tier 2	261	273
	£450 million Tier 3 notes	PGH	Tier 3	451	456
	£250 million 4.016% Tier 3 subordinated notes	PGH	Tier 3	247	257
				4,133	**4,506**

Note

A: Trigger events for US$750 Contingent Convertible Tier 1 notes

The Contingent Convertible Tier 1 Notes will be subject to conversion to ordinary shares of PGH plc at the conversion price of US $1,000 per share, subject to adjustment in accordance with the terms and conditions of the notes and all accrued and unpaid interest will be cancelled, on occurrence of any of the following trigger events:

- the amount of Own Fund items eligible to cover the SCR is equal to or less than 75 percent of the SCR;
- the amount of Own Fund items eligible to cover the MCR is equal to or less than the MCR; or
- a breach of the SCR has occurred and such breach has not been remedied within a period of three months from the date on which the breach was first observed.

B: Transitional measures for PLL Subordinated debt – Tier 2

These notes qualified as Lower Tier 2 capital under the previous Solvency I regime, but did not meet the full criteria set out in the regulations in order to be treated as either Tier 1 or Tier 2 capital. Under the regulations, the notes were transitioned into Solvency II as Tier 2 Own Funds.

On 25 March 2021, the £200 million subordinated loan notes were redeemed in full on their first call date.

Analysis of movement in subordinated debt

The table below sets out the changes in subordinated debt during the year.

Tier	Opening subordinated debt at 1 January 2021 £m	Repayment of subordinated debt £m	Foreign exchange retranslation £m	Changes in fair value £m	Closing subordinated debt at 31 December 2021 £m
Restricted Tier 1	577	–	6	(19)	564
Tier 2	3,216	(200)	(21)	(124)	2,871
Tier 3	713	–	–	(15)	698
Total subordinated debt	**4,506**	**(200)**	**(15)**	**(158)**	**4,133**

Section E – Capital management
continued

E.1 Own funds and analysis of solvency position continued

E.1.3 Analysis of solvency position – PGH Group continued

E.1.3.3 Availability restrictions

As shown in the summary table of the PGH Group's solvency position (see section E.1.3), the total non-available Group Own Funds are £(3,872) million (2020: £(3,338) million). Further details on each of the restrictions are included below.

	31 December 2021 £m	31 December 2020 £m
Adjustment for restricted Own Funds items in respect of RFF	(2,444)	(2,525)
Non-available Own Funds – pension scheme surplus	(749)	(307)
Non-available Own Funds – foreseeable dividends and distributions	(252)	(245)
Non-available Own Funds – PLL availability restriction	(298)	(255)
Non-available Own Funds – SLIDAC availability restriction	(58)	–
Non-available Own Funds – Disposal Group restriction	(59)	–
Non-available Own Funds – own shares restriction	(12)	(6)
Total non-available Own Funds	**(3,872)**	**(3,338)**

Ring Fenced Funds restriction

The regulations specify that certain Own Funds items in with-profit funds and Matching Adjustment portfolios should be restricted. The with-profit funds and Matching Adjustment portfolios in the Life Companies are treated as RFFs. This means they can only be included in the calculation of Group solvency at an amount less than or equal to the notional SCR of the RFF.

The items of Own Funds within each with-profit RFF are the value of surplus funds, future shareholder transfers, and any shareholder capital support received. Any Own Funds above SCR in the Matching Adjustment portfolios are also restricted and also shown as a deduction to the reconciliation reserve.

There are no restrictions for Matching Adjustment portfolios at 31 December 2021 (2020: £nil).

The RFF deduction from the reconciliation reserve of £2,444 million (2020: £2,525 million) comprises £419 million (2020: £373 million) from PLL RFFs, £362 million (2020: £299 million) from PLAL RFFs, £1,156 million (2020: £1,174 million) from SLAL RFFs and £507 million (2020: £679 million) from RAL RFFs.

The excess of assets over liabilities across all RFFs in the PGH Group which are subject to restriction and Matching Adjustment portfolios are £7,958 million (2020: £8,330 million).

Section E – Capital management
continued

E.1 Own funds and analysis of solvency position continued

E.1.3 Analysis of solvency position – PGH Group continued

E.1.3.3 Availability restrictions continued

Pension scheme surplus restriction

Pension scheme surpluses are considered as restricted items of Own Funds and are therefore only included up to the contribution to the Group SCR of the undertaking that recognises the surplus.

As at 31 December 2021, £330 million (2020: £192 million) of the PGL Scheme surplus, £402 million (2020: £91 million) of the Pearl Group Scheme surplus and £17 million (2020: £24 million) of the ReAssure Staff Pension Scheme surplus was restricted, after adjustment for assets held in ring-fenced accounts for the benefit of the pension schemes or in respect of 'buy-in' arrangements in the Life Companies.

Foreseeable dividends and distributions

A restriction of £252 million has been recognised as at 31 December 2021 (2020: £245 million), reflecting dividends on ordinary shares which have been approved by the Board at the time of sign-off of the SFCR together with the accrued coupon on the Tier 1 Notes.

PLL availability restriction

The contribution of each entity to the PGH Group Solvency II surplus is restricted if the Group benefits from the elimination of intra-group transactions compared to an entity's solo position, where those benefits are not backed by fungible and transferable Own Fund items.

PLL has entered into 'buy-in' agreements with the Pearl Group Scheme and the PGL Pension Scheme (further details can be found in notes G1.1 and G1.2 to the consolidated financial statements included in the PGH Annual Report and Accounts for the year ended 31 December 2021). Following the elimination of intra-group amounts in relation to these transactions, the contribution of PLL to the PGH Group Solvency II surplus exceeded its solo Solvency II surplus by £298 million (2020: £255 million). Accordingly, a restriction of the same amount has been applied to the Group Own Funds.

SLIDAC availability restriction

On consolidation, adjustments are made to the SLIDAC SCR to reflect the Group perspective of currency risk and to eliminate amounts relating to intra-group reinsurance. These adjustments result in the contribution of SLIDAC to the PGH Group Solvency II surplus to exceed its solo Solvency II surplus by £58 million. As it has been assessed that this benefit is not backed by fungible and transferrable Own Funds, a restriction for this amount has been applied to Group Own Funds.

Disposal Group restriction

In February 2021, as part of a wider transaction to simplify the arrangements of their Strategic Partnership, the Group has agreed to sell its UK investment and platform-related products to abrdn plc. The sale will be effected through a Part VII transfer targeted for completion in late 2023. The economic risk and rewards for this business transferred to abrdn plc via a profit transfer arrangement effective from 1 January 2021. Under the regulations, the cash flows under such a profit transfer arrangement are not included in the determination of technical provisions. However, it has been assessed that the existence of the profit transfer arrangement represents a barrier to the availability of Own Funds associated with the business to be disposed of. Accordingly, a £59 million availability restriction has been recognised in the PGH Group solvency position.

Own shares restriction

A deduction of £12 million (2020: £6 million) has been applied to the reconciliation reserve reflecting own shares held by PGH.

E.1 Own funds and analysis of solvency position continued

E.1.3 Analysis of solvency position – PGH Group continued

E.1.3.4 Group SCR

In September 2021, the PRA approved the Group's application for a harmonised Internal Model, which was effective from 30 September 2021. The harmonised Internal Model brings together two internal models and covers the Phoenix Life, Standard Life and legacy Phoenix corporate entities (excluding SLIDAC). Consequently the Group wholly uses Method 1 (the default accounting based consolidation method for single Partial Internal Model) for the calculation of the Group SCR. The ReAssure entities and SLIDAC continue to use the Standard Formula.

As a result, the Group SCR is determined on a Partial Internal Model basis and capital requirements calculated under the harmonised Internal Model and Standard Formula are aggregated in determining the Group position, with no further allowance for diversification between the Internal Model and Standard Formula components. Further details of the methodology used to calculate the SCR are included in section E.2 and a description of the undertakings which are in the scope of the Group's Partial Internal Model are provided in section E.4.1.

Details of the components of the Group SCR are shown in the table below:

Components of consolidated Group SCR As at 31 December 2021	SCR pre diversification £m	Group adjustments £m	Diversification benefits £m	Total SCR £m
Life Companies	9,533	(592)	(419)	8,522
Insurance holding companies	629	122	(12)	739
Service Companies	27	–	–	27
UCITS management company	9	–	–	9
Other entities	(5)	170	–	165
Total Group SCR	**10,193**	**(300)**	**(431)**	**9,462**

SCR in respect of insurance holding companies and other entities relates primarily to the Group's exposure to its defined benefit pension schemes, derivative instruments held in the insurance holding companies, Group expenses and tax.

The negative Group adjustment of £592 million for the Life Companies relates primarily to the treatment of intra-group loans and other intra-group transactions. At a solo level, the Life Companies hold SCR in respect of loan receivable balances due from the insurance holding companies and other Group entities. On preparation of the Group solvency calculation, the loan receivable and payable balances are eliminated on consolidation and accordingly the related SCR is also eliminated.

In addition, the Group adjustments shown above include the impact of consolidating out the SCR held in respect of defined benefit pension scheme obligations which are subject to buy-in transactions between PLL and the PGL Staff Pension Scheme / Pearl Group Staff Pension Scheme.

The Group diversification benefits principally arise from:

- synergies that arise where undertakings within the Group are exposed to stresses in opposite directions. For example, the Life Companies are exposed to a rise in credit spreads, whilst the Group pension schemes are exposed to a fall in credit spreads; and
- diversification of risks between undertakings that have different risk profiles. For example, the Life Companies have a higher risk exposure to persistency and credit risk relative to the pension schemes.

E.1 Own funds and analysis of solvency position continued

E.1.3 Analysis of solvency position – PGH Group continued

E.1.3.4 Group SCR continued

Minimum Consolidated Group SCR

The main capital requirement under Solvency II is the SCR. However, there is a lower MCR which for Groups is referred to as the Minimum Consolidated Group SCR ('MGSCR'). This reflects the absolute minimum metric that, if breached, will trigger serious regulatory intervention and potential closure of the Group. The MGSCR is calculated as the sum of the MCRs of each insurance subsidiary consolidated under Method 1.

The MGSCR is analysed as follows at 31 December 2021.

Entity – Minimum Capital Requirement	31 December 2021 £m	31 December 2020 £m
PLL	664	851
PLAL	269	343
SLAL[1]	1,276	–
RAL	625	702
RLL	17	9
SLPF[1]	3	–
SLIDAC[1]	108	–
PA(GI)	3	3
ARK[2]	–	26
PGH Group MGSCR	**2,965**	**1,934**

1 As at the year ended 31 December 2020, SLAL, SLPF and SLIDAC were brought into the Group solvency calculation under Method 2 (deduction and aggregation) and therefore did not contribute to the MGSCR.
2 Ark Life was disposed of by the Group in 2021.

Further details regarding the calculation of MCRs are set out in section E.2.3.

Excess of Own Funds over MGSCR

The MGSCR for the PGH plc is comfortably met with an excess over MGSCR of £8,507 million (2020: £6,358 million), with a ratio of Eligible Own Funds to MGSCR of 387% (2020: 429%).

The determination of the Eligible Own Funds available to meet the MGSCR requires the application of specific quantitative limits on the tiering of available capital. Application of these tests as at 31 December 2021 results in a £2,278 million (2020: £2,830 million) restriction to Tier 2 capital as a result of it exceeding the availability limit of 20% of MGSCR.

In 2020, the MCR for the Method 2 part of the Group was £1,365 million with Eligible Own Funds of £4,897 million leaving an excess of Eligible Own Funds over MCR of £3,532 million, which translated to an MCR coverage ratio of 359%.

Analysis of Own Funds eligible to cover MGSCR	Tier 1 Unrestricted £m	Tier 1 Restricted £m	Tier 2 £m	Tier 3 £m	31 December 2021 £m	31 December 2020 £m
Available Own Funds to meet Minimum Group SCR ('MGSCR')	9,800	1,079	2,871	–	13,750	11,122
Eligibility restrictions MGSCR	–	–	(2,278)	–	(2,278)	(2,830)
Eligible Own Funds to meet Minimum Group SCR	**9,800**	**1,079**	**593**	**–**	**11,472**	**8,292**
Minimum Group SCR					(2,965)	(1,934)
Excess over Minimum Group SCR					**8,507**	**6,358**
Ratio of Eligible Own Funds to Minimum Group SCR					**387%**	**429%**

Section E – Capital management
continued

E.1 Own funds and analysis of solvency position continued

E.1.3 Analysis of solvency position – PGH Group continued

E.1.3.5 Analysis of movement in capital position

The table below provides an analysis of significant changes in the capital position during the year, including Own Funds, Group SCR and Solvency II surplus. As they do not contribute to the Solvency II surplus, all movements in Eligible Own Funds and SCR attributable to the unsupported with-profit funds and pension schemes have been presented as a single line in the analysis.

Analysis of movement in Group solvency position (£m)	Note	Eligible Own funds £m	Group SCR £m	Solvency II surplus £m
Opening position at 1 January 2021		**16,832**	**(11,591)**	**5,241**
Organic surplus generation	1	201	409	610
New business strain	2	(222)	(225)	(447)
Methodology & assumptions changes	3	(212)	39	(173)
Management actions	4	723	753	1,476
Economic and other variances		**(1,053)**	**669**	**(384)**
Economic variances	5	(101)	313	212
Other variances	6	(952)	356	(596)
Subordinated debt repayment	7	(200)	–	(200)
Financing, corporate costs and dividends	8	(822)	–	(822)
Movement in unsupported with-profit funds and pension schemes		(484)	484	–
Closing position at 31 December 2021		**14,763**	**(9,462)**	**5,301**

Note	Item	Information
1	**Organic surplus generation**	Organic surplus generation increased the Solvency II surplus by £610 million. This primarily reflects the run-off of capital requirements and risk margin, partially offset by the amortisation of TMTP.
2	**New business strain**	The impact of new business written during the year reduced the Solvency II surplus by £(447) million. This was primarily driven by the £5.6 billion of BPA transactions completed, where the capital strain includes the recognition of SCR and risk margin and reflects the assets received on day 1.
3	**Methodology & assumptions changes**	As described further in section D.2.5, demographic and expense assumptions are reviewed throughout the year. This resulted in an adverse assumption change in respect of expenses, principally reflecting the impact of investment in the Group's growth agenda on the maintenance cost base, including the development of capabilities within the Group's Open business, asset management and within certain Group functions. This was partially offset by the favourable impact of changes to longevity assumptions, reflecting updates in line with latest experience analyses and the most recent Continuous Mortality Investigation 2020 projection tables.
4	**Management actions**	Delivery of management actions increased the Solvency II surplus by £1,476 million. This included the implementation of the Group's harmonised Internal Model, other capital synergies associated with the Standard Life and ReAssure acquisitions, continued investment into illiquid assets, the restructuring of ERMs and the recognition of a tax benefit following the favourable conclusion of discussions with HMRC in respect of certain excess management expenses associated with the acquired L&G mature savings business.
5	**Economic variances**	Economic variances increased the Solvency II surplus by £212 million, reflecting the net positive impact of market movements in the year, notably rising yields and improvements in equity and property markets. As the regulatory capital position as at 31 December 2020 did not incorporate a formal recalculation of TMTP, this line of the analysis also includes the impact of a recalculation of TMTP in the opening position. In accordance with the 2 year cycle prescribed by the regulations, a recalculation of TMTP has been reflected in the regulatory position as at 31 December 2021.
6	**Other variances**	A number of one-off items reduced the Solvency II surplus by £(596) million. This included the adverse impacts associated with a reduction in the Solvency II risk free rate as a result of the transition from LIBOR to SONIA, the expected increase in the UK corporation tax rate from 19% to 25% from April 2023, and Life and Corporate project costs incurred in the year.
7	**Subordinated debt repayment**	At the first call date on 25 March 2021, PLL redeemed its £200 million 7.25% undated subordinated notes in full. The notes were redeemed at their principal amount.
8	**Financing, corporate costs and dividends**	Financing, corporate costs and dividends reduced the Solvency II surplus by £(822) million. This comprises debt interest (including the coupon payable on the Tier 1 Notes) of £(247) million, the cost of dividends of £(489) million and corporate and head office costs incurred in the year.

Section E – Capital management continued

E.1 Own funds and analysis of solvency position continued

E.1.3 Analysis of solvency position – PGH Group continued

E.1.3.6 Reconciliation of IFRS equity to excess of assets over liabilities

The table below provides an analysis of the key differences between the Group's net assets under IFRS and the excess of assets over liabilities under Solvency II.

Description	Section reference	31 December 2021 £m	31 December 2020 £m
Total consolidated equity per IFRS[1]		**6,309**	**7,531**
Valuation differences:			
Assets (decrease)/increase:			
Goodwill	D.1.2	(10)	(57)
Intangible assets/Deferred acquisition costs	D.1.2	(4,717)	(2,919)
Deferred tax assets	D.1.2	(111)	–
Property, plant and equipment held for own use	D.1.2	(3)	(3)
Holdings in related undertakings, including participations	D.1.2	(81)	2,868
Reinsurance recoverables	D.1.2	(1,773)	(1,932)
Receivables (trade, not insurance)	D.1.2	(52)	(6)
Total asset valuation differences		**(6,747)**	**(2,049)**
Liabilities decrease/(increase):			
Technical provisions	D.2.2	13,790	9,332
Other technical provisions (unallocated surplus)	D.2.2	1,801	1,324
Deferred tax liabilities	D.3.2	(620)	(238)
Debts owed to credit institutions	D.3.2	–	(1)
Insurance and intermediaries payables	D.3.2	62	27
Payables (trade, not insurance)	D.3.2	(98)	(117)
Subordinated liabilities	D.3.2	5	(145)
Total liability valuation differences		**14,940**	**10,182**
Excess of assets over liabilities		**14,502**	**15,664**

1 Reflects IFRS total equity attributable to ordinary shareholders of the parent of £5,815 million plus Tier 1 Notes of £494 million as reported in the PGH plc Group Report and Accounts for the year ended 31 December 2021.

Section E – Capital management
continued

E.1 Own funds and analysis of solvency position continued

E.1.4 Analysis of solvency position – PLL

The table below summarises the solvency position for PLL at 31 December 2021. The Own Funds QRT S.23.01.01 can be found at Appendix 2.5.

Description	Section reference	Unrestricted Tier 1 £m	31 December 2021 Total £m	31 December 2020 Total £m
Ordinary share capital and share premium	E.1.4.2	70	70	70
Surplus funds	E.1.4.2	1,306	1,306	1,551
Reconciliation reserve (pre-availability restrictions)[1]	E.1.4.2	3,352	3,352	3,492
Excess of assets over liabilities		**4,728**	**4,728**	**5,113**
Subordinated liabilities	E.1.4.3	–	–	202
Total Basic and Available Own Funds		**4,728**	**4,728**	**5,315**
Ring Fenced Fund restriction[1]	E.1.4.4	(419)	(419)	(373)
Eligible Own Funds to meet SCR		**4,309**	**4,309**	**4,942**
SCR	E.2.1		(2,656)	(3,405)
Solvency II surplus			**1,653**	**1,537**
Ratio of Eligible Own Funds to SCR	E.1.4.1		**162%**	**145%**
Shareholder capital coverage ratio	E.1.4.1		**197%**	**165%**
Eligible Own Funds to meet MCR	E.1.4.1	**4,309**	**4,309**	**4,910**
MCR			(664)	(851)
Excess over MCR	E.1.4.1		**3,645**	**4,059**
Ratio of Eligible Own Funds to MCR	E.1.4.1		**649%**	**577%**

1 The reconciliation reserve as shown on Own funds QRT includes the reconciliation reserve (pre availability restrictions) amount of £3,352 million (2020: £3,492 million) and Ring Fenced Fund restriction of £(419) million (2020: £(373) million). Details of non-available own funds are provided in section E.1.4.4.

E.1.4.1 Overview of Solvency position

As at 31 December 2021, the Solvency II surplus over SCR is £1,653 million (2020: £1,537 million), with a ratio of Eligible Own Funds to SCR of 162% (2020: 145%). The excess of Eligible Own Funds after deductions over the MCR is £3,645 million (2020: £4,059 million), with a ratio of Eligible Own Funds to MCR of 649% (2020: 577%).

100% (2020: 96%) of the Eligible Own Funds after deductions to meet the SCR is unrestricted Tier 1, and is principally comprised of ordinary share capital, share premium, surplus funds and reconciliation reserve. This includes TMTP which is included in the calculation of Basic Own Funds as Tier 1 capital.

Excluding the SCR and Own Funds relating to unsupported with-profit funds, the Solvency II shareholder capital coverage ratio is 197% as at 31 December 2021 (2020: 165%).

E.1 Own funds and analysis of solvency position continued

E.1.4 Analysis of solvency position – PLL continued

E.1.4.2 Basic Own Funds items

The Basic Own Funds before deductions total £4,728 million (2020: £5,315 million) and comprise ordinary share capital, share premium, surplus funds, a reconciliation reserve and, for 2020, subordinated liabilities. Further details regarding each Basic Own Funds item are set out below.

Ordinary share capital and share premium

The issued and fully paid ordinary share capital and share premium of £70 million (2020: £70 million) is treated as unrestricted Tier 1 Own Funds, as it meets Tier 1 requirements. The Articles of Association of PLL include the right to cancel and withhold dividends at any time prior to payment.

Surplus funds

The Basic Own Funds include surplus funds of £1,306 million (2020: £1,551 million) which are classified as Tier 1 unrestricted Own Funds. Further details regarding the Solvency II treatment of surplus funds are set out in section E.1.3.1.

Reconciliation reserve

The reconciliation reserve is treated as Tier 1 unrestricted Own Funds. The reconciliation reserve may be subject to potential volatility and further details regarding the impact of various sensitivities on the excess of assets over liabilities which forms part of the Own Funds calculation are set out in section C.7.

E.1.4.3 Subordinated liabilities

The Phoenix Life Limited subordinated loan notes of £200 million were repaid in March 2021 at their final call date.

As outlined in section D.3, the subordinated loan notes were recognised at their economic value after excluding the impact of changes in OCS, which resulted in £202 million contributing to Tier 2 Group Own Funds as at 31 December 2020.

E.1.4.4 Availability restrictions

As shown in the summary table of the PLL's solvency position (see section E.1.4), there is a deduction to Own Funds of £419 million (2020: £373 million) in respect of a RFF restriction. Further details regarding the Solvency II treatment for this restriction are included in section E.1.3.3.

The total excess of assets over liabilities for the RFFs and the Matching Adjustment portfolio are £2,270 million (2020: £2,466 million), and this is restricted by the £419 million (2020: £373 million) RFF restriction. There are no restrictions to the Matching Adjustment portfolio at 31 December 2021 (2020: none).

E.1.4.5 Analysis of movement in capital position

The table below provides an analysis of significant changes in the capital position during the year, including Own Funds, SCR and Solvency II surplus. As they do not contribute to the Solvency II surplus, all movements in Eligible Own Funds and SCR attributable to the unsupported with-profit funds have been presented as a single line in the analysis.

Analysis of movement in solvency position (£m)	Note	Eligible Own funds £m	SCR £m	Solvency II surplus £m
Opening position at 1 January 2021		**4,942**	**(3,405)**	**1,537**
Organic surplus generation	1	113	36	149
New business strain	2	(222)	(225)	(447)
Methodology & assumptions changes	3	(131)	47	(84)
Management actions	4	456	(61)	395
Economic and other variances		**(1,131)**	**859**	**(272)**
Economic variances	5	(483)	372	(111)
Other variances	6	(648)	487	(161)
Subordinated debt repayment	7	(200)	200	–
Intragroup capital flows	8	375	–	375
Movement in unsupported with-profit funds		107	(107)	–
Closing position at 31 December 2021		**4,309**	**(2,656)**	**1,653**

E.1 Own funds and analysis of solvency position continued

E.1.4 Analysis of solvency position – PLL continued

E.1.4.5 Analysis of movement in capital position continued

Note	Item	Information
1	**Organic surplus generation**	Organic surplus generation increased the Solvency II surplus by £149 million. This primarily reflects the run-off of capital requirements and risk margin, partially offset by the amortisation of TMTP.
2	**New business strain**	The impact of new business written during the year reduced the Solvency II surplus by £(447) million. This was primarily driven by the £5.6 billion of BPA transactions completed, where the capital strain includes the recognition of SCR and risk margin and reflects the assets received on day 1.
3	**Methodology & assumptions changes**	Demographic and expense assumptions are reviewed throughout the year and resulted in an overall net £(84) million reduction in Solvency II surplus. The significant adverse assumption change made as a result was in respect of expenses, principally reflecting the impact of investment in the Group's growth agenda on the maintenance cost base, including the development of capabilities within the Group's Open business. This was partially offset by the favourable impact of changes to longevity assumptions, reflecting updates in line with latest experience analyses.
4	**Management actions**	Delivery of management actions increased the Solvency II surplus by £395 million. This included the Day 1 benefit arising from the implementation of the Group's harmonised Internal Model, ERM restructuring, continued optimisation of Matching Adjustment portfolios and balance sheet reviews.
5	**Economic variances**	Economic variances reduced the Solvency II surplus by £(111) million. This primarily reflects the adverse impact of the mandatory TMTP recalculation as at 31 December 2021, partially offset by improvements in equity and property markets.
6	**Other variances**	Other variances reduced the Solvency II surplus by £(161) million, primarily driven by the adverse impact associated with a reduction in the Solvency II risk free rate as a result of the transition from LIBOR to SONIA and project costs incurred in the year.
7	**Subordinated debt repayment**	At the first call date on 25 March 2021, PLL redeemed its £200 million 7.25% undated subordinated notes in full. The notes were redeemed at their principal amount. The reduction in the SCR relates to a repayment of an intragroup loan by a Group company in 2021.
8	**Intragroup capital flows**	Capital contributions of £375 million were received from the Company's parent in support of BPA activity.

E.1 Own funds and analysis of solvency position continued

E.1.4 Analysis of solvency position – PLL continued

E.1.4.6 Reconciliation of IFRS equity to excess of assets over liabilities

The table below provides an analysis of the key differences between PLL's net assets under IFRS and the excess of assets over liabilities under Solvency II.

Description	Section reference	31 December 2021 £m	31 December 2020 £m
Total equity per IFRS		**1,966**	**1,802**
Valuation differences:			
Assets (decrease)/increase:			
Intangible assets/Deferred acquisition costs	D.1.2	(138)	(144)
Holdings in related undertakings, including participations	D.1.2	46	27
Reinsurance recoverables	D.1.2	(1,433)	(1,178)
Receivables (trade, not insurance)	D.1.2	(57)	(62)
Total asset valuation differences		**(1,582)**	**(1,357)**
Liabilities decrease/(increase):			
Technical provisions	D.2.2	4,088	4,380
Other technical provisions (unallocated surplus)	D.2.2	597	577
Deferred tax liabilities	D.3.2	(373)	(318)
Insurance and intermediaries payables	D.3.2	27	23
Subordinated liabilities	D.3.2	–	(2)
Payables (trade, not insurance)	D.3.2	(2)	–
Any other liabilities not elsewhere shown	D.3.2	7	8
Total liability valuation differences		**4,344**	**4,668**
Excess of assets over liabilities		**4,728**	**5,113**

Section E – Capital management
continued

E.1 Own funds and analysis of solvency position continued

E.1.5 Analysis of solvency position – PLAL

The table below summarises the solvency position for PLAL as at 31 December 2021. The Own Funds QRT S.23.01.01 can be found at Appendix 3.5.

Description	Section reference	31 December 2021 Total £m	31 December 2020 Total £m
Ordinary share capital and share premium	E.1.5.2	383	383
Surplus funds	E.1.5.2	778	897
Reconciliation reserve (pre-availability restrictions)[1]	E.1.5.2	880	926
Excess of assets over liabilities		**2,041**	**2,206**
Total Basic and Available Own Funds		**2,041**	**2,206**
Ring Fenced Fund restriction[1]	E.1.5.3	(362)	(299)
Eligible Own Funds to meet SCR		**1,679**	**1,907**
SCR	E.2.1	(1,076)	(1,372)
Solvency II surplus		**603**	**535**
Ratio of Eligible Own Funds to SCR	E.1.5.1	**156%**	**139%**
Shareholder capital coverage ratio	E.1.5.1	**194%**	**171%**
Eligible Own Funds to meet MCR	E.1.5.1	**1,679**	**1,907**
MCR		(269)	(343)
Excess over MCR	E.1.5.1	**1,410**	**1,564**
Ratio of Eligible Own Funds to MCR	E.1.5.1	**624%**	**556%**

1 The reconciliation reserve as shown on Own funds QRT includes the reconciliation reserve (pre availability restrictions) amount of £880 million (2020: £926 million) and Ring Fenced Fund restriction of £(362) million (2020: £(299) million). Details of non-available own funds are provided in section E.1.5.3.

E.1.5.1 Overview of Solvency position

As at 31 December 2021, the Solvency II surplus over SCR is £603 million (2020: £535 million), with a ratio of Eligible Own Funds to SCR of 156% (2020: 139%). The excess of Eligible Own Funds after deductions over the MCR is £1,410 million (2020: £1,564 million), with a ratio of Eligible Own Funds to MCR of 624% (2020: 556%).

PLAL's Own Funds consists entirely of Tier 1 – unrestricted Own Fund items, and is principally comprised of ordinary share capital, share premium, surplus funds and reconciliation reserve. This includes TMTP which is included in the calculation of Basic Own Funds as Tier 1 capital.

Excluding the SCR and Own Funds relating to unsupported with-profit funds, the Solvency II shareholder capital coverage ratio is 194% as at 31 December 2021 (2020: 171%).

E.1.5.2 Basic own Funds items

The Basic Own Funds before deductions total £2,041 million (2020: £2,206 million) and comprise ordinary share capital, share premium, surplus funds, and a reconciliation reserve. Further details regarding each Basic Own Funds item are set out below.

Ordinary share capital and share premium

The issued and fully paid ordinary share capital and share premium of £383 million (2020: £383 million) is treated as unrestricted Tier 1 Own Funds, as it meets Tier 1 requirements. The Articles of Association of PLAL include the right to cancel and withhold dividends at any time prior to payment.

Surplus funds

The Basic Own Funds include surplus funds of £778 million (2020: £897 million) which are classified as Tier 1 unrestricted Own Funds. Further details regarding the Solvency II treatment of surplus funds are set out in section E.1.3.1.

Section E – Capital management
continued

E.1 Own funds and analysis of solvency position continued

E.1.5 Analysis of solvency position – PLAL continued

E.1.5.2 Basic own Funds items continued

Reconciliation reserve

The reconciliation reserve is treated as Tier 1 Own Funds. The reconciliation reserve may be subject to potential volatility and further details regarding the impact of various sensitivities on the excess of assets over liabilities which form part of the Own Funds calculation are set out in section C.7.

E.1.5.3 Availability restrictions

As shown in the summary table of the PLAL's solvency position (see section E.1.5), there is a deduction to Own Funds of £362 million (2020: £299 million) in respect of RFF restriction. Further details regarding the Solvency II treatment for this restriction are included in section E.1.3.3.

The total excess of assets over liabilities for the RFFs and the Matching Adjustment portfolio are £1,282 million (2020: £1,315 million) and this is restricted by the £362 million (2020: £299 million) RFF restriction. There are no restrictions to the Matching Adjustment portfolio at 31 December 2021 (2020: none).

E.1.5.4 Analysis of movement in capital position

The table below provides an analysis of significant changes in the capital position during the year, including Own Funds, SCR and Solvency II surplus. As they do not contribute to the Solvency II surplus, all movements in Eligible Own Funds and SCR attributable to the unsupported with-profit funds have been presented as a single line in the analysis.

Analysis of movement in solvency position (£m)	Note	Eligible Own funds £m	SCR £m	Solvency II surplus £m
Opening position at 1 January 2021		**1,907**	**(1,372)**	**535**
Organic surplus generation	1	55	28	83
Methodology & assumptions changes	2	(7)	(3)	(10)
Management actions	3	34	103	137
Economic and other variances		**(132)**	**(10)**	**(142)**
Economic variances	4	(140)	13	(127)
Other variances	5	8	(23)	(15)
Movement in unsupported with-profit funds		**(178)**	178	–
Closing position at 31 December 2021		**1,679**	**(1,076)**	**603**

Note	Item	Information
1	**Organic surplus generation**	Organic surplus generation increased the Solvency II surplus by £83 million. This primarily reflects the run-off of capital requirements and risk margin, partially offset by the amortisation of TMTP.
2	**Methodology & assumptions changes**	Demographic and expense assumptions are reviewed throughout the year and resulted in an overall net £(10) million reduction in Solvency II surplus. This primarily reflects the strengthening of expense assumptions, partially offset by the favourable impact of changes to longevity assumptions, reflecting updates in line with latest experience analyses.
3	**Management actions**	Delivery of management actions increased the Solvency II surplus by £137 million. This included the Day 1 benefit arising from the implementation of the Group's harmonised Internal Model and ERM restructuring.
4	**Economic variances**	Economic variances reduced the Solvency II surplus by £(127) million. This primarily reflects the adverse impact of the mandatory TMTP recalculation as at 31 December 2021.
5	**Other variances**	Other variances reduced the Solvency II surplus by £(15) million, driven by the adverse impact associated with a reduction in the Solvency II risk free rate as a result of the transition from LIBOR to SONIA.

Section E – Capital management continued

E.1 Own funds and analysis of solvency position continued

E.1.5 Analysis of solvency position – PLAL continued

E.1.5.5 Reconciliation of IFRS equity to excess of assets over liabilities

The table below provides an analysis of the key differences between PLAL's net assets under IFRS and the excess of assets over liabilities under Solvency II.

Description	Section reference	31 December 2021 £m	31 December 2020 £m
Total equity per IFRS		**916**	**954**
Valuation differences:			
Assets (decrease)/increase:			
Reinsurance recoverables	D.1.2	(22)	(38)
Receivables (trade, not insurance)	D.1.2	(35)	(36)
Total asset valuation differences		**(57)**	**(74)**
Liabilities decrease/(increase):			
Technical provisions	D.2.2	936	1,072
Other technical provisions (unallocated surplus)	D.2.2	338	323
Deferred tax liabilities	D.3.2	(95)	(71)
Insurance and intermediaries payable	D.3.2	3	2
Total liability valuation differences		**1,182**	**1,326**
Excess of assets over liabilities		**2,041**	**2,206**

E.1 Own funds and analysis of solvency position continued

E.1.6 Analysis of solvency position – SLAL

The table below summarises the solvency position for SLAL as at 31 December 2021. The Own Funds QRT S.23.01.01 can be found at Appendix 7.5.

Description	Section reference	31 December 2021 Total £m	31 December 2020 Total £m
Ordinary share capital and share premium	E.1.6.2	147	138
Surplus funds	E.1.6.2	2,251	2,248
Reconciliation reserve (pre-availability restrictions)[1]	E.1.6.2	2,929	2,977
Excess of assets over liabilities		**5,327**	**5,363**
Total Basic and Available Own Funds		**5,327**	**5,363**
Ring Fenced Fund restriction[1]	E.1.6.3	(1,156)	(954)
Eligible Own Funds to meet SCR		**4,171**	**4,409**
SCR	E.2.1	(2,997)	(2,989)
Solvency II surplus		**1,174**	**1,420**
Ratio of Eligible Own Funds to SCR	E.1.6.1	**139%**	**148%**
Shareholder capital coverage ratio	E.1.6.1	**163%**	**174%**
Eligible Own Funds to meet MCR	E.1.6.1	**4,171**	**4,409**
MCR		(1,276)	(1,262)
Excess over MCR	E.1.6.1	**2,895**	**3,147**
Ratio of Eligible Own Funds to MCR	E.1.6.1	**327%**	**349%**

1 The reconciliation reserve as shown on Own funds QRT includes the reconciliation reserve (pre availability restrictions) amount of £2,929 million (2020: £2,977 million) and Ring Fenced Fund restriction of £(1,156) million (2020: £(954) million). Details of non-available own funds are provided in section E.1.6.3.

E.1 Own funds and analysis of solvency position continued

E.1.6 Analysis of solvency position – SLAL continued

E.1.6.1 Overview of Solvency position

As at 31 December 2021, the Solvency II surplus over SCR is £1,174 million (2020: £1,420 million), with a ratio of Eligible Own Funds to SCR of 139% (2020: 148%). The excess of Eligible Own Funds after deductions over the MCR is £2,895 million (2020: £3,147 million), with a ratio of Eligible Own Funds to MCR of 327% (2020: 349%).

SLAL's Own Funds consists entirely of Tier 1 – unrestricted Own Fund items, and is principally comprised of ordinary share capital, share premium, surplus funds and reconciliation reserve. This includes TMTP which is included in the calculation of Basic Own Funds as Tier 1 capital. There are no Tier 1 – restricted, Tier 2 or Tier 3 Own Fund items.

Excluding the SCR and Own Funds relating to unsupported with-profit funds and the Group loan, the Solvency II shareholder capital coverage ratio is 163% as at 31 December 2021 (2020: 174%).

E.1.6.2 Basic Own Funds items

The Basic Own Funds total £5,327 million (2020: £5,363 million) and comprise of ordinary share capital, share premium, surplus funds and a reconciliation reserve. Further details regarding each Basic Own Funds item are set out below.

Ordinary share capital and share premium

The issued and fully paid ordinary share capital and share premium of £147 million (2020: £138 million) is treated as unrestricted Tier 1 Own Funds, as it meets Tier 1 requirements. The Articles of Association of SLAL include the right to cancel and withhold dividends at any time prior to payment.

Surplus funds

The Basic Own Funds include surplus funds of £2,251 million (2020: £2,248 million) which are classified as Tier 1 unrestricted Own Funds. Further details regarding the Solvency II treatment of surplus funds are set out in section E.1.3.1.

Reconciliation reserve

The reconciliation reserve is treated as Tier 1 unrestricted Own Funds. The reconciliation reserve may be subject to potential volatility and further details regarding the impact of various sensitivities on the excess of assets over liabilities which forms part of the Own Funds calculation are set out in section C.7.

E.1.6.3 Availability restrictions

As shown in the summary table of the SLAL's solvency position (see section E.1.6), there is a deduction to Own Funds of £1,156 million (2020: £954 million) in respect of a RFF restriction. Further details regarding the Solvency II treatment for this restriction are included below.

The regulations specify that certain Own Funds items in RFFs and Matching Adjustment portfolios should be restricted. This means they can only be included in the calculation of Company solvency at an amount less than or equal to the RFF and Matching Adjustment portfolios notional SCR.

The Heritage With-Profits Fund and German With-Profits Fund in the Company are treated as RFFs. The items of Own Funds within each with-profit RFF are the value of surplus funds, present value of expenses collected from the underlying policies, risk margin, TMTP, burnthrough asset and any shareholder capital support received. The Matching Adjustment portfolios are annuity funds and are also treated as RFFs.

Any Own Funds above SCR in the Matching Adjustment portfolios are treated similarly and also shown as a deduction to the reconciliation reserve. There are no restrictions for Matching Adjustment portfolios at 31 December 2021 (2020: None).

The total excess of assets over liabilities for SLAL for the RFF and Matching Adjustment Portfolios are £2,431 million (2020: £2,222 million), and this is restricted by the £1,156 million (2020: £954 million) RFF restriction.

Section E – Capital management continued

E.1 Own funds and analysis of solvency position continued

E.1.6 Analysis of solvency position – SLAL continued

E.1.6.4 Analysis of movement in capital position

The table below provides an analysis of significant changes in the capital position during the year, including Own Funds, SCR and Solvency II surplus. As they do not contribute to the Solvency II surplus, all movements in Eligible Own Funds and SCR attributable to the unsupported with-profit funds have been presented as a single line in the analysis.

Analysis of movement in solvency position (£m)	Note	Eligible Own funds £m	SCR £m	Solvency II surplus £m
Opening position at 1 January 2021		**4,409**	**(2,989)**	**1,420**
Organic surplus generation	1	(65)	91	26
Methodology & assumptions changes	2	(121)	20	(101)
Management actions	3	140	(7)	133
Economic and other variances		**(66)**	**(243)**	**(309)**
Economic variances	4	184	41	225
Other variances	5	(250)	(284)	(534)
Intragroup capital flows	6	5	–	5
Movement in unsupported with-profit funds		(131)	131	–
Closing position at 31 December 2021		**4,171**	**(2,997)**	**1,174**

Note	Item	Information
1	**Organic surplus generation**	Organic surplus generation increased the Solvency II surplus by £26 million, which primarily reflects the run-off of capital requirements and risk margin. This was offset by the amortisation of TMTP and costs incurred associated with ongoing hedging activity.
2	**Methodology & assumptions changes**	Demographic and expense assumptions are reviewed throughout the year and resulted in an overall net £(101) million reduction in Solvency II surplus. The significant adverse assumption change made as a result was in respect of expenses, principally reflecting the impact of investment in the Group's growth agenda on the maintenance cost base, including the development of capabilities within the Group's Open business. This was partially offset by the favourable impact of changes to longevity assumptions, reflecting updates in line with latest experience analyses.
3	**Management actions**	Delivery of management actions increased the Solvency II surplus by £133 million. This primarily reflects the Day 1 benefit arising from the implementation of the Group's harmonised Internal Model and other integration synergies.
4	**Economic variances on long-term business**	Economic variances increased the Solvency II surplus by £225 million, driven by the net positive impact of market movements in the year, notably rising yields and improvements in equity markets. This also includes the impact of the mandatory TMTP recalculation as at 31 December 2021.
5	**Other variances**	Other variances included a number of one-off items that reduced the Solvency II surplus by £(534) million. This included the adverse impacts arising from the implementation of the Group's harmonised Internal Model, specifically the recognition of SCR on a loan to the Group's parent company and change in SCR methodology, which have no impact to the Group's Solvency II surplus. This also includes the expected increase in the UK corporation tax rate from 19% to 25% from April 2023 and project costs incurred in the year.
6	**Intragroup capital flows**	Intragroup capital flows increased the Solvency II surplus by £5 million, reflecting the interest received on a loan to the Group's parent company.

E.1 Own funds and analysis of solvency position continued

E.1.6 Analysis of solvency position – SLAL continued

E.1.6.5 Reconciliation of IFRS equity to excess of assets over liabilities

The table below provides an analysis of the key differences between SLAL's net assets under IFRS and the excess of assets over liabilities under Solvency II.

Description	Section reference	31 December 2021 £m	31 December 2020 £m
Total equity per IFRS		**866**	**829**
Valuation differences:			
Assets (decrease)/increase:			
Intangible assets/Deferred acquisition costs	D.1.2	(252)	(300)
Holdings in related parties, including participations	D.1.2	16	9
Reinsurance recoverables	D.1.2	70	49
Receivables (trade, not insurance)	D.1.2	(14)	(15)
Total asset valuation differences		**(180)**	**(257)**
Liabilities decrease/(increase):			
Technical provisions	D.2.2	4,876	4,794
Other technical provisions (unallocated surplus)	D.2.2	380	414
Deferred tax liabilities	D.3.2	(659)	(469)
Insurance and intermediaries payables	D.3.2	11	8
Any other liabilities not elsewhere shown	D.3.2	33	44
Total liability valuation differences		**4,641**	**4,791**
Excess of assets over liabilities		**5,327**	**5,363**

Section E – Capital management continued

E.1 Own funds and analysis of solvency position continued

E.1.7 Analysis of solvency position – RAL

The table below summarises the solvency position for RAL as at 31 December 2021. The Own Funds QRT S.23.01.01 is included in Appendix 5.5.

Description	Section reference	31 December 2021 Total £m	31 December 2020 Total £m
Ordinary share capital and share premium	E.1.7.2	521	521
Surplus funds	E.1.7.2	1,275	1,311
Reconciliation reserve (pre-availability restrictions)[1]	E.1.7.2	2,600	4,031
Excess of assets over liabilities		**4,396**	**5,863**
Total Basic and Available Own Funds		**4,396**	**5,863**
Ring Fenced Fund restriction[1]	E.1.7.3	(507)	(679)
Eligible Own Funds to meet SCR		**3,889**	**5,184**
SCR	E.2.1	(2,499)	(2,807)
Solvency II surplus		**1,390**	**2,377**
Ratio of Eligible Own Funds to SCR	E.1.7.1	**156%**	**185%**
Shareholder capital coverage ratio	E.1.7.1	**165%**	**199%**
Eligible Own Funds to meet MCR	E.1.7.1	**3,889**	**5,184**
MCR		(625)	(702)
Excess over MCR	E.1.7.1	**3,264**	**4,482**
Ratio of Eligible Own Funds to MCR	E.1.7.1	**622%**	**739%**

1 The reconciliation reserve as shown on Own funds QRT includes the reconciliation reserve (pre availability restrictions) amount of £2,600 million (2020: £4,031 million) and Ring Fenced Fund restriction of £(507) million (2020: £(679) million). Details of non-available own funds are provided in section E.1.7.3.

E.1.7.1 Overview of Solvency position

As at 31 December 2021, the Solvency II surplus over SCR is £1,390 million (2020: £2,377 million), with a ratio of Eligible Own Funds to SCR of 156% (2020: 185%). The excess of Eligible Own Funds after deductions over the MCR is £3,264 million (2020: £4,482 million), with a ratio of Eligible Own Funds to MCR of 622% (2020: 739%).

RAL's Own Funds consists entirely of Tier 1 – unrestricted Own Fund items, and is principally comprised of ordinary share capital, share premium, surplus funds and reconciliation reserve. This includes TMTP which is included in the calculation of Basic Own Funds as Tier 1 capital. There are no Tier 1 – restricted, Tier 2 or Tier 3 Own Funds.

Excluding the SCR and Own Funds relating to unsupported with-profit funds and the Group loan, the Solvency II shareholder capital coverage ratio is 165% as at 31 December 2021 (2020: 199%).

E.1.7.2 Basic Own Funds items

The Basic Own Funds before deductions total £4,396 million (2020: £5,863 million) and comprise ordinary share capital, share premium, surplus funds and reconciliation reserve. Further details regarding each Basic Own Funds item are set out below.

Ordinary share capital and share premium

The issued and fully paid ordinary share capital and share premium of £521 million (2020: £521 million) is treated as unrestricted Tier 1 Own Funds, as it meets Tier 1 requirements.

Surplus funds

The Basic Own Funds include surplus funds of £1,275 million (2020: £1,311 million) which are classified as Tier 1 unrestricted Own Funds. Further details regarding the Solvency II treatment of surplus funds are set out in section E.1.3.1.

Reconciliation reserve

The reconciliation reserve is treated as Tier 1 unrestricted Own Funds. The reconciliation reserve may be subject to potential volatility and further details regarding the impact of various sensitivities on the excess of assets over liabilities which forms part of the Own Funds calculation are set out in section C.7.

Section E – Capital management continued

E.1 Own funds and analysis of solvency position continued

E.1.7 Analysis of solvency position – RAL continued

E.1.7.3 Availability restrictions

As shown in the summary table of RAL's solvency position (see section E.1.7), there is a deduction to Own Funds of £507 million (2020: £679 million) in respect of a RFF restriction. Further details regarding the Solvency II treatment for this restriction are included in section E.1.3.3.

The total excess of assets over liabilities for the RFFs and the Matching Adjustment portfolio are £1,975 million (2020: £2,327 million), and this is restricted by the £507 million (2020: £679 million) RFF restriction. There are no restrictions to the Matching Adjustment portfolio at 31 December 2021 (2020: none).

E.1.7.4 Analysis of movement in capital position

The table below provides an analysis of significant changes in the capital position during the year, including Own Funds, SCR and Solvency II surplus. As they do not contribute to the Solvency II surplus, all movements in Eligible Own Funds and SCR attributable to the unsupported with-profit funds have been presented as a single line in the analysis.

Analysis of movement in solvency position (£m)	Note	Eligible Own funds £m	SCR £m	Solvency II surplus £m
Opening position at 1 January 2021		**5,184**	**(2,807)**	**2,377**
Organic surplus generation	1	81	196	277
Methodology & assumptions changes	2	–	(130)	(130)
Management actions	3	263	51	314
Economic and other variances		**43**	**131**	**174**
Economic variances	4	186	(17)	169
Other variances	5	(143)	148	5
Intragroup capital flows	6	(1,622)	–	(1,622)
Movement in unsupported with-profit funds		(60)	60	–
Closing position at 31 December 2021		**3,889**	**(2,499)**	**1,390**

Note	Item	Information
1	**Organic surplus generation**	Organic surplus generation increased the Solvency II surplus by £277 million. This primarily reflects the run-off of capital requirements and risk margin, partially offset by the amortisation of TMTP.
2	**Methodology & assumptions changes**	Demographic and expense assumptions are reviewed throughout the year and resulted in an overall net £(130) million reduction in Solvency II surplus. The significant adverse assumption changes made as a result were in respect of expenses, GAO take-up rates, mortality and changes to actuarial models. This was partiality offset by the favourable impact of changes to longevity and persistency assumptions, reflecting updates in line with latest experience analyses.
3	**Management actions**	Delivery of management actions increased the Solvency II surplus by £314 million. This included the continued investment in illiquid assets within the Matching Adjustment portfolio, the recognition of a tax benefit following the favourable conclusion of discussions with HMRC in respect of certain excess management expenses associated with the acquired L&G mature savings business and balance sheet reviews.
4	**Economic variances**	Economic variances increased the Solvency II surplus by £169 million, driven by the impact of the mandatory TMTP recalculation as at 31 December 2021.
5	**Other variances**	Other variances increased the Solvency II surplus by £5 million due to a number of small one-off impacts.
6	**Intragroup capital flows**	Intragroup capital flows reduced the Solvency II surplus by £(1,622) million, reflecting the dividend paid to the parent company.

Section E – Capital management continued

E.1 Own funds and analysis of solvency position continued

E.1.7 Analysis of solvency position – RAL continued

E.1.7.5 Reconciliation of IFRS equity to excess of assets over liabilities

The table below provides an analysis of the key differences between RAL's net assets under IFRS and the excess of assets over liabilities under Solvency II.

Description	Section reference	31 December 2021 £m	31 December 2020 £m
Total equity per IFRS		**1,739**	**3,248**
Valuation differences:			
Assets (decrease)/increase:			
Intangible assets	D.1.2	(631)	(723)
Deferred tax assets	D.1.2	(4)	(8)
Reinsurance recoverables	D.1.2	(500)	(618)
Total asset valuation differences		**(1,135)**	**(1,349)**
Liabilities decrease/(increase):			
Technical provisions	D.2.2	3,754	3,816
Other technical provisions (unallocated surplus)	D.2.2	456	424
Deferred tax liabilities	D.3.2	(418)	(276)
Total liability valuation differences		**3,792**	**3,964**
Excess of assets over liabilities		**4,396**	**5,863**

E.1.8 Analysis of solvency position – RLL

The table below summarises the solvency position for RLL as at 31 December 2021. The Own Funds QRT S.23.01.01 is included in Appendix 6.4.

Description	Section reference	31 December 2021 Total £m	31 December 2020 Total £m
Ordinary share capital	E.1.8.2	64	64
Reconciliation reserve (pre-availability restrictions)[1]	E.1.8.2	169	173
Basic, Available and Eligible Own Funds to meet SCR		**233**	**237**
SCR	E.2.1	(37)	(20)
Solvency II surplus		**196**	**217**
Ratio of Eligible Own Funds to SCR	E.1.8.1	**636%**	**1,191%**
Shareholder capital coverage ratio	E.1.8.1	**636%**	**1,191%**
Eligible Own Funds to meet MCR	E.1.8.1	**233**	**237**
MCR		(17)	(9)
Excess over MCR	E.1.8.1	**216**	**228**
Ratio of Eligible Own Funds to MCR	E.1.8.1	**1,414%**	**2,647%**

1 The reconciliation reserve is the excess of assets over liabilities of £233 million (2020: £237 million) deducts the ordinary share capital £64 million (2020: £64 million) and treated as Tier 1 unrestricted Own Funds.

E.1.8.1 Overview of Solvency position

As at 31 December 2021, the Solvency II surplus over the SCR is £196 million (2020: £217 million), with a ratio of Eligible Own Funds to SCR of 636% (2020: 1,191%). The excess of Eligible Own Funds after deductions over the MCR is £216 million (2020: £228 million), with a ratio of Eligible Own Funds to MCR of 1,414% (2020: 2,647%).

E.1 Own funds and analysis of solvency position continued

E.1.8 Analysis of solvency position – RLL continued

E.1.8.1 Overview of Solvency position continued

RLL's Own Funds consists entirely of Tier 1 – unrestricted Own Fund items, and is principally comprised of ordinary share capital and reconciliation reserve. This includes TMTP which is included in the calculation of Basic Own Funds as Tier 1 capital. There are no Tier 1 – restricted, Tier 2 or Tier 3 Own Funds.

There are no deductions for restricted assets in respect of RFFs, Matching Adjustment portfolios, encumbrances or foreseeable dividends

Excluding the SCR and Own Funds relating to unsupported with-profit funds and the Group loan, the Solvency II shareholder capital coverage ratio is 636% as at 31 December 2021 (2020: 1,191%).

E.1.8.2 Basic Own Funds items

The Basic Own Funds total £233 million (2020: £237 million) and comprise ordinary share capital and reconciliation reserve. Further details regarding each Basic Own Funds item are set out below.

Ordinary share capital

The issued and fully paid ordinary share capital of £64 million (2020: £64 million) is treated as unrestricted Tier 1 Own Funds, as it meets Tier 1 requirements.

Reconciliation reserve

The reconciliation reserve is treated as Tier 1 unrestricted Own Funds. The reconciliation reserve may be subject to potential volatility and further details regarding the impact of various sensitivities on the excess of assets over liabilities which forms part of the Own Funds calculation are set out in section C.7.

E.1.8.3 Analysis of movement in capital position

Analysis of movement in solvency position (£m)	Note	Eligible Own funds £m	SCR £m	Solvency II Surplus £m
Opening position at 1 January 2021		**237**	**(20)**	**217**
Economic and other variances	1	(4)	(17)	(21)
Closing position at 31 December 2021		**233**	**(37)**	**196**

Note	Item	Information
1	**Economic and other variances**	Solvency II surplus has reduced by £21 million as a result of an increase in capital requirements, specifically on the market and operational risk capital relating to surplus units held by the shareholder.

E.1 Own funds and analysis of solvency position continued

E.1.8 Analysis of solvency position – RLL continued

E.1.8.4 Reconciliation of IFRS equity to excess of assets over liabilities

Description	Section reference	31 December 2021 £m	31 December 2020 £m
Total equity per IFRS		**100**	**85**
Valuation differences:			
Assets (decrease)/increase:			
Deferred acquisition costs	D.1.2	(23)	(34)
Reinsurance recoverables	D.1.2	(456)	(529)
Total asset valuation differences		**(479)**	**(563)**
Liabilities decrease/(increase):			
Technical provisions	D.2.2	448	505
Deferred tax liabilities	D.3.2	(14)	(4)
Any other liabilities not elsewhere shown	D.3.2	178	214
Total liability valuation differences		**612**	**715**
Excess of assets over liabilities		**233**	**237**

E.1.9 Analysis of solvency position – SLPF

The table below summarises the solvency position for SLPF as at 31 December 2021. The Own Funds QRT S.23.01.01 can be found at Appendix 7.4.

Description	Section reference	31 December 2021 Total £m	31 December 2020 Total £m
Reconciliation reserve (pre-availability restrictions)[1]	E.1.9.2	10	9
Basic, Available and Eligible Own Funds to meet SCR		**10**	**9**
SCR	E.2.1	–	(2)
Solvency II surplus		**10**	**7**
Ratio of Eligible Own Funds to SCR	E.1.9.1	**2,944%**	**548%**
Shareholder capital coverage ratio	E.1.9.1	**2,944%**	**548%**
Eligible Own Funds to meet MCR	E.1.9.1	**10**	**9**
MCR		(3)	(3)
Excess over MCR	E.1.9.1	**7**	**6**
Ratio of Eligible Own Funds to MCR	E.1.9.1	**336%**	**284%**

1 The reconciliation reserve is the excess of assets over liabilities of £10 million (2020: £9 million) and treated as Tier 1 unrestricted Own Funds.

E.1 Own funds and analysis of solvency position continued

E.1.9 Analysis of solvency position – SLPF continued

E.1.9.1 Overview of Solvency position

As at 31 December 2021, the Solvency II surplus over SCR is £10 million (2020: £7 million), with a ratio of Eligible Own Funds to SCR of 2,944% (2020: 548%). The excess of Eligible Own Funds after deductions over the MCR is £7 million (2020: £6 million), with a ratio of Eligible Own Funds to MCR of 336% (2020: 284%).

SLPF's Own Funds consists entirely of Tier 1 – unrestricted Own Fund items and comprise of ordinary share capital and reconciliation reserve. There are no Tier 1 – restricted, Tier 2 or Tier 3 Own Fund items.

There are no deductions for restricted assets in respect of RFFs, Matching Adjustment portfolios, encumbrances or foreseeable dividends.

E.1.9.2 Basic Own Funds items

The Basic Own Funds total £10 million (2020: £9 million) and comprise ordinary share capital and a reconciliation reserve. Further details regarding each Basic Own Funds item are set out below.

Ordinary share capital

The issued and fully paid ordinary share capital is less than £1 million and is treated as unrestricted Tier 1 Own Funds, as it meets Tier 1 requirements. The Articles of Association of SLPF include the right to cancel and withhold dividends at any time prior to payment.

Reconciliation reserve

The reconciliation reserve is treated as Tier 1 unrestricted Own Funds. The reconciliation reserve may be subject to potential volatility and further details regarding the impact of various sensitivities on the excess of assets over liabilities which forms part of the Own Funds calculation are set out in section C.7.

E.1.9.3 Analysis of movement in capital position

SLPF's analysis of significant changes in the capital position during the year, including Own Funds, SCR and Solvency II surplus are combined with SLAL's and shown in section E.1.6.4.

E.1.9.4 Reconciliation of IFRS equity to excess of assets over liabilities

The table below provides an analysis of the key differences between SLPF's net assets under IFRS and the excess of assets over liabilities under Solvency II.

Description	Section reference	31 December 2021 £m	31 December 2020 £m
Total equity per IFRS		11	11
Valuation differences:			
Liabilities (increase)/decrease:			
Technical provisions	D.2.2	(1)	(2)
Total liability valuation differences		**(1)**	**(2)**
Excess of assets over liabilities		**10**	**9**

Section E – Capital management
continued

E.1 Own funds and analysis of solvency position continued

E.1.10 Analysis of solvency position – PA(GI)

The table below summarises the solvency position for PA(GI) as at 31 December 2021. The Own Funds QRT S.23.01.01 is included in Appendix 8.3.

Description	31 December 2021 Total £m	31 December 2020 Total £m
Ordinary share capital	3	3
Reconciliation reserve	1	1
Basic, Available and Eligible Own Funds to meet SCR	**4**	**4**
SCR	(1)	(2)
Excess over SCR	**3**	**2**
Ratio of Eligible Own Funds to SCR	**307%**	**276%**
Eligible Own Funds to meet MCR	**4**	**4**
MCR	(3)	(3)
Solvency II surplus	**1**	**1**
Ratio of Eligible Own Funds to MCR	**116%**	**128%**

As at 31 December 2021, the surplus over the SCR is £3 million (2020: £2 million), with a ratio of Eligible Own Funds to SCR of 307% (2020: 276%). The excess of Eligible Own Funds after deductions over the MCR is £1 million (2020: £1 million), with a ratio of Eligible Own Funds to MCR of 116% (2020: 128%). The Solvency II surplus is therefore determined with reference to the MCR, which is the biting constraint for PA(GI).

PA(GI)'s Own Funds consists entirely of Tier 1 – unrestricted Own Fund items, and is principally comprised of ordinary share capital and reconciliation reserve. There are no Tier 1 – restricted, Tier 2 or Tier 3 Own Fund items.

There are no deductions for restricted assets in respect of RFFs, Matching Adjustment portfolios, encumbrances or foreseeable dividends.

There are no differences between PA(GI)'s equity under IFRS and the excess of assets over liabilities under Solvency II.

Section E – Capital management
continued

E.2 Solvency capital requirement and minimum capital requirement

E.2.1 Solvency capital requirement

The Group and insurance subsidiaries' SCR as at 31 December 2021 is presented in the tables below.

Analysis of SCR – 31 December 2021	PLL[1] £m	PLAL £m	PA(GI) £m	SLAL[2] £m	Other Group Entities that use Internal Model £m	Group Internal Model adjustments £m	PGH Group harmonised Internal Model £m
Underwriting risk (i.e. insurance risk)[3]	1,453	741	–	2,362	63	(240)	4,379
Market risk	773	307	–	891	1,068	(963)	2,076
Credit risk	1,736	464	–	1,379	64	(456)	3,187
Operational risk	378	130	1	581	–	(582)	508
Other risks	–	–	–	–	155	23	178
Total undiversified SCR	**4,340**	**1,642**	**1**	**5,213**	**1,350**	**(2,218)**	**10,328**
Diversification benefits[4]	(1,252)	(561)	–	(1,749)	(628)	1,149	(3,041)
Management actions	(53)	–	–	–	–	–	(53)
LACDT	(351)	(54)	–	(467)	–	34	(838)
End-piece adjustments	(28)	49	–	–	–	(67)	(46)
Total SCR	**2,656**	**1,076**	**1**	**2,997**	**722**	**(1,102)**	**6,350**

Analysis of SCR – 31 December 2021	RAL £m	RLL £m	SLIDAC £m	Other Group Entities that use Standard Formula £m	Group Standard Formula adjustments £m	PGH Group Standard Formula £m	PGH Group Partial harmonised Internal Model £m
Underwriting risk (i.e. insurance risk)[3]	1,842	–	160	253	–	2,255	6,634
Market risk	1,017	16	153	85	(506)	765	2,841
Credit risk	1,067	8	68	30	14	1,187	4,374
Operational risk	150	17	69	3	(17)	222	730
Other risks	–	–	–	–	–	–	178
Total undiversified SCR	**4,076**	**41**	**450**	**371**	**(509)**	**4,429**	**14,757**
Diversification benefits[4]	(1,182)	(4)	(106)	(94)	470	(916)	(3,957)
Management actions	–	–	–	–	–	–	(53)
LACDT	(395)	–	–	24	(1)	(372)	(1,210)
End-piece adjustments	–	–	–	–	(29)	(29)	(75)
Total SCR	**2,499**	**37**	**344**	**301**	**(69)**	**3,112**	**9,462**

1 PLL SCR reflects SCR in respect of its own direct risk exposures, but also in respect of a look through to its participation in PUTM. PUTM is a UCITS management company and under the regulations, its SCR has been determined in accordance with the relevant sectoral rules.
2 SLAL SCR reflects SCR in respect of its own direct risk exposures, but also in respect of a look through to its participation in SLPF.
3 Underwriting risk includes diversification within the Underwriting risk category (i.e. diversification between longevity risk, mortality risk, expense risk, etc.).
4 Diversification benefits cover the residual diversification between the risk categories of Underwriting risk, Market risk, Credit risk, etc.

Each of the risk categories included within the total undiversified SCR have been described in further detail in sections C1 to C6.

Diversification arises when the adverse outcome from one risk can be offset by a more favourable outcome from another risk, where those risks are not perfectly correlated. Diversification benefits are determined using a full risk distribution.

The effect of management actions recognised within the SCR primarily relate to the with-profit funds. Such actions include reducing reversionary and terminal bonus rates, removing past conditional estate distributions, and increasing asset share/guarantee charges under stressed conditions. The management actions assumed for each fund are consistent with the fund's PPFM.

Section E – Capital management
continued

E.2 Solvency capital requirement and minimum capital requirement continued

E.2.1 Solvency capital requirement continued

The Group SCR has also been reduced by £1,210 million for the loss-absorbing capacity of deferred taxes ('LACDT'). The LACDT adjustment represents the change in value of deferred tax assets and liabilities following a 1:200 one-year stress event consistent with the overall SCR assessment. All of the LACDT for the Group and the Life insurance subsidiaries is expected to be available through a reduction in the value of deferred tax liabilities predominantly in relation to future profits to emerge from unit-linked business and transfers from with-profit funds. None of LACDT arises from the carry back of losses to 2021.

End-piece adjustments represent a range of adjustments which are applied to the post-diversified SCR when aggregating to the PGH Group level.

The final SCR is still subject to supervisory assessment. There are no capital add-ons and the Group has not applied to use undertaking specific parameters when calculating the Standard Formula SCR for entities which are outside of the scope of the harmonised Internal Model.

E.2.2 Changes in SCR

An explanation of the drivers of material changes to the SCR are set out in section E.1.3.

E.2.3 Minimum consolidated group SCR

In accordance with the regulations, the MGSCR is defined as the sum of the MCR for all the insurance subsidiaries consolidated into the Group under Method 1.

As set out in section E.1.3.4, the Group's MCR at 31 December 2021 is £2,965 million (2020: £1,934 million).

The MCR for each insurance subsidiary is calculated according to a formula prescribed by the regulations and is subject to a floor of 25% of the SCR or EUR 3.7 million, whichever is higher, and a cap of 45% of the SCR. The MCR formula is based on factors applied to the technical provisions and capital at risk as at 31 December 2021.

The components of the overall calculation of the MCR as at 31 December 2021 are:

Calculation of MCR – 31 December 2021	PLL £m	PLAL £m	SLAL £m	RAL £m	RLL £m	SLPF £m	PAGI £m	SLIDAC £m	PGH £m
MCR before the application of floors and caps	494	140	1,276	562	49	–	–	108	
MCR cap (45% of SCR)	1,195	484	1,349	1,125	17	–	1	155	
MCR floor (higher of 25% of SCR or EUR 3.7 million)	664	269	749	625	9	3	3	86	
MCR (post application of floors and caps)	**664**	**269**	**1,276**	**625**	**17**	**3**	**3**	**108**	**2,965**

The changes in MCR during the reporting period are set out below:

Analysis of change in MCR	PLL £m	PLAL £m	SLAL £m	RAL £m	RLL £m	SLPF £m	PAGI £m	SLIDAC £m	ARK[1] £m	PGH £m
1 January 2021	851	343	–	702	9	–	3	–	26	1,934
31 December 2021	664	269	1,276	625	17	3	3	108	–	2,965
Movement in MCR	**(187)**	**(74)**	**1,276**	**(77)**	**8**	**3**	**–**	**108**	**(26)**	**1,031**

1 Ark Life was disposed of by the Group during 2021.

Following the implementation of the harmonised Internal Model, SLAL, SLPF and SLIDAC were brought into the scope of the Method 1 Group and therefore contribute to the MGSCR as at 31 December 2021. For the existing Method 1 insurance undertakings, the MCR at both the current and previous reporting periods is primarily based on the 25% SCR floor and therefore the change in SCR in the period is the driver for the changes in MCR.

E.3 Use of the duration-based equity risk sub-module in the calculation of the solvency capital requirement

The UK has not implemented the option in the regulations to permit the use of this sub-module for the Standard Formula calculation, and therefore neither the Group nor any of the Life Companies that utilise the Standard Formula use the duration-based equity risk sub-module in the calculation of the SCR.

Section E – Capital management
continued

E.4 Differences between the standard formula and any internal model used

This section outlines the purpose of the Internal Model, its scope, methodology and assumptions, key differences between Standard Formula and Internal Model, and the nature and appropriateness of data used.

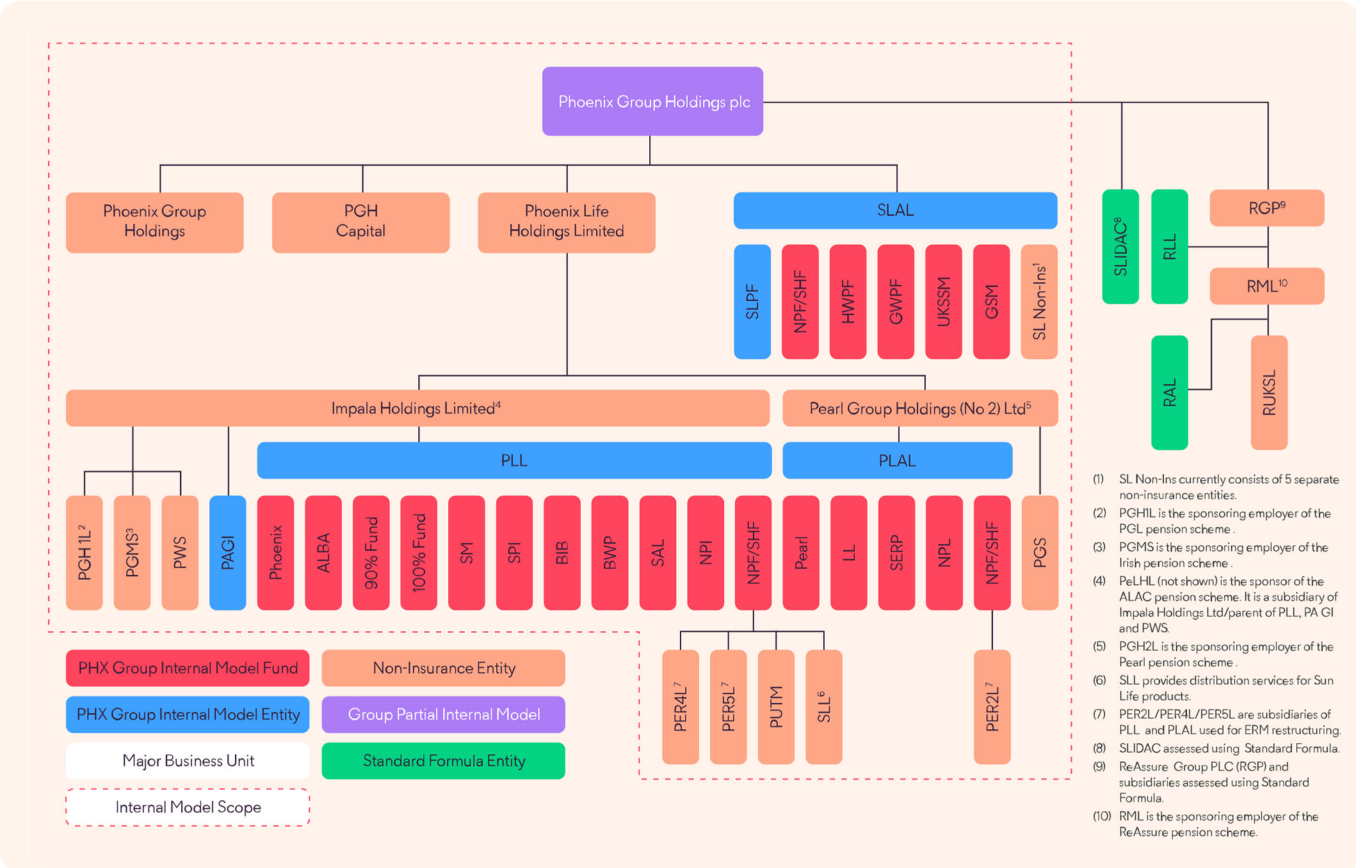
E.4.1 Scope of internal model

Coverage

Following completion of the 2020 Major Model Change application, the Group operates a single harmonised Partial Internal Model, with the Internal Model covering all entities of the Group except SLIDAC and the ReAssure entities, which remain on the Standard Formula.

A harmonisation programme to bring the ReAssure group of companies into the scope of the Group's Internal Model has been planned.

The diagram below sets out a simplified view of the current Group structure, which details the entities and funds within the scope of the Internal Model as at 31 December 2021.



E.4 Differences between the standard formula and any internal model used continued

E.4.1 Scope of internal model continued

Risk categories

A key element of the Group's risk strategy is to ensure that the Group has a robust understanding of the risks it faces. This is achieved through regular monitoring and reporting of risks. Further details are included in section B.3.

All key risks (i.e. those prescribed under the Standard Formula or the risks specific to the insurance subsidiaries and Group as defined under the Group's Internal Model) in the risk universe are within the scope of the Phoenix Group Partial Internal Model.

Capital is held against all risks within the risk universe, unless:

- the risk is one that would not be expected to impact Own Funds; or
- exposure to the risk is not significant; or
- there is a dedicated risk management process in place to ensure that the risk exposure remains immaterial or is unlikely to arise at all; or
- the risk is not quantifiable and is more appropriately managed using other techniques.

Justification for not holding capital for any risks within the risk universe is documented and approved by senior management. This position is re-assessed on a regular cycle or sooner if specified trigger events have occurred.

E.4.2 Uses of the internal model

The harmonised Phoenix Group Partial Internal Model (shortened to 'Internal Model' hereafter) is widely used in and plays an important role in the system of governance (in particular, the risk management system), decision-making, solvency capital assessment and allocation of capital throughout the Group.

Internal Model outputs (principally the balance sheet and stress and scenario analysis) are used to inform decisions which impact the risk profile or capital requirements.

Setting risk appetite

As outlined in section B.3, the Group sets its risk appetite to manage risks, and this is reviewed annually. Risk appetite establishes the boundaries within which the Group is willing to operate, and the amount of risk that it wishes to accept.

The risk appetite statement is regularly reviewed through scenario analysis which covers a range of material risks from the risk universe. Results are regularly presented to the Life and Group Boards.

Informing risk reporting

The Group's risk reporting framework summarises the risk profile of the Group and is regularly presented to management committees and the Boards. Each report is structured around the risk universe and summarises key risk management information, including the risk appetite dashboard and a breakdown of risk capital by individual risk categories.

Setting capital management policy

Capital management policies are set by the Group and each regulated Life Company, in order to provide an additional level of solvency protection over the SCR. Capital policies are set by reference to risk appetite scenarios and reviewed annually.

Decision-making in respect of Group funding

Outputs from the Internal Model are used as the basis for recommendations regarding the release of cash from the Life Companies, for payment of dividends to shareholders or to meet other obligations within the Group.

Informing decisions on significant projects and strategic activity

When determining the viability of a project (for example, a funds merger or acquisition) or a change in strategy, the impacts on financial metrics utilising outputs from the Internal Model will be a key consideration.

Establishing the Annual Operating Plan ('AOP')

The AOP is used to review the expected financial performance of the Group and to ensure it remains aligned with the overall strategy and risk appetite. This involves the production of financial projections using a central set of assumptions. Stress and scenario testing is completed in line with the Group's Risk Appetite Framework. Further details on stress and scenario testing are included in section C.

Setting investment strategy

Outputs from the Internal Model are used for setting investment strategy. The investment of assets is a core activity that allows the Group to enhance value and meet policyholder expectations. The Group generates value through investing in a range of asset classes. Policies are in place that set out the strategy to be followed to manage the various investment risks.

Section E – Capital management continued

E.4 Differences between the standard formula and any internal model used continued

E.4.2 Uses of the internal model continued

Setting assumptions

Assumptions are required to be set for the Group's modelled risks. These assumptions are derived from a range of sources, which include Internal Model outputs, experience analysis, industry benchmarking and expert judgement. Setting of assumptions is subject to extensive governance review and sign-off.

New Business Pricing

Internal Model outputs are used in new business pricing which includes vesting annuities, Bulk Purchase Annuities, SunLife protection business and SLAL pensions new business.

Other uses

In addition to the above uses, Internal Model outputs are also used for external reporting, tax planning and setting the Group's remuneration policy.

E.4.3 Partial nternal model

The Group SCR is determined on a Partial Internal Model basis as it is a combination of Internal Model and Standard Formula components.

The aggregation approach involves summing the SCR for the Standard Formula and Internal Model components, without allowing for any diversification between these two components.

E.4.4 Internal model stress calibration

Overview

The Group has adopted a simulation-based method to calculating the SCR known as the Full Risk Distribution ('FRD') approach. A simulation approach derives a probability distribution forecast using potential profits and losses which arise within a business under a range of real world scenarios. As the number of scenarios increases, the results converge to the distribution being modelled.

The methodology for determining the SCR has the following key stages:

1. Determine the marginal probability distribution ('PDF') function for each individual risk. The majority of market and credit risks are assessed and calibrated through Phoenix's market calibration model. In this case, full marginal forecasts will be produced by fitting statistical distributions based on analyses of empirical data. For insurance risks, where there is not the same richness of empirical data, calibrations at specific percentiles are considered based on a combination of expert judgement and available data. The marginal PDF therefore also needs to be based on expert judgement, with validation of the level of stress at key points on the PDF where appropriate.

2. Using proxy models, determine loss functions for each risk, which attach a profit or loss to changes in the risk factor at each probability level. Proxy models are used for this purpose in place of heavy model runs due to the very large volume of simulations conducted. Loss functions will also capture interactions with other risks.

3. Simulate up to 2 million real world scenarios. In each scenario, all of the individual risks are stressed. The dependency structure component of the simulation based approach effectively joins the individual risk (i.e. marginal risk distributions) to create the joint distribution. The Internal Model uses the Gaussian copula to define the dependency structure.

4. Evaluate profits and losses for each scenario at a fund level (or lower level of granularity).

5. Aggregate profits and losses to an entity and/or Group level.

6. Rank the entity and/or Group profits and losses and determining the 99.5th percentile loss for the SCR. The actual scenario for the SCR can vary significantly from scenario to scenario, but a "smoothed view" is obtained by averaging scenarios which bracket the 99.5th percentile loss. The more stable view is referred to as the Representative Scenario.

7. Allocate the resulting entity/Group level SCR (which includes diversification) to the underlying entities, funds and risks in order to inform management of the business and reporting requirements.

8. Adjustments may then need to be made to the SCR results for: the application of non-dynamic management actions, i.e. those management actions not already reflected in the proxy models thus far and that would be taken under adverse scenarios; LACDT; and any other adjustments that are not reflected via the proxy models.

Section E – Capital management
continued

E.4 Differences between the standard formula and any internal model used continued

E.4.5 Methodology and assumption differences between standard formula and internal model

This section includes an explanation of the main differences in methodologies and underlying assumptions used in the Standard Formula and Internal Model SCR.

E.4.5.1 Structural model differences

The structure of the Standard Formula and Internal Model methodology are similar in that for each univariate risk the stressed value of assets and liabilities is compared with the unstressed value of assets and liabilities to determine the univariate SCR. Univariate risk capital amounts are then aggregated to produce an overall SCR.

However, under the Standard Formula, univariate stress tests are aggregated using a correlation matrix rather than modelling the full risk distribution.

E.4.5.2. Differences in the nature of risks considered and application of the stress

The main difference between the assessment of risks under the Internal Model and Standard Formula is that the Internal Model assessment is based on risks relevant to the Group rather than prescribed stresses under the Standard Formula.

The key differences in the risks considered and the stresses applied in the Internal Model are set out below.

It should be noted that where the application (or "form") of the Internal Model and Standard Formula stresses are the same, the quantum of the stress calibration may still differ.

Market risk

Equity Risk – the Internal Model considers the most onerous impact of an upwards and downwards movement in equity values. Changes to the level of implied equity volatility are also considered, together with the impact of equity basis risk on risk mitigating instruments. The Standard Formula considers a fall to equity values that is varied (via the equity dampener) to reflect market conditions at the valuation date.

Interest rate risk – the Internal Model considers a range of upward and downward shifts and twists in the yield curve. The Standard Formula applies a single upward stress and a single downward stress. The Internal Model also considers changes to the level of implied interest rate volatility.

Swap spread risk – the Internal Model considers the impact of a movement in gilt yields relative to swap yields (and also the movement in other AAA sovereign/supranational bond yields relative to swaps). This risk is not considered under the Standard Formula.

Currency risk – the Internal Model considers up and down movements in different currencies independently, the Standard Formula assumes the currency movements are perfectly correlated. The Internal Model also considers movements in swap rates across different currencies. Both the currency stresses and the swap margin stress are then correlated.

Commercial Property risk – the Internal Model considers both upward and downward movements in property values, while the Standard Formula only considers falls. The Internal Model also considers changes in the level of implied property volatility.

Residential Property risk – the expected cashflows from the underlying ERM assets are restructured in a special purpose vehicle to produce Matching Adjustment eligible 'ERM loan notes'. The Internal Model looks through to the potential risks impacting the underlying ERM assets, and assesses the impact on the value of the ERM loan notes. These risks include a fall in property values, a rise in property volatility, prepayment risk, longevity risk, morbidity risk and interest rate risk. Under the Standard Formula, ERM loan notes would be treated as a type 2 securitisation and stressed in the credit spread stress.

Alternative asset risk – the Internal Model considers the deterioration to the capital position as a result of changes in the level or volatility of alternative asset values. The risk exposure and stresses for each alternative asset is determined by looking through to the underlying investments. Alternative assets include hedge funds, absolute return funds, collateralised debt obligations and leveraged loans. The risk of fraud within hedge funds is also explicitly considered. Under the Standard Formula, alternative investments are considered as part of the equity stress.

E.4 Differences between the standard formula and any internal model used continued

E.4.5 Methodology and assumption differences between standard formula and internal model continued

E.4.5.2. Differences in the nature of risks considered and application of the stress continued

Inflation risk – for the Internal Model, a shift and a twist in the inflation curve is considered. Inflation volatility is also stressed. A further additive stress is applied to the gap between RPI and CPI. Under the Standard Formula, inflation risk is captured in the interest rate risk stress and inflation volatility risk is not captured.

Concentration risk – no explicit concentration risk capital is held under the Internal Model. Instead, concentration risk is allowed for implicitly within other risk modules, via the assumption setting process. The Standard Formula assesses concentration risk as a separate risk driver.

Credit risk

Market credit spread risk – the Internal Model considers both a widening and narrowing of credit spreads to corporate bond type assets. The Standard Formula considers a widening of credit spreads for corporate bond type assets, together with a separate stress applied to securitisations, and a bi-directional stress for credit derivatives.

Counterparty default risk –the Internal Model considers the increase in risk margin from a reinsurance default event. Outsourcer default risk is a bespoke calculation under the Internal Model which is not included in the Standard Formula.

Insurance risk

Mortality / catastrophe risk – the Internal Model mortality stress includes a trend element, while the Standard Formula stress does not. The Internal Model application of all other aspects of the stresses is the same as the Standard Formula (although as stated above, the calibration may differ).

Morbidity / disability risk – the Internal Model applied a flat rate stress to all business. The Standard Formula approach to morbidity risk considers a term dependent stress.

Longevity risk – the Internal Model performs two separate stresses covering changes in base table mortality and future longevity improvements. The Standard Formula does not apply a longevity improvements stress, and longevity stresses are not applied to the staff pension schemes under the Standard Formula.

Proportion Married – the Internal Model makes allowance for increases in the proportion married assumption where relevant. There is no allowance for proportion married risk in Standard Formula.

Lapse risk – the Standard Formula considers the most onerous of an increase in lapse rates, a decrease in lapse rates and a mass lapse scenario. The Internal Model considers three separate persistency risk factors:

1. Dependent persistency – the risk of a major shock to persistency experience as a result of events initiated in the next 12 months.
2. Independent persistency – the risk the current best estimate assumption is inappropriate and the risk of fluctuations around the best estimate assumptions where these factors are unlikely to be materially influenced by economic factors.
3. Financial guarantee persistency risk – the risk the current best estimate assumption is inappropriate and the risk of fluctuations around the best estimate assumptions where these factors are likely to be materially influenced by economic factors. This risk factor primarily relates to the risk of policyholders staying and exercising their guarantees /options where valuable long term financial guarantees are present.

Expense risk – the Standard Formula stress reflects an immediate increase in expenses, together with an increase to expense inflation. The Internal Model stress reflects an immediate increase in expenses, together with a Service Company stress. This stress covers the risk that the Service Companies cannot fulfil their obligations based on the current charges they receive from the Life Companies and the Life Companies incur additional expenses as a result.

New business pricing risk – under the Internal Model allowance is made for new business pricing risk. Allowance for new business risk is not required under the Standard Formula.

ERM prepayment risk – under the Internal Model, Voluntary Early Repayment ("VER" or "prepayment") risk is the risk that ERMs are redeemed at different rates than assumed potentially resulting in reduced revenue and /or financial losses. This VER risk is distinct from the allowance made for ERM prepayment under Market Risk, which covers instead changes in prepayment rates as a result of interest rate movements. There is no equivalent VER stress applied to ERMs under the Standard Formula.

Financial Soundness risk

Tax risk – the Internal Model considers the risk of an increase in tax rates or challenges from HMRC in respect of previously submitted tax returns. This risk is not covered under the Standard Formula.

E.4 Differences between the standard formula and any internal model used continued

E.4.5 Methodology and assumption differences between standard formula and internal model continued

E.4.5.2. Differences in the nature of risks considered and application of the stress continued

Operational Risk

Operational risk – under the Internal Model, a range of operational risks are assessed using a frequency-severity approach, and combined using a Gaussian copula that uses a 2-tier correlation matrix as an input. The Standard Formula uses a formulaic approach.

Strategic Risk

Strategic risk encompasses the risks arising from a sub-optimal business strategy or sub-optimal implementation of the strategy. Under the Internal Model, risk capital is held to cover the costs which could be incurred if some investment management agreements are dissolved. No equivalent stress is required under the Standard Formula.

E.4.5.3 Other methodology and assumption differences

A number of other differences exist between the harmonised Internal Model and Standard Formula. The key differences are explained below.

Aggregation

Internal Model

As highlighted in section E.4.5.1 above, the harmonised Internal Model aggregation approach is based on a full risk distribution rather than correlation matrices used in the Standard Formula.

The Internal Model uses a simulation based approach to aggregate risk capital requirements in the calculation of the SCR. The dependency structure component of the simulation based approach effectively joins the individual marginal risk distributions to create the joint distribution. The Internal Model uses the Gaussian copula to define the dependency structure. The Gaussian copula is parameterised using a pairwise correlation matrix.

Loss functions define how the value of basic own funds moves when subjected to one or more risk factor changes. Non-linear interactions between losses are allowed for via non-linear terms within the loss functions. Therefore non-linearity of risks is captured within each of the simulations. Interactions between risks are allowed for via cross terms within the loss functions.

Under the FRD approach, the directionality of risks is reflected in the generation of the real world scenarios, taking into account the marginal risk distributions and joint dependency structure.

The Internal Model permits diversification between Matching Adjustment portfolios, shareholder-supported with profit funds and pension schemes and other non-ring-fenced funds and entities. No diversification is allowed with self-supporting with profit funds and pension schemes. The Standard Formula does not allow any diversification with ring fenced funds (whether or not they are shareholder-supported) or Matching Adjustment portfolios.

Standard Formula

The SCR for the Standard Formula entities of the Group is aggregated using a correlation matrix approach, and then added to the rest of the Group without allowing for any diversification between Standard Formula and Internal Model entities.

E.4 Differences between the standard formula and any internal model used continued

E.4.5 Methodology and assumption differences between standard formula and internal model continued

E.4.5.3 Other methodology and assumption differences continued

Management actions

For the Group, management actions primarily apply to with-profit funds. The management actions available for use in the calculation of the SCR for each with-profit fund are consistent with those actions set out in the funds' PPFM.

The SCR for a with-profit fund allows for 'dynamic' management actions and additionally may allow for 'non-dynamic' management actions.

Dynamic management actions reflect those actions that form part of normal working practice, for example, varying annual and final bonus rates in the calculation of base and stressed technical provisions.

Non-dynamic management actions are additional actions that are not considered part of normal day-to-day working practice, for example, removal of past conditional estate distributions, removing future smoothing or increased asset share/guarantee charges.

Under the Group's Internal Model, allowance is made for non-dynamic actions within each simulation if they are available. Non-dynamic management actions are only taken in the SCR to the extent required to restore surplus funds to zero. Apart from removal of conditional estate distributions, management actions are restricted so that no credit is taken against non-chargeable risks events. Certain BPAs are temporarily being held in the non-Matching portfolio pending a matching adjustment application in relation to associated reinsurance contracts. In the event of reinsurer default there is a management action to transfer those BPAs and recovered reinsurance assets into the Matching Adjustment portfolio, thereby resulting in a lower loss on default. The Standard Formula approach to management actions involves calculating two different measures, the net Basic SCR ('nBSCR') and gross Basic SCR ('BSCR'). No allowance for management actions is made in the BSCR. In the nBSCR, dynamic management actions are allowed for in each univariate stress. Non-dynamic management actions can then subsequently be used in each univariate stress to offset the part of the SCR caused by a negative estate. The difference between the BSCR and nBSCR is used to derive the Loss Absorbing Capacity of Technical Provisions ('LACTP').

Risk mitigating techniques

Risk mitigating techniques represent arrangements that have been entered into by the Group with the aim of transferring part or all of the risk associated with a particular element of the business. These techniques aim to mitigate against:

- market /credit risks – through the use of instruments such as derivatives; and
- underwriting risks – through the use of reinsurance arrangements.

These arrangements introduce additional default risk in relation to the arrangement counterparty(s). This risk is managed in many cases through the use of collateral arrangements.

Under Solvency II, there are strict criteria that must be met in order for an instrument to qualify as risk mitigating. Differences between the Internal Model and Standard Formula methodology are summarised below.

Risk mitigation criteria – the Standard Formula rules specify a strict list of criteria that must be met in order to allow a risk mitigation benefit. Internal Model requirements are less prescriptive, but broadly consistent with the Standard Formula (with the exception of basis risk).

Basis risk – only risk mitigating instruments with no (or immaterial) basis risk provide a capital benefit under the Standard Formula SCR. Internal Model basis risk is captured through reductions in the effectiveness of the risk mitigating instrument under the relevant stressed conditions. This is achieved by allowing for only a proportion of the change in the movement of the risk mitigating instrument under stressed conditions.

Financial risk mitigation – under the Standard Formula, where the instrument is fully risk mitigating, both the risk mitigating instrument and the asset/liability being hedged will not be stressed. Where the instrument is not fully risk mitigating, the risk mitigating instrument and the asset/liability being hedged will be stressed in tandem, provided that the instrument is not subject to material basis risk. If the instrument is subject to material basis risk, then no capital benefit will be recognised for the instrument under stress. Under the Internal Model, the risk mitigating instrument and the asset/liability being hedged are stressed in tandem, with an allowance for any basis risk.

Insurance risk mitigation – under the Standard Formula, if reinsurance arrangements are fully risk mitigating, then the value of the reinsurance asset will be re-valued under each stress in line with the reinsured liabilities. If the arrangement is partially risk mitigating, the reinsurance asset will be re-valued under each stress to the extent that the associated (stressed) collateral covers the risk exposure. If the arrangement is not risk mitigating, the reinsurance asset is not stressed, but the reinsured liabilities will be stressed. The Internal Model approach takes the full risk mitigation benefit, as Phoenix considers all of its reinsurance arrangements to be fully risk mitigating subject to allowance for counterparty default risk.

E.4 Differences between the standard formula and any internal model used continued

E.4.5 Methodology and assumption differences between standard formula and internal model continued

E.4.5.3 Other methodology and assumption differences continued

Counterparty default risk on risk mitigating instruments – under the Standard Formula, counterparties are classified into Type 1 and Type 2 exposures. An exposure is Type 1 if credit rating and diversification criteria are met. Other exposures are Type 2. The risk capital calculation is prescribed for Type 1 and Type 2. The calculation allows for loss, probability of loss (based on credit worthiness), recoverability and risk mitigation. Type 1 and Type 2 risk capital are aggregated using a correlation factor of 0.75 to produce the overall counterparty default risk SCR. Internal arrangements are not considered (e.g. fund-to-fund arrangements at an Entity level or Entity-Entity arrangements at a Group level). Outsourcer arrangements are not included in the Standard Formula because they are not classified as risk mitigating under this basis. In the Internal Model reinsurance and derivative arrangements are subject to separate counterparty default stresses. For reinsurance arrangements the counterparty default risk recognises that an increase in the risk margin would result from default of the counterparty as the ceded liabilities are recaptured. This is also consistent with calculation of the counterparty default adjustment. For derivatives risk capital is only recognised for bi-lateral arrangements not subject to central clearing as default risk for exchange traded/centrally cleared derivatives is considered beyond a 1:200 event.

Internal loans

The Standard Formula stresses Group loans according to the credit spread and interest rate risk modules. The impact on each individual risk module is eliminated when aggregating the SCR to Group level, before correlating with other risks.

Under the Internal Model, counterparty credit risk capital is held in respect of intra-group loans, with the lending entity holding SCR against the risk of default. Upon Group consolidation, the counterparty credit risk capital requirement is zeroised, such that intra-group loans make nil net contribution to the Group SCR.

Intra-group insurance and reinsurance

Under the Standard Formula, intra-group insurance or reinsurance transactions involving RFFs or Matching Adjustment portfolios are not eliminated when consolidating to Group level. All other intra-group insurance and reinsurance arrangements are eliminated when calculating the Group SCR.

Under the Internal Model, for reinsurance between Life Companies (or funds of Life Companies), Own Funds and SCR are calculated assuming that the company which accepts the reinsurance retains the associated assets and liabilities. No SCR is held by the ceding company in relation to the risks reinsured. For insurance between a Group defined benefit pension scheme and a life company, the insurance is eliminated for the Group consolidation of Own Funds and SCR.

Other residual related undertakings ('ORRUs')

The Standard Formula treats ORRU's as strategic participations and applies a capital charge which does not diversify against any other Group undertakings. The Internal Model assessment looks through to the underlying risks and allows diversification with the rest of the Group.

E.4.6 Risk measures and time periods used in the internal model

The risk measures and time periods used in the Internal Model are in line with those set out by the regulations, i.e. the SCR is assessed by considering the capital resources required to ensure that the Own Funds are sufficient to meet a stress event calibrated to a 99.5% confidence level over a one-year period. In practice, stress events are assumed to occur instantaneously rather than over a one-year period.

E.4.7 Nature and appropriateness of data

A range of information is used within the Internal Model; this includes the relevant market data (both current for the valuation date, and the historic data to calibrate stresses), and internal policyholder data used to calculate our liabilities as well as historic policyholder experience to calibrate our underwriting risk stresses. The sources used in each instance have been chosen considering the range of options available and the appropriateness of the data sets for the purpose for which they are used. Where external data is used, this is sourced from reputable suppliers (e.g. Office for National Statistics, Bank of England, and Continuous Mortality Investigation). The Group also has an internal data governance framework, which sets the standard to which the data used must meet, and is used as a means to escalate any issues appropriately.

Section E – Capital management
continued

E.5 Non-compliance with the minimum capital requirement and non-compliance with the solvency capital requirement

The Group, and each of its insurance subsidiaries held Own Funds in excess of both the SCR and MCR throughout the reporting period and therefore fully complied with capital requirements.

As part of the Group's RMF, various controls are in place to ensure continuing compliance with capital requirements. These include:

- holding a capital buffer (i.e. 'Capital Policy') above the SCR to provide resilience under a range of stress conditions. The amount of the capital buffer is set and monitored by the PGH plc and insurance subsidiary Boards and reflects the risk profile and financial strength of the Group and individual insurance subsidiaries. In situations where the capital buffer is breached, the Boards are obliged to identify remedial actions to restore the excess assets to the required buffer in a timely manner. To this end, the Boards, no less frequently than annually, approve thresholds that would trigger the remedial actions. These thresholds are calculated both including and excluding any potential recalculation of the TMTP;
- monitoring solvency on a monthly basis, with results reported to senior management, management committees and boards;
- projecting solvency positions on a quarterly basis, so as to provide an early view of potential capital shortfalls; and
- subjecting the solvency positions of the Group and its insurance subsidiaries to Reverse Stress Testing ('RST') at least annually. The RST exercise provides an assessment of policyholder security by testing the combined strength of the funds available to each insurance subsidiary and the Group to enable regulatory capital requirements under stress conditions to be met.

E.6 Any other information

There is no further material information to be disclosed regarding the Group and insurance subsidiaries Own Funds and SCR.

Appendices and additional information

In this section

Appendices and additional information

Glossary

ALTERNATIVE PERFORMANCE MEASURE ('APM')	A measure of historic or future financial performance, financial position or cash flows, other than a financial measure defined under IFRS or under Solvency II regulations. The Group uses a range of such metrics to provide a better understanding of the underlying performance of the Group.
ANNUAL OPERATING PLAN ('AOP')	The Group's five-year strategic plan approved by the Board.
ANNUITY	A policy that pays regular benefit amounts, either immediately and for the remainder of a policyholder's lifetime (immediate annuity), or deferred to commence at some future date (deferred annuity).
ASSET LIABILITY MANAGEMENT ('ALM')	Management of mismatches between assets and liabilities within risk appetite.
ASSET MANAGEMENT	Investment of assets using a structured approach to guide the act of acquiring and disposing of assets, with the objective of meeting defined investment goals and maximising value for investors, including policyholders.
BEST ESTIMATE LIABILITY ('BEL')	The probability weighted average of future cash flows, taking into account the time value of money (expected present value of future cash flows), using the relevant interest rate term structure and taking into account economic and non-economic assumptions.
BULK PURCHASE ANNUITIES ('BPA')	A bulk annuity is an insurance policy that is purchased by pension scheme trustees to better secure members' benefits by removing investment, inflation and longevity risk associated with defined benefit pension schemes.
CLOSED LIFE FUND	A fund that no longer accepts new business. The fund continues to be managed for the existing policyholders.
DEFINED BENEFIT PENSION	A pension that defines the retirement benefits receivable by the member of a pension scheme irrespective of contributions paid or investment gains.
DEFINED CONTRIBUTION PENSION	A pension whereby the retirement benefits receivable will depend on the amount and frequency of contributions paid into the pension scheme, the investment gains on those contributions and the annuity rates at the time of retirement. The exact pension valuation will not be known until the point of retirement.
ECONOMIC ASSUMPTIONS	Assumptions related to future interest rates, inflation, market value movements and tax.
EIOPA	European Insurance and Occupational Pensions Authority.
EQUITY RELEASE MORTGAGE ('ERM')	An equity release mortgage product enables a home-owner aged over 55 to draw a lump sum or regular smaller sums from the value of the home whilst continuing to occupy the home.
FAIR VALUE	The amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties in an arm's length transaction.
FINANCIAL CONDUCT AUTHORITY ('FCA')	The body responsible for supervising the conduct of all financial services firms and for the prudential regulation of those financial services firms not supervised by the Prudential Regulation Authority ('PRA'), such as asset managers and independent financial advisers.
FREE SURPLUS	The amount of capital held in life companies in excess of that needed to support their regulatory Solvency Capital Requirement, plus the capital required under the Board approved capital management policy.
GENERALLY ACCEPTED ACCOUNTING PRINCIPLES ('GAAP')	A common set of accounting principles, standards and procedures that companies must follow when they compile their financial statements.
HERITAGE	The Group's business segment where products are no longer marketed to customers, for example with-profits and many legacy unit-linked life and pension products.
IN-FORCE	Long-term business written before the period end and which has not terminated before the period end.
INTERNATIONAL FINANCIAL REPORTING STANDARDS ('IFRS')	Accounting standards, interpretations and the framework adopted by the International Accounting Standards Board ('IASB').
INTERNAL MODEL ('IM')	A risk measurement system developed by an insurer to analyse its overall risk position, to quantify risks and to determine the economic capital required to meet those risks. Internal models are a key feature of the European Solvency II supervisory system and the Prudential Regulation Authority has authorised certain UK insurance companies, upon application, to calculate their Solvency Capital Requirement using their own internal model as opposed to the prescribed standard formula.
LIFE COMPANY	A subsidiary entity of the Group providing life and pension products.
LINE OF BUSINESS ('LoB')	The applicable lines of business as prescribed by Annex I of Commission Delegated Regulation (EU) 2015/35.
LONG TERM GUARANTEE MEASURES	The extrapolation of risk-free interest rates, the Matching Adjustment ('MA'), the Volatility Adjustment ('VA'), the extension of the recovery period in case of non-compliance with the SCR, the transitional measures on the risk-free interest rates and the Transitional Measure on Technical Provisions ('TMTP').

Appendices and additional information
continued

Glossary continued

LONG-TERM INCENTIVE PLAN ('LTIP')	The part of an executive's remuneration designed to incentivise long-term value for shareholders through an award of shares with vesting contingent on employment and the satisfaction of stretching performance conditions linked to Group strategy.
MANAGEMENT SERVICE AGREEMENT ('MSA')	Contracts that exist between the Phoenix Life and Services Companies or between Services Companies and their outsource partners.
MATCHING ADJUSTMENT ('MA')	An allowance, subject to PRA's approval that allows insurers to use a higher discount rate, based on the underlying assets, when valuing liabilities that meet strict eligibility criteria.
MINIMUM CAPITAL REQUIREMENT ('MCR')	The minimum amount of capital that the Group needs to hold to cover its risks under the Solvency II regulatory framework.
NEW BUSINESS CONTRIBUTION	Represents the increase in Solvency II shareholder Own Funds arising from new business written in the year (net of associated tax), adjusted to exclude the associated risk margin and any restrictions recognised in respect of contract boundaries. It is stated net of 'Day 1' acquisition costs and is calculated as the value of expected cash flows from new business sold, discounted at the risk free rate.
NON-ECONOMIC ASSUMPTIONS	Assumptions related to future levels of mortality, morbidity, persistency and expenses.
NON-PROFIT FUND	A life fund, which is not a with-profit fund, where risks and rewards of the fund fall wholly to the shareholders.
OPEN BUSINESS/BOOK	The Group's business segment in which products are actively marketed to new and existing customers.
OPERATING PROFIT	Operating profit is a non-GAAP measure that is considered a more representative measure of performance than IFRS profit or loss after tax as it provides long-term performance information unaffected by short term economic volatility.
OWN FUNDS	Basic Own Funds comprise the excess of assets over liabilities valued in accordance with the Solvency II principles and subordinated liabilities which qualify to be included in Own Funds under the Solvency II rules. Eligible Own Funds are the amount of Own Funds that are available to cover the Solvency Capital Requirements after applying prescribed quantitative limits and transferability and fungibility restrictions to Basic Own Funds.
OWN RISK AND SOLVENCY ASSSESSMENT ('ORSA')	The processes undertaken to provide a forward looking assessment of the Group's risk and capital profile, under normal and stress scenarios, as a result of its proposed business strategy and Annual Operating Plan.
PARTIAL INTERNAL MODEL ('PIM')	The model used to calculate the Group Solvency Capital Requirement pursuant to Solvency II. It aggregates outputs from the harmonised Internal Model and the Standard Formula with no diversification between the two.
PARTICIPATION	An entity in which a parent undertaking holds ownership of 20% or more of the voting rights or capital of that entity, whether directly or indirectly, and an entity over which a parent undertaking effectively exercises dominant or significant influence.
PART VII TRANSFER	The transfer of insurance policies under Part VII of Financial Services and Markets Act 2000 ('FSMA') 2000. The insurers involved can be in the same corporate group or in different groups. Transfers require the consent of the High Court, which will consider the views of the PRA and FCA and of an Independent Expert.
PRUDENTIAL REGULATION AUTHORITY ('PRA')	The body responsible for the prudential regulation and supervision of banks, building societies, credit unions, insurers and major investment firms. The PRA and FCA use a Memorandum of Understanding to co-ordinate and carry out their respective responsibilities.
PRINCIPLES AND PRACTICES OF FINANCIAL MANAGEMENT ('PPFM')	A publically available document which explains how the Company's with-profit business is managed. As part of demonstrating that customers are treated fairly, the Board certifies the Company's compliance with the PPFM.
REASSURE	The companies originally comprising the businesses of ReAssure Limited, ReAssure Life Limited and Ark Life Assurance Company dac which were acquired on 22 July 2020.
RING FENCED FUND ('RFF')	Arrangement by which the own funds' surplus of certain particular assets over certain particular liabilities may have a reduced capacity to absorb losses on a going concern basis due to their lack of transferability under Solvency II.
RISK MARGIN	The amount used to ensure that the value of the technical provisions is equivalent to the amount that a Life Company would be expected to require in order to take over and meet insurance and reinsurance obligations.
SENIOR MANAGERS AND CERTIFICATION REGIME ('SMCR')	Legislation was extended in 2016 setting standards of conduct in financial services to apply to all UK authorised insurance firms to ensure greater personal accountability at all levels, minimum standards of conduct and that colleagues in key jobs are fit and proper to perform their roles.
SHARE CAPITAL COVERAGE RATIO	Represents total Eligible Own Funds divided by Solvency Capital Requirement ('SCR'), adjusted to a shareholder view through the exclusion of amounts relating to those ring-fenced with-profit funds and Group pension schemes whose Own Funds exceed their SCR.

SOLVENCY II	A regime originally introduced by European Directive 2009/138/EC of the European Parliament as amended by Directive 2014/51/EU for the prudential regulation of European insurance companies that came into force on 1 January 2016, as supplemented by Commission Delegated Regulation (EU) 2015/35.

Glossary continued

SOLVENCY II SURPLUS	The excess of Eligible Own Funds over the Solvency Capital Requirement.
SOLVENCY CAPITAL REQUIREMENT ('SCR')	SCR relates to risks and obligations to which the Group is exposed and calibrated so that the likelihood of a loss exceeding the SCR is less than 0.5% over one year. This ensure that capital is sufficient to withstand a broadly '1-in-200' event.
SS 5/19	Supervisory Statement number 5 issued by the PRA in September 2019 setting out expectations for the management of liquidity risk by UK insurers.
STANDARD FORMULA	A set of calculations prescribed by the regulations for generating the SCR.
STANDARD LIFE ASSURANCE BUSINESSES	Standard Life Assurance Limited, Standard Life Pensions Fund Limited, Standard Life International Designated Activity Company, Vebnet (Holdings) Limited, Vebnet Limited, Standard Life Lifetime Mortgages Limited, Standard Life Assets and Employee Services Limited and Standard Life Investment Funds Limited (together known as the Standard Life Assurance businesses) acquired by the Group on 31 August 2018.
TECHNICAL PROVISIONS ('TP')	The sum of the Best Estimate Liabilities and the risk margin. Technical provisions include Transitional Measures on Technical Provisions where firms have received PRA approval to apply the deduction.
TECHNICAL PROVISIONS AS A WHOLE	Unit reserves recognised separately, to aid in the identification of future profits component of unit-linked technical provisions.
TRANSITIONAL MEASURE ON TECHNICAL PROVISIONS ('TMTP')	An allowance, subject to the PRA's approval, to apply a transitional deduction to technical provisions. The transitional deduction corresponds to the difference between net technical provisions calculated in accordance with Solvency II principals and net technical provisions calculated in accordance with the previous regime. It is expected to decrease linearly over a period of 16 years starting from 1 January 2016 to 1 January 2032. TMTP is subject to a mandatory recalculation every two years or on the occurrence of certain defined events. TMTP is an item of Own Funds.
TOTAL SHAREHOLDER RETURN ('TSR')	The gain, over a fixed period, to an investor in terms of share price growth and dividends (assuming that dividends received are re-invested on the ex-dividend date in acquiring further shares).
UNIT-LINKED ('UL') CONTRACT	A policy in which the benefits are determined by the investment performance of the underlying assets in the unit-linked fund.
WATES PRINCIPLES	"The Wates Corporate Governance Principles for Large Private Companies", is a set of guidance which offers all companies that are not subject to a formal corporate governance code an opportunity to consider their approach to governance. The Wates Principles offer a company a framework of expectations which allow a company that had previously not been subject to a governance code to meet the requirements of "The Companies (Miscellaneous Reporting) Regulations 2018" which require all companies of a significant size to disclose their corporate governance arrangements.
WITH-PROFIT FUND	A fund in which policyholders are entitled to a share of the profits of the fund. Normally, policyholders receive their share of the profits through bonuses. Also known as a participating fund because policyholders have a participating interest in the with-profit fund and any declared bonuses. Generally, policyholder and shareholder participation in with-profit funds in the UK is split 90:10.
VOLATILITY ADJUSTMENT ('VA')	A measure to ensure the appropriate treatment of insurance products with long-term guarantees under Solvency II and is used to adjust the risk free rate to mitigate the effect of short-term volatility of bond spreads on the solvency position.

Appendices and additional information
continued

Appendices 1 – 8 Quantitative Reporting Templates (31 December 2021)

This report has been prepared in conjunction with the following QRTs, the table below illustrates the templates applicable to the PGH Group and each insurance subsidiary:

QRT number	QRT name	PGH Group (Appendix 1)	PLL (Appendix 2)	PLAL (Appendix 3)	SLAL (Appendix 4)	RAL (Appendix 5)	RLL (Appendix 6)	SLPF (Appendix 7)	PA(GI) (Appendix 8)
S.02.01.02	Balance sheet	✓	✓	✓	✓	✓	✓	✓	✓
S.05.01.02	Premiums, claims and expenses by Line of Business	✓	✓	✓	✓	✓	✓	✓	✓
S.12.01.02	Life and Health SLT technical provisions	–	✓	✓	✓	✓	✓	✓	–
S.22.01.21	Impact of long term guarantees and transitionals (Life Companies)	–	✓	✓	✓	✓	–	–	–
S.22.01.22	Impact of long term guarantees and transitionals (Group)	✓	–	–	–	–	–	–	–
S.23.01.01	Own Funds (Life Companies)	–	✓	✓	✓	✓	✓	✓	✓
S.23.01.22	Own Funds (Group)	✓	–	–	–	–	–	–	–
S.25.01.01	Solvency Capital Requirement - for undertakings on Standard Formula	–	–	–	–	✓	✓	–	–
S.25.02.22	Solvency Capital Requirement – partial Internal Model	✓	–	–	–	–	–	–	–
S.25.03.21	Solvency Capital Requirement – for undertakings on full Internal Model	–	✓	✓	✓	–	–	✓	✓
S.28.01.01	Minimum Capital Requirement – only life or only non-life insurance or reinsurance activity	–	✓	✓	✓	✓	✓	✓	✓
S.32.01.22	Undertakings in the scope of the Group	✓	–	–	–	–	–	–	–

All public disclosure QRTs shown in the Appendices are presented in sterling (£) rounded to the nearest thousand.

Appendix 1 – Quantitative Reporting Templates (31 December 2021) – PGH Group

Appendix 1.1 – S.02.01.02 Balance Sheet

		Solvency II value C0010
Asset		
Goodwill	R0010	
Deferred acquisition costs	R0020	
Intangible assets	R0030	–
Deferred tax assets	R0040	243,928
Pension benefit surplus	R0050	36,304
Property, plant & equipment held for own use	R0060	125,364
Investments (other than assets held for index-linked and unit-linked contracts)	**R0070**	**114,842,197**
Property (other than for own use)	R0080	1,278,844
Holdings in related undertakings, including participations	R0090	48,519,029
Equities	*R0100*	*2,629,033*
Equities – listed	R0110	2,547,200
Equities – unlisted	R0120	81,834
Bonds	*R0130*	*53,037,657*
Government Bonds	R0140	26,895,713
Corporate Bonds	R0150	25,800,795
Structured notes	R0160	49,313
Collateralised securities	R0170	291,836
Collective Investments Undertakings	R0180	5,188,539
Derivatives	R0190	4,002,871
Deposits other than cash equivalents	R0200	186,223
Other investments	R0210	–
Assets held for index-linked and unit-linked contracts	R0220	178,157,841
Loans and mortgages	**R0230**	**7,726,383**
Loans on policies	R0240	11,268
Loans and mortgages to individuals	R0250	10,999
Other loans and mortgages	R0260	7,704,116
Reinsurance recoverables from:	**R0270**	**16,818,679**
Non-life and health similar to non-life	R0280	–
Non-life excluding health	R0290	–
Health similar to non-life	R0300	–
Life and health similar to life, excluding health and index-linked and unit-linked	R0310	6,868,519
Health similar to life	R0320	163,088
Life excluding health and index-linked and unit-linked	R0330	6,705,430
Life index-linked and unit-linked	R0340	9,950,161
Deposits to cedants	R0350	–
Insurance and intermediaries receivables	R0360	71,235
Reinsurance receivables	R0370	81,449
Receivables (trade, not insurance)	R0380	1,856,799
Own shares (held directly)	R0390	–
Amounts due in respect of own fund items or initial fund called up but not yet paid in	R0400	–
Cash and cash equivalents	R0410	701,672
Any other assets, not elsewhere shown	R0420	–
Total assets	**R0500**	**320,661,851**

Appendix 1 – Quantitative Reporting Templates (31 December 2021) – PGH Group continued

Appendix 1.1 – S.02.01.02 Balance Sheet continued

		Solvency II value C0010
Liabilities		
Technical provisions – non-life	**R0510**	**–**
Technical provisions – non-life (excluding health)	**R0520**	**–**
Technical provisions calculated as a whole	R0530	–
Best Estimate	R0540	–
Risk margin	R0550	–
Technical provisions – health (similar to non-life)	**R0560**	**–**
Technical provisions calculated as a whole	R0570	–
Best Estimate	R0580	–
Risk margin	R0590	–
Technical provisions – life (excluding index-linked and unit-linked)	**R0600**	**103,275,336**
Technical provisions – health (similar to life)	**R0610**	**369,100**
Technical provisions calculated as a whole	R0620	22,519
Best estimate	R0630	341,776
Risk margin	R0640	4,805
Technical provisions – life (excluding health and index-linked and unit-linked)	**R0650**	**102,906,237**
Technical provisions calculated as a whole	R0660	–
Best Estimate	R0670	102,024,115
Risk margin	R0680	882,122
Technical provisions – index-linked and unit-linked	**R0690**	**183,798,006**
Technical provisions calculated as a whole	R0700	188,074,784
Best Estimate	R0710	(4,673,753)
Risk margin	R0720	396,975
Other technical provisions	R0730	
Contingent liabilities	R0740	–
Provisions other than technical provisions	R0750	229,094
Pension benefit obligations	R0760	1,510,775
Deposits from reinsurers	R0770	3,569,006
Deferred tax liabilities	R0780	2,242,096
Derivatives	R0790	874,187
Debts owed to credit institutions	R0800	3,323,396
Financial liabilities other than debts owed to credit institutions	R0810	1,713
Insurance & intermediaries payables	R0820	1,822,620
Reinsurance payables	R0830	68,990
Payables (trade, not insurance)	R0840	1,311,350
Subordinated liabilities	**R0850**	**4,133,228**
Subordinated liabilities not in Basic Own Funds	R0860	–
Subordinated liabilities in Basic Own Funds	R0870	4,133,228
Any other liabilities, not elsewhere shown	R0880	–
Total liabilities	**R0900**	**306,159,797**
Excess of assets over liabilities	**R1000**	**14,502,054**

Appendix 1 – Quantitative Reporting Templates (31 December 2021) – PGH Group continued

Appendix 1.2 – S.05.01.02 Premiums, claims and expenses by line of business

		Line of Business for: life insurance obligations						Life reinsurance obligations		
		Health insurance C0210	Insurance with profit participation C0220	Index-linked and unit-linked insurance C0230	Other life insurance C0240	Annuities stemming from non-life insurance contracts and relating to health insurance obligations C0250	Annuities stemming from non-life insurance contracts and relating to insurance obligations other than health insurance obligations C0260	Health reinsurance C0270	Life reinsurance C0280	Total C0300
Premiums written										
Gross	R1410	53,676	924,342	11,570,723	5,583,714	–	–	37	73,407	**18,205,898**
Reinsurers' share	R1420	11,075	27,344	784,408	2,328,221	–	–	–	52,635	**3,203,682**
Net	**R1500**	**42,601**	**896,998**	**10,786,315**	**3,255,493**	**–**	**–**	**37**	**20,772**	**15,002,216**
Premiums earned										
Gross	R1510	53,676	924,342	11,570,723	5,583,714	–	–	37	73,407	**18,205,898**
Reinsurers' share	R1520	11,075	28,088	784,408	2,327,476	–	–	–	52,635	**3,203,682**
Net	**R1600**	**42,601**	**896,254**	**10,786,315**	**3,256,238**	**–**	**–**	**37**	**20,772**	**15,002,216**
Claims incurred										
Gross	R1610	78,858	4,240,446	19,591,706	3,807,000	–	–	79	50,273	**27,768,362**
Reinsurers' share	R1620	22,810	74,986	774,803	1,605,596	–	–	–	27,905	**2,506,100**
Net	**R1700**	**56,048**	**4,165,460**	**18,816,903**	**2,201,404**	**–**	**–**	**79**	**22,368**	**25,262,262**
Changes in other technical provisions										
Gross	R1710	44,333	3,413,384	(7,259,445)	251,894	–	–	–	52,451	**(3,497,384)**
Reinsurers' share	R1720	5,394	243,288	(784,145)	745,681	–	–	–	391	**210,608**
Net	**R1800**	**38,939**	**3,170,096**	**(6,475,300)**	**(493,788)**	**–**	**–**	**–**	**52,060**	**(3,707,992)**
Expenses incurred	**R1900**	**10,763**	**309,432**	**802,297**	**495,945**	**–**	**–**	**–**	**25,015**	**1,643,453**
Other expenses	**R2500**									**–**
Total expenses	**R2600**									**1,643,453**

Appendix 1 – Quantitative Reporting Templates (31 December 2021) – PGH Group continued

Appendix 1.3 – S.22.01.22 Impact of long term guarantees measures and transitionals

		Amount with Long Term Guarantee measures and transitionals C0010	Impact of transitional on technical provisions C0030	Impact of transitional on interest rate C0050	Impact of volatility adjustment set to zero C0070	Impact of matching adjustment set to zero C0090
Technical provisions	R0010	287,073,342	4,479,832	–	137,784	3,036,418
Basic own funds	R0020	14,692,248	(2,902,652)	–	15,092	(2,586,685)
Eligible own funds to meet Solvency Capital Requirement	R0050	14,762,776	(2,902,652)	–	15,092	(2,586,685)
Solvency Capital Requirement	R0090	9,462,016	323,506	–	47,260	3,379,674

Appendices and additional information
continued

Appendix 1 – Quantitative Reporting Templates (31 December 2021) – PGH Group continued

Appendix 1.4 – S.23.01.22 Own Funds Group

		Total C0010	Tier 1 – unrestricted C0020	Tier 1 – restricted C0030	Tier 2 C0040	Tier 3 C0050
Basic own funds before deduction for participations in other financial sector						
Ordinary share capital (gross of own shares)	R0010	99,954	99,954		–	
Non-available called but not paid in ordinary share capital at group level	R0020	–	–		–	
Share premium account related to ordinary share capital	R0030	5,781	5,781		–	
Initial funds, members' contributions or the equivalent basic own – fund item for mutual and mutual-type undertakings	R0040	–	–		–	
Subordinated mutual member accounts	R0050	–		–	–	–
Non-available subordinated mutual member accounts at group level	R0060	–		–	–	–
Surplus funds	R0070	5,611,196	5,611,196			
Non-available surplus funds at group level	R0080	–	–			
Preference shares	R0090	515,240		515,240	–	–
Non-available preference shares at group level	R0100	–		–	–	–
Share premium account related to preference shares	R0110	–		–	–	–
Non-available share premium account related to preference shares at group level	R0120	–		–	–	–
Reconciliation reserve	R0130	4,153,449	4,153,449			
Subordinated liabilities	R0140	4,133,228		564,032	2,871,325	697,871
Non-available subordinated liabilities at group level	R0150	–		–	–	–
An amount equal to the value of net deferred tax assets	R0160	243,928				243,928
The amount equal to the value of net deferred tax assets not available at the group level	R0170	–				–
Other items approved by supervisory authority as basic own funds not specified above	R0180	–	–	–	–	–
Non available own funds related to other own funds items approved by supervisory authority	R0190	–	–	–	–	–
Minority interests (if not reported as part of a specific own fund item)	R0200	–	–	–	–	–
Non-available minority interests at group level	R0210	–	–	–	–	–
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds						
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	R0220	–				
Deductions						
Deductions for participations in other financial undertakings, including non-regulated undertakings carrying out financial activities	R0230	70,528	70,528	–	–	–
whereof deducted according to art 228 of the Directive 2009/138/EC	R0240	–	–	–	–	
Deductions for participations where there is non-availability of information (Article 229)	R0250	–	–	–	–	–
Deduction for participations included by using D&A when a combination of methods is used	R0260	–	–	–	–	–
Total of non-available own fund items	R0270	–	–	–	–	–
Total deductions	**R0280**	**70,528**	**70,528**	**–**	**–**	**–**
Total basic own funds after deductions	**R0290**	**14,692,248**	**9,799,852**	**1,079,272**	**2,871,325**	**941,799**

Appendices and additional information
continued

Appendix 1 – Quantitative Reporting Templates (31 December 2021) – PGH Group continued

Appendix 1.4 – S.23.01.22 Own Funds Group continued

		Total C0010	Tier 1 – unrestricted C0020	Tier 1 – restricted C0030	Tier 2 C0040	Tier 3 C0050
Ancillary own funds						
Unpaid and uncalled ordinary share capital callable on demand	R0300	–			–	
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual-type undertakings, callable on demand	R0310	–			–	
Unpaid and uncalled preference shares callable on demand	R0320	–			–	–
A legally binding commitment to subscribe and pay for subordinated liabilities on demand	R0330	–			–	–
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	R0340	–			–	
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	R0350	–			–	–
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0360	–			–	
Supplementary members calls – other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0370	–			–	–
Non available ancillary own funds at group level	R0380	–			–	–
Other ancillary own funds	**R0390**	**–**			**–**	**–**
Total ancillary own funds	**R0400**	**–**			**–**	**–**
Own funds of other financial sectors						
Credit institutions, investment firms, financial institutions, alternative investment fund managers, UCITS management companies – Total	R0410	(10,966)	(10,966)	–	–	
Institutions for occupational retirement provision	R0420	–	–	–	–	–
Non regulated entities carrying out financial activities	R0430	81,494	81,494	–	–	
Total own funds of other financial sectors	R0440	70,528	70,528	–	–	–
Own funds when using the D&A, exclusively or in combination of method 1						
Own funds aggregated when using the D&A and combination of method	R0450	–	–	–	–	–
Own funds aggregated when using the D&A and combination of method net of IGT	R0460	–	–	–	–	–
Total available own funds to meet the consolidated group SCR (excluding own funds from other financial sector and from the undertakings included via D&A)	**R0520**	**14,692,248**	**9,799,852**	**1,079,272**	**2,871,325**	**941,799**
Total available own funds to meet the minimum consolidated group SCR	**R0530**	**13,750,449**	**9,799,852**	**1,079,272**	**2,871,325**	
Total eligible own funds to meet the consolidated group SCR (excluding own funds from other financial sector and from the undertakings included via D&A)	**R0560**	**14,692,248**	**9,799,852**	**1,079,272**	**2,871,325**	**941,799**
Total eligible own funds to meet the minimum consolidated group SCR	**R0570**	**11,472,099**	**9,799,852**	**1,079,272**	**592,975**	
Minimum consolidated Group SCR	**R0610**	**2,964,877**				
Ratio of Eligible own funds to Minimum Consolidated Group SCR	**R0650**	**387%**				
Total eligible own funds to meet the group SCR (including own funds from other financial sector and from the undertakings included via D&A)	**R0660**	**14,762,776**	**9,870,380**	**1,079,272**	**2,871,325**	**941,799**
Group SCR	**R0680**	**9,462,016**				
Ratio of Eligible own funds to group SCR including other financial sectors and the undertakings included via D&A	**R0690**	**156%**				

Appendices and additional information
continued

Appendix 1 – Quantitative Reporting Templates (31 December 2021) – PGH Group continued

Appendix 1.4 – S.23.01.22 Own Funds Group continued

		C0060
Reconciliation reserve		
Excess of assets over liabilities	R0700	14,502,054
Own shares (included as assets on the balance sheet)	R0710	12,571
Foreseeable dividends, distributions and charges	R0720	252,262
Other basic own fund items	R0730	6,476,099
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	R0740	2,444,231
Other non available own funds	R0750	1,163,443
Reconciliation reserve	**R0760**	**4,153,449**
Expected profits		
Expected profits included in future premiums (EPIFP) – Life Business	R0770	1,424,106
Expected profits included in future premiums (EPIFP) – Non-life business	R0780	–
Total EPIFP	**R0790**	**1,424,106**

Appendices and additional information
continued

Appendix 1 – Quantitative Reporting Templates (31 December 2021) – PGH Group continued

Appendix 1.5 – S.25.02.22 Solvency Capital Requirement – for undertakings using the standard formula and partial internal model

Unique number of component C0010	Components descriptions C0020	Calculation of the Solvency Capital Requirement C0030	Amount modelled C0070	USP C0090	Simplifications C0120
1031AI	Other interest rate risk – UK FI PC1 down – Insurance	136,729	136,729	–	–
1031AP	Other interest rate risk – UK FI PC1 down – Pension Scheme	10,954	10,954	–	–
1031BI	Other interest rate risk – Euro FI PC1 down – Insurance	7,904	7,904	–	–
1032AI	Other interest rate risk – UK FI PC1 up – Insurance	1,022,569	1,022,569	–	–
1032AP	Other interest rate risk – UK FI PC1 up – Pension Scheme	46,540	46,540	–	–
1032BI	Other interest rate risk – Euro FI PC1 up – Insurance	757,335	757,335	–	–
1033AI	Other interest rate risk – UK FI PC2 down – Insurance	6,647	6,647	–	–
1033BI	Other interest rate risk – Euro FI PC2 down – Insurance	111,242	111,242	–	–
1034AI	Other interest rate risk – UK FI PC2 up – Insurance	319,413	319,413	–	–
1034AP	Other interest rate risk – UK FI PC2 up – Pension Scheme	31,179	31,179	–	–
1034BI	Other interest rate risk – Euro FI PC2 up – Insurance	316,890	316,890	–	–
1035AI	Other interest rate risk – UK FI PC3 down – Insurance	59,033	59,033	–	–
1035AP	Other interest rate risk – UK FI PC3 down – Pension Scheme	3,655	3,655	–	–
1035BI	Other interest rate risk – Euro FI PC3 down – Insurance	73,489	73,489	–	–
1036AI	Other interest rate risk – UK FI PC3 up – Insurance	47,486	47,486	–	–
1036BI	Other interest rate risk – Euro FI PC3 up – Insurance	10,942	10,942	–	–
10399I	Other interest rate risk – Diversification – Insurance	(1,067,961)	(1,067,961)	–	–
10399P	Other interest rate risk – Diversification – Pension Scheme	(35,586)	(35,586)	–	–
10410I	Equity Price risk – Insurance	1,415,655	1,415,655	–	–
10410P	Equity Price risk – Pension Scheme	108,147	108,147	–	–
10420I	Equity Volatility risk – Insurance	210,647	210,647	–	–
10499I	Diversification within Equity Risk – Insurance	(330,123)	(330,123)	–	–
1061AI	Property risk – Commercial – Insurance	254,526	254,526	–	–
1061BI	Property risk – Residential – Insurance	2,751	2,751	–	–
10699I	Property risk – Diversification within Property risk (106…) – Insurance	(1,175)	(1,175)	–	–
1071AI	Spread risk – Credit spread risk financials – Insurance	1,400,614	1,400,614	–	–
1071AP	Spread risk – Credit spread risk financials – Pension Scheme	26,331	26,331	–	–
1071BI	Spread risk – Credit spread risk non-financials – Insurance	2,159,394	2,159,394	–	–
1071CI	Spread risk – Swap Spread – Insurance	1,097,298	1,097,298	–	–
10799I	Spread risk – Diversification – Insurance	(514,522)	(514,522)	-	-
10800I	Concentration risk – Insurance	58,211	58,211	–	–
1090AI	Currency Risk – GBP & EUR currency – Insurance	511,871	511,871	–	–
1090AP	Currency Risk – GBP & EUR currency – Pension Scheme	34,948	34,948	–	–
1090BI	Currency Risk – GBP & non-EUR currencies – Insurance	561,341	561,341	–	–
10999I	Currency risk – Diversification – Insurance	(155,644)	(155,644)	–	–
1101AI	Other interest rate risk – UK RPI PC1 – Insurance	156,852	156,852	–	–
1101AP	Other interest rate risk – UK RPI PC1 – Pension Scheme	8,694	8,694	–	–
1101BI	Other interest rate risk – UK RPI PC2 – Insurance	95,463	95,463	–	–
1101BP	Other interest rate risk – UK RPI PC2 – Pension Scheme	11,918	11,918	–	–
1101CI	Other interest rate risk – Market RPI Swap Spread – Insurance	87,501	87,501	–	–

Appendices and additional information
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Appendix 1 – Quantitative Reporting Templates (31 December 2021) – PGH Group continued

Appendix 1.5– S.25.02.22 Solvency Capital Requirement – for undertakings using the standard formula and partial internal model continued

Unique number of component C0010	Components descriptions C0020	Calculation of the Solvency Capital Requirement C0030	Amount modelled C0070	USP C0090	Simplifications C0120
1101CP	Other interest rate risk – Market RPI Swap Spread – Pension Scheme	6,188	6,188	–	–
11020I	Other market risk – Swaption Volatility – Insurance	29,426	29,426	–	–
11030I	Equity risk – Equity Basis risk – Insurance	175,658	175,658	–	–
11040I	Other interest rate risk – RPI Volatility Risk – Insurance	92,257	92,257	–	–
11050I	Other market risk – ERM Pre-Payments – Insurance	93,744	93,744	–	–
11099I	Diversification within Other Market risks (110…) – Insurance	(250,113)	(250,113)	–	–
11099P	Diversification within Other Market risks (110…) – Pension Scheme	(7,368)	(7,368)	–	–
19900	Diversification within market risk – Insurance and Pension Scheme	(3,763,958)	(3,763,958)	–	–
20110I	Type 1 Credit Counterparty – Internal Reinsurance – Insurance	65,058	65,058	–	–
20120I	Type 1 Credit Counterparty – External Reinsurance – Insurance	63,878	63,878	–	–
20130I	Type 1 Credit Counterparty – Derivatives – Insurance	19,243	19,243	–	–
20190I	Type 1 Credit Counterparty – Other – Insurance	54,090	54,090	–	–
20200I	Type 2 Credit Counterparty – Insurance	3,802	3,802	–	–
29900	Diversification between Type 1 and Type 2 credit counterparty risk	(698)	(698)	–	–
30100I	Mortality risk – Insurance	363,410	363,410	–	–
30210I	Longevity risk – mis-estimation risk – Insurance	2,349,895	2,349,895	–	–
30210P	Longevity risk – mis-estimation risk – Pension Scheme	21,398	21,398	–	–
30220I	Longevity risk – trend risk – Insurance	2,461,653	2,461,653	–	–
30220P	Longevity risk – trend risk – Pension Scheme	35,155	35,155	–	–
30299I	Longevity risk – diversification – Insurance	(853,195)	(853,195)	–	–

Appendix 1 – Quantitative Reporting Templates (31 December 2021) – PGH Group continued

Appendix 1.5 – S.25.02.22 Solvency Capital Requirement – for undertakings using the standard formula and partial internal model continued

Unique number of component C0010	Components descriptions C0020	Calculation of the Solvency Capital Requirement C0030	Amount modelled C0070	USP C0090	Simplifications C0120
30299P	Longevity risk – diversification – Pension Scheme	(13,609)	(13,609)	–	–
30300I	Disability-morbidity risk – Insurance	55,005	55,005	–	–
30400I	Mass lapse – Dependent Persistency – Insurance	2,302,212	2,302,212	–	–
30510I	Other lapse risk – Independent Persistency – Insurance	1,904,883	1,904,883	–	–
30520I	Other lapse risk – Financial Guarantee Persistency – Insurance	619,186	619,186	–	–
30599I	Diversification with Lapse – Insurance	(946,999)	(946,999)	–	–
30600I	Expense risk – Company specific expense – Insurance	654,860	654,860	–	–
30800I	Life catastrophe risk – Mortality & Morbidity Cat – Insurance	15,841	15,841	–	–
39900	Diversification in life underwriting risk – Insurance & Pension Scheme	(2,350,498)	(2,350,498)	–	–
40100I	Health Mortality	582	582	–	–
40300I	Health Morbidity	15,416	15,416	–	–
40400I	Health SLT Lapse	2,608	2,608	–	–
40600I	Health Expense	306	306	–	–
49900I	Diversification within health underwriting risk	(2,943)	(2,943)	–	–
70100I	Operational risk – Insurance	729,795	729,795	–	–
80100I	Other risks – Insurance	177,348	177,348	–	–
80200I	Non-dynamic management actions	(52,752)	(52,752)	–	–
80300I	Loss absorbing capacity of deferred tax	(1,210,111)	(1,210,111)	–	–
80400I	Other adjustments – Insurance	(371,674)	(371,674)	–	–
80400P	Other adjustments – Pension scheme	292,139	292,139	–	–

Appendix 1 – Quantitative Reporting Templates (31 December 2021) – PGH Group continued

Appendix 1.5 – S.25.02.22 Solvency Capital Requirement – for undertakings using the standard formula and partial internal model continued

Calculation of Solvency Capital Requirement		C0100
Total undiversified components	R0110	11,840,275
Diversification	R0060	(2,381,990)
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	R0160	–
Solvency Capital Requirement excluding capital add-on	**R0200**	**9,458,285**
Capital add-ons already set	R0210	–
Solvency capital requirement for undertakings under consolidated method	**R0220**	**9,462,016**
Other information on SCR		
Amount/estimate of the overall loss-absorbing capacity of technical provisions	R0300	(5,965,707)
Amount/estimate of the overall loss-absorbing capacity of deferred taxes	R0310	(1,210,111)
Capital requirement for duration-based equity risk sub-module	R0400	–
Total amount of Notional Solvency Capital Requirements for remaining part	R0410	2,423,515
Total amount of Notional Solvency Capital Requirements for ring fenced funds	R0420	3,423,255
Total amount of Notional Solvency Capital Requirement for matching adjustment portfolios	R0430	3,611,514
Diversification effects due to RFF nSCR aggregation for article 304	R0440	–
Minimum consolidated group solvency capital requirement	R0470	2,964,877
Information on other entities		
Capital requirement for other financial sectors (Non-insurance capital requirements)	R0500	8,595
Capital requirement for other financial sectors (Non-insurance capital requirements) – Credit institutions, investment firms and financial institutions, alternative investment funds managers, UCITS management companies	R0510	8,595
Capital requirement for other financial sectors (Non-insurance capital requirements) – Institutions for occupational retirement provisions	R0520	–
Capital requirement for other financial sectors (Non-insurance capital requirements) – Capital requirement for non-regulated entities carrying out financial activities	R0530	–
Capital requirement for non-controlled participation requirements	R0540	–
Capital requirement for residual undertakings	R0550	(4,863)
Overall SCR		
SCR for undertakings included via D and A	R0560	–
Solvency capital requirement	**R0570**	**9,462,016**

Appendices and additional information
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Appendix 1 – Quantitative Reporting Templates (31 December 2021) – PGH Group continued

Appendix 1.6 – S.32.01.22 Undertakings in the scope of the group – Public Disclosure

Country	Identification code of the undertaking	Type of code of the ID of the undertaking	Legal Name of the undertaking	Type of undertaking	Legal form	Category (mutual/non mutual)	Supervisory Authority	% capital share	% used for the establishment of consolidated accounts	% voting rights	Other criteria	Level of influence	Proportional share used for group solvency calculation	Yes/No	Date of decision if art. 214 is applied	Method used and under method 1, treatment of the undertaking
C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0180	C0190	C0200	C0210	C0220	C0230	C0240	C0250	C0260
GB	2138004HI8MR9C7M4110	1 – LEI	PUTM Far Eastern Unit Trust	99 – Other	Authorised unit trust	2 – Non-mutual		99.63%	100.00%	99.63%		1 – Dominant	99.63%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	213800R4RZSQBOAMVN21	1 – LEI	PUTM Uk Stock Market Fund	99 – Other	Authorised unit trust	2 – Non-mutual		100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	213800AZRF8KX73WPT70	1 – LEI	PUTM UK STOCK MARKET FUND (SERIES 3)	99 – Other	Authorised unit trust	2 – Non-mutual		100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	213800KPZ3IYLLF4UT85	1 – LEI	PUTM Uk All-Share Index Unit Trust	99 – Other	Authorised unit trust	2 – Non-mutual		99.89%	100.00%	99.89%		1 – Dominant	99.89%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	213800P3GNH79HH17J98	1 – LEI	PUTM Uk Equity Unit Trust	99 – Other	Authorised unit trust	2 – Non-mutual		99.91%	100.00%	99.91%		1 – Dominant	99.91%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	2138007GV3TM61ULD343	1 – LEI	PUTM Bothwell Asia Pacific (Excluding Japan) Fund	99 – Other	Authorised unit trust	2 – Non-mutual		99.63%	100.00%	99.63%		1 – Dominant	99.63%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	213800A36R1Z1S85RR19	1 – LEI	PUTM Bothwell Emerging Market Debt Unconstrained Fund	99 – Other	Authorised unit trust	2 – Non-mutual		100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	213800882SVHV1XPLA47	1 – LEI	PUTM Bothwell European Credit Fund	99 – Other	Authorised unit trust	2 – Non-mutual		99.58%	100.00%	99.58%		1 – Dominant	99.58%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	2138008DFTGZAKHGR525	1 – LEI	PUTM Bothwell Global Bond Fund	99 – Other	Authorised unit trust	2 – Non-mutual		100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	213800JGHD8XCIYNWU64	1 – LEI	PUTM Bothwell Global Credit Fund	99 – Other	Authorised unit trust	2 – Non-mutual		100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	213800XSYBULEE2E4N30	1 – LEI	PUTM Bothwell Floating Rate ABS Fund	99 – Other	Authorised unit trust	2 – Non-mutual		100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	213800FOR1Z8YSVHSW15	1 – LEI	PUTM Bothwell Index-Linked Sterling Hedged Fund	99 – Other	Authorised unit trust	2 – Non-mutual		100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	213800IH74PGGQ7I4488	1 – LEI	PUTM BOTHWELL JAPAN EQUITY FUND	99 – Other	Authorised unit trust	2 – Non-mutual		100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	213800KHXBLNLCG65816	1 – LEI	PUTM Bothwell Long Gilt Sterling Hedged Fund	99 – Other	Authorised unit trust	2 – Non-mutual		100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	213800VCC5MENTKHP567	1 – LEI	PUTM Bothwell Emerging Markets Equity Fund	99 – Other	Authorised unit trust	2 – Non-mutual		99.95%	100.00%	99.95%		1 – Dominant	99.95%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	213800SEKD6AE8YAIX35	1 – LEI	PUTM Bothwell North America Fund	99 – Other	Authorised unit trust	2 – Non-mutual		99.32%	100.00%	99.32%		1 – Dominant	99.32%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	213800FHKCOXS82HQG65	1 – LEI	PUTM Bothwell Sterling Government Bond Fund	99 – Other	Authorised unit trust	2 – Non-mutual		99.61%	100.00%	99.61%		1 – Dominant	99.61%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	213800T31U3W79HGRH81	1 – LEI	PUTM Bothwell Euro Sovereign Fund	99 – Other	Authorised unit trust	2 – Non-mutual		85.03%	100.00%	85.03%		1 – Dominant	85.03%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	213800TRPZOHA5CTQT96	1 – LEI	PUTM Bothwell Sterling Credit Fund	99 – Other	Authorised unit trust	2 – Non-mutual		99.94%	100.00%	99.94%		1 – Dominant	99.94%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	213800XP7PXFVTAW1H83	1 – LEI	PUTM Bothwell Tactical Asset Allocation Fund	99 – Other	Authorised unit trust	2 – Non-mutual		100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	2138007RKH637ZHATD66	1 – LEI	PUTM Bothwell Uk All Share Listed Equity Fund	99 – Other	Authorised unit trust	2 – Non-mutual		99.63%	100.00%	99.63%		1 – Dominant	99.63%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	213800KH7K7YYQ7LLG85	1 – LEI	PUTM Bothwell Uk Equity Income Fund	99 – Other	Authorised unit trust	2 – Non-mutual		100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	213800W3AMX9O6QS6F82	1 – LEI	PUTM Bothwell Sub-Sovereign Bond Fund	99 – Other	Authorised unit trust	2 – Non-mutual		100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	549300Y6I95V6CJ8JP75	1 – LEI	ASI (SLI) Strategic Bond Fund	99 – Other	Authorised unit trust	2 – Non-mutual		88.84%	100.00%	88.84%		1 – Dominant	88.84%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	549300ZJSFSEALGJ0R05	1 – LEI	ASI GLOBAL ABSOLUTE RETURN STRATEGIES FUND	99 – Other	Authorised unit trust	2 – Non-mutual		60.78%	60.78%	60.78%		2 – Significant	60.78%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	54930000QS4A1CF6L143	1 – LEI	ASI Dynamic Distribution Fund	99 – Other	Authorised unit trust	2 – Non-mutual		62.43%	62.43%	62.43%		2 – Significant	62.43%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	549300V3RPDL6NYXXQ96	1 – LEI	Standard Life Multi-Asset Trust	99 – Other	Authorised unit trust	2 – Non-mutual		99.99%	100.00%	99.99%		1 – Dominant	99.99%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	549300MFFMRGN3DL4U09	1 – LEI	Standard Life European Trust II	99 – Other	Authorised unit trust	2 – Non-mutual		100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	213800CIR2UE599MVG13	1 – LEI	STANDARD LIFE INVESTMENTS UK REAL ESTATE ACCUMULATION FEEDER FUND	99 – Other	Authorised unit trust	2 – Non-mutual		47.85%	47.85%	47.85%		2 – Significant	47.85%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	549300DPG7M5B26ETT89	1 – LEI	ABERDEEN STANDARD OEIC II – ASI (SLI) EMERGING MARKETS EQUITY FUND	99 – Other	Open ended investment company	2 – Non-mutual		96.86%	100.00%	96.86%		1 – Dominant	96.86%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	549300IL7BS03RLOFU72	1 – LEI	ABERDEEN STANDARD OEIC II – ASI EMERGING MARKETS INCOME EQUITY FUND	99 – Other	Open ended investment company	2 – Non-mutual		82.22%	100.00%	82.22%		1 – Dominant	82.22%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	549300D1NAKBNQ6EWD13	1 – LEI	ABERDEEN STANDARD OEIC II – ASI UK HIGH INCOME EQUITY FUND	99 – Other	Open ended investment company	2 – Non-mutual		52.37%	52.37%	52.37%		2 – Significant	52.37%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	549300I8RCKMET404713	1 – LEI	ABERDEEN STANDARD OEIC II – ASI GLOBAL FOCUSED EQUITY FUND	99 – Other	Open ended investment company	2 – Non-mutual		44.98%	44.98%	44.98%		2 – Significant	44.98%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	549300AJF86HZ376OZ22	1 – LEI	ABERDEEN STANDARD OEIC II – ASI UK OPPORTUNITIES EQUITY FUND	99 – Other	Open ended investment company	2 – Non-mutual		51.66%	51.66%	51.66%		2 – Significant	51.66%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	549300KYBU0ETB5ZMM34	1 – LEI	ABERDEEN STANDARD OEIC II – ASI UK SMALLER COMPANIES FUND	99 – Other	Open ended investment company	2 – Non-mutual		31.29%	31.29%	31.29%		2 – Significant	31.29%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	5493009SERSZDJPL4C02	1 – LEI	ABERDEEN STANDARD OEIC II – ASI EUROPE EX UK GROWTH EQUITY FUND	99 – Other	Open ended investment company	2 – Non-mutual		31.58%	31.58%	31.58%		2 – Significant	31.58%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	549300BRIS40GV4JCP40	1 – LEI	ABERDEEN STANDARD OEIC V – ASI EUROPE EX UK ETHICAL EQUITY FUND	99 – Other	Open ended investment company	2 – Non-mutual		76.15%	100.00%	76.15%		1 – Dominant	76.15%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	5493002GMCQF3QS0II56	1 – LEI	ABERDEEN STANDARD OEIC V – ASI UK UNCONSTRAINED EQUITY FUND	99 – Other	Open ended investment company	2 – Non-mutual		54.87%	54.87%	54.87%		2 – Significant	54.87%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	549300K8H8PF81I79V14	1 – LEI	ABERDEEN STANDARD OEIC V – ASI ETHICAL CORPORATE BOND FUND	99 – Other	Open ended investment company	2 – Non-mutual		52.72%	52.72%	52.72%		2 – Significant	52.72%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	5493001D9Z9K60I20F92	1 – LEI	SLMT – AMERICAN EQUITY UNCONSTRAINED FUND	99 – Other	Authorised unit trust	2 – Non-mutual		79.70%	100.00%	79.70%		1 – Dominant	79.70%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	549300JW31CPY05QNC81	1 – LEI	SLMT – STANDARD LIFE JAPAN FUND	99 – Other	Authorised unit trust	2 – Non-mutual		76.69%	100.00%	76.69%		1 – Dominant	76.69%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	549300NR5XU4V9M57E06	1 – LEI	ASI GLOBAL REAL ESTATE FUND	99 – Other	Authorised unit trust	2 – Non-mutual		46.22%	46.22%	46.22%		2 – Significant	46.22%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	549300OGBCWXTEIIB738	1 – LEI	STANDARD LIFE EUROPEAN TRUST	99 – Other	Authorised unit trust	2 – Non-mutual		96.79%	100.00%	96.79%		1 – Dominant	96.79%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	549300HH5KCHFB2PI064	1 – LEI	Standard Life Japan Trust	99 – Other	Authorised unit trust	2 – Non-mutual		80.65%	100.00%	80.65%		1 – Dominant	80.65%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	549300NXR0AHS2OB8865	1 – LEI	Standard Life North American Trust	99 – Other	Authorised unit trust	2 – Non-mutual		99.52%	100.00%	99.52%		1 – Dominant	99.52%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	5493007AVUY3HNQMVP73	1 – LEI	STANDARD LIFE PACIFIC BASIN TRUST	99 – Other	Authorised unit trust	2 – Non-mutual		98.11%	100.00%	98.11%		1 – Dominant	98.11%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	549300GTXIX56BJFR736	1 – LEI	Standard Life Short Dated UK Government Bond Trust	99 – Other	Authorised unit trust	2 – Non-mutual		100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		3 – Method 1: Adjusted equity method

Appendices and additional information
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Appendix 1 – Quantitative Reporting Templates (31 December 2021) – PGH Group continued

Appendix 1.6 – S.32.01.22 Undertakings in the scope of the group – Public Disclosure continued

Country	Identification code of the undertaking	Type of code of the ID of the undertaking	Legal Name of the undertaking	Type of undertaking	Legal form	Category (mutual/non mutual)	Supervisory Authority	% capital share	% used for the establishment of consolidated accounts	% voting rights	Other criteria	Level of influence	Proportional share used for group solvency calculation	Yes/No	Date of decision if art. 214 is applied	Method used and under method 1, treatment of the undertaking
GB	549300M1KFPI0OTDC316	1 – LEI	Standard Life Global Equity Trust II	99 – Other	Authorised unit trust	2 – Non-mutual		100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	549300EMFE000TQ5QC17	1 – LEI	Standard Life UK Government Bond Trust	99 – Other	Authorised unit trust	2 – Non-mutual		100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	549300IWURTTOR0B5L22	1 – LEI	Standard Life UK Corporate Bond Trust	99 – Other	Authorised unit trust	2 – Non-mutual		100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	549300VAK5WRI3QRS839	1 – LEI	Standard Life Active Plus Bond Trust	99 – Other	Authorised unit trust	2 – Non-mutual		100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	549300SHV3HHVK5G9F12	1 – LEI	Standard Life International Trust	99 – Other	Authorised unit trust	2 – Non-mutual		99.86%	100.00%	99.86%		1 – Dominant	99.86%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	549300R55XQGRNOY5804	1 – LEI	STANDARD LIFE UK EQUITY GENERAL TRUST	99 – Other	Authorised unit trust	2 – Non-mutual		99.71%	100.00%	99.71%		1 – Dominant	99.71%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	213800EQHAIYMJPLIZ18	1 – LEI	ABERDEEN STANDARD OEIC III – ASI MYFOLIO MARKET I FUND	99 – Other	Open ended investment company	2 – Non-mutual		43.60%	43.60%	43.60%		2 – Significant	43.60%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	213800IFS6A5AOLOUS24	1 – LEI	ABERDEEN STANDARD OEIC III – ASI MYFOLIO MARKET II FUND	99 – Other	Open ended investment company	2 – Non-mutual		45.66%	45.66%	45.66%		2 – Significant	45.66%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	213800WD5VNT5CS9QF27	1 – LEI	ABERDEEN STANDARD OEIC III – ASI MYFOLIO MARKET III FUND	99 – Other	Open ended investment company	2 – Non-mutual		54.48%	54.48%	54.48%		2 – Significant	54.48%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	2138007A8RMRT2RC2E67	1 – LEI	ABERDEEN STANDARD OEIC III – ASI MYFOLIO MARKET IV FUND	99 – Other	Open ended investment company	2 – Non-mutual		52.83%	52.83%	52.83%		2 – Significant	52.83%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	213800TGMTB8IDAYKD45	1 – LEI	ABERDEEN STANDARD OEIC III – ASI MYFOLIO MARKET V FUND	99 – Other	Open ended investment company	2 – Non-mutual		60.55%	60.55%	60.55%		2 – Significant	60.55%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	213800MQ6R6KOI53DV94	1 – LEI	ABERDEEN STANDARD OEIC III – ASI MYFOLIO MULTI MANAGER I FUND	99 – Other	Open ended investment company	2 – Non-mutual		53.32%	53.32%	53.32%		2 – Significant	53.32%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	213800EEJVVK31YR6A19	1 – LEI	ABERDEEN STANDARD OEIC III – ASI MYFOLIO MULTI MANAGER II FUND	99 – Other	Open ended investment company	2 – Non-mutual		53.40%	53.40%	53.40%		2 – Significant	53.40%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	213800731SH2AZ2LNR22	1 – LEI	ABERDEEN STANDARD OEIC III – ASI MYFOLIO MULTI MANAGER III FUND	99 – Other	Open ended investment company	2 – Non-mutual		62.97%	62.97%	62.97%		2 – Significant	62.97%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	213800I2TZGOMPYGRH19	1 – LEI	ABERDEEN STANDARD OEIC III – ASI MYFOLIO MULTI MANAGER IV FUND	99 – Other	Open ended investment company	2 – Non-mutual		57.45%	57.45%	57.45%		2 – Significant	57.45%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	213800QWLPXCX6JPNJ46	1 – LEI	ABERDEEN STANDARD OEIC III – ASI MYFOLIO MULTI MANAGER V FUND	99 – Other	Open ended investment company	2 – Non-mutual		60.48%	60.48%	60.48%		2 – Significant	60.48%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	213800XNFM8J47REYL45	1 – LEI	ABERDEEN STANDARD OEIC III – ASI MYFOLIO MANAGED I FUND	99 – Other	Open ended investment company	2 – Non-mutual		74.49%	100.00%	74.49%		1 – Dominant	74.49%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	213800JVMZC7GM5CYO35	1 – LEI	ABERDEEN STANDARD OEIC III – ASI MYFOLIO MANAGED II FUND	99 – Other	Open ended investment company	2 – Non-mutual		74.46%	100.00%	74.46%		1 – Dominant	74.46%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	2138005CQLTFA4T8LN82	1 – LEI	ABERDEEN STANDARD OEIC III – ASI MYFOLIO MANAGED III FUND	99 – Other	Open ended investment company	2 – Non-mutual		82.43%	100.00%	82.43%		1 – Dominant	82.43%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	213800PYGZT1KZZ9UT72	1 – LEI	ABERDEEN STANDARD OEIC III – ASI MYFOLIO MANAGED IV FUND	99 – Other	Open ended investment company	2 – Non-mutual		67.17%	67.17%	67.17%		2 – Significant	67.17%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	213800DT88TRXWXFW531	1 – LEI	ABERDEEN STANDARD OEIC III – ASI MYFOLIO MANAGED V FUND	99 – Other	Open ended investment company	2 – Non-mutual		74.34%	100.00%	74.34%		1 – Dominant	74.34%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	5493000YK0YJ6Q9DLZ09	1 – LEI	ABERDEEN STANDARD OEIC III – ASI DYNAMIC MULTI ASSET GROWTH	99 – Other	Open ended investment company	2 – Non-mutual		96.09%	100.00%	96.09%		1 – Dominant	96.09%	1 – Included in the scope		3 – Method 1: Adjusted equity method
LU	5493008OG218QJPAV326	1 – LEI	STANDARD LIFE INVESTMENTS GLOBAL SICAV II – GLOBAL SHORT DURATION CORPORATE BOND FUND	99 – Other	Société d'Investissement À Capital Variable (SICAV)	2 – Non-mutual		98.12%	100.00%	98.12%		1 – Dominant	98.12%	1 – Included in the scope		3 – Method 1: Adjusted equity method
LU	O7HH6SBXFMH5NOPHCD14	1 – LEI	STANDARD LIFE INVESTMENTS GLOBAL SICAV – EURO GOVERNMENT ALL STOCKS FUND	99 – Other	Société d'Investissement À Capital Variable (SICAV)	2 – Non-mutual		99.99%	100.00%	99.99%		1 – Dominant	99.99%	1 – Included in the scope		3 – Method 1: Adjusted equity method
LU	549300MQ6OU848KVSO26	1 – LEI	STANDARD LIFE INVESTMENTS GLOBAL SICAV – EMERGING MARKETS FOCUSED EQUITY FUND	99 – Other	Société d'Investissement À Capital Variable (SICAV)	2 – Non-mutual		100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		3 – Method 1: Adjusted equity method
LU	549300M4GPJKY6QZ5W83	1 – LEI	STANDARD LIFE INVESTMENTS GLOBAL SICAV – EMERGING MARKET LOCAL CURRENCY DEBT FUND	99 – Other	Société d'Investissement À Capital Variable (SICAV)	2 – Non-mutual		91.43%	100.00%	91.43%		1 – Dominant	91.43%	1 – Included in the scope		3 – Method 1: Adjusted equity method
LU	GXYUVJHLG0VXGF6GTH78	1 – LEI	Standard Life Investments Global SICAV – Global Bond Fund	99 – Other	Société d'Investissement À Capital Variable (SICAV)	2 – Non-mutual		94.19%	100.00%	94.19%		1 – Dominant	94.19%	1 – Included in the scope		3 – Method 1: Adjusted equity method
LU	U9X3FTNHCUP4L0WKGX71	1 – LEI	Standard Life Investments Global SICAV – Global High Yield Bond Fund	99 – Other	Société d'Investissement À Capital Variable (SICAV)	2 – Non-mutual		82.95%	100.00%	82.95%		1 – Dominant	82.95%	1 – Included in the scope		3 – Method 1: Adjusted equity method
LU	WYX5CIV6AFQZIQU82357	1 – LEI	Standard Life Investments Global SICAV – Global Equities Fund	99 – Other	Société d'Investissement À Capital Variable (SICAV)	2 – Non-mutual		81.65%	100.00%	81.65%		1 – Dominant	81.65%	1 – Included in the scope		3 – Method 1: Adjusted equity method
LU	UYCT0I5PGBDBY00XEV95	1 – LEI	STANDARD LIFE INVESTMENTS GLOBAL SICAV – CHINA EQUITIES FUND	99 – Other	Société d'Investissement À Capital Variable (SICAV)	2 – Non-mutual		78.71%	100.00%	78.71%		1 – Dominant	78.71%	1 – Included in the scope		3 – Method 1: Adjusted equity method
LU	5493007BOMBCJ37CZ650	1 – LEI	STANDARD LIFE INVESTMENTS GLOBAL SICAV – JAPANESE EQUITIES FUND	99 – Other	Société d'Investissement À Capital Variable (SICAV)	2 – Non-mutual		93.93%	100.00%	93.93%		1 – Dominant	93.93%	1 – Included in the scope		3 – Method 1: Adjusted equity method
LU	IKNRVTZFJMXVU04INT73	1 – LEI	Standard Life Investments Global SICAV – European Smaller Companies Fund	99 – Other	Société d'Investissement À Capital Variable (SICAV)	2 – Non-mutual		23.29%	23.29%	23.29%		2 – Significant	23.29%	1 – Included in the scope		3 – Method 1: Adjusted equity method
LU	JCSNRTX2P3VQCSCY9U38	1 – LEI	Standard Life Investments Global SICAV – Global REIT Focus Fund	99 – Other	Société d'Investissement À Capital Variable (SICAV)	2 – Non-mutual		93.41%	100.00%	93.41%		1 – Dominant	93.41%	1 – Included in the scope		3 – Method 1: Adjusted equity method
LU	0C8VPGENNA8PSKOIU246	1 – LEI	Standard Life Investments Global SICAV – European Corporate Bond Fund	99 – Other	Société d'Investissement À Capital Variable (SICAV)	2 – Non-mutual		35.97%	35.97%	35.97%		2 – Significant	35.97%	1 – Included in the scope		3 – Method 1: Adjusted equity method
LU	549300HYV8G6BSOFVX33	1 – LEI	Standard Life Investments Global SICAV – Global Absolute Return Strategies Fund	99 – Other	Société d'Investissement À Capital Variable (SICAV)	2 – Non-mutual		42.94%	42.94%	42.94%		2 – Significant	42.94%	1 – Included in the scope		3 – Method 1: Adjusted equity method
LU	ZBFDG70US1SSJG9Z0Y21	1 – LEI	Standard Life Investments Global SICAV – Absolute Return Global Bond Strategies Fund	99 – Other	Société d'Investissement À Capital Variable (SICAV)	2 – Non-mutual		76.39%	100.00%	76.39%		1 – Dominant	76.39%	1 – Included in the scope		3 – Method 1: Adjusted equity method
IE	549300FZNZKXXUYXI275	1 – LEI	SEABURY ASSETS FUND PUBLIC LIMITED COMPANY – STERLING VNAV LIQUIDITY FUND	99 – Other	Open ended investment company	2 – Non-mutual		100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		3 – Method 1: Adjusted equity method
IE	549300JWIMS5EZ61L635	1 – LEI	SEABURY ASSETS FUND PUBLIC LIMITED COMPANY – EURO VNAV LIQUIDITY FUND	99 – Other	Open ended investment company	2 – Non-mutual		100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		3 – Method 1: Adjusted equity method
KY	21380039CUL33ZF3UK04	1 – LEI	Ignis Private Equity Fund LP	99 – Other	Limited Partnership	2 – Non-mutual		100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		3 – Method 1: Adjusted equity method
KY	2138006EXLOU452E4658	1 – LEI	Ignis Strategic Credit Fund LP	99 – Other	Limited Partnership	2 – Non-mutual		100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		3 – Method 1: Adjusted equity method

Appendices and additional information
continued

Appendix 1 – Quantitative Reporting Templates (31 December 2021) – PGH Group continued

Appendix 1.6 – S.32.01.22 Undertakings in the scope of the group – Public Disclosure continued

Country	Identification code of the undertaking	Type of code of the ID of the undertaking	Legal Name of the undertaking	Type of undertaking	Legal form	Category (mutual/non mutual)	Supervisory Authority	% capital share	% used for the establishment of consolidated accounts	% voting rights	Other criteria	Level of influence	Proportional share used for group solvency calculation	Yes/No	Date of decision if art. 214 is applied	Method used and under method 1, treatment of the undertaking
GB	2138004MK7VPTZ99EV13	1 – LEI	STANDARD LIFE PRIVATE EQUITY TRUST PLC	99 – Other	Company limited by shares	2 – Non-mutual		56.01%	100.00%	56.01%		1 – Dominant	56.01%	1 – Included in the scope		3 – Method 1: Adjusted equity method
US	923M5RA2I1X3IO5NGM14US10000	2 – Specific code	North American Strategic Partners 2008 L.P.	99 – Other	Limited Partnership	2 – Non-mutual		100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	923M5RA2I1X3IO5NGM14GB10001	2 – Specific code	North American Strategic Partners (Feeder) 2008 L.P.	99 – Other	Limited Partnership	2 – Non-mutual		100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		3 – Method 1: Adjusted equity method
LU	923M5RA2I1X3IO5NGM14LU10002	2 – Specific code	Standard Life Assurance (HWPF) Luxemburg S.à r.l.	99 – Other	Company limited by shares	2 – Non-mutual		100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		3 – Method 1: Adjusted equity method
BE	923M5RA2I1X3IO5NGM14BE10003	2 – Specific code	SLA Belgium No.1 SA	99 – Other	Company limited by shares	2 – Non-mutual		100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		3 – Method 1: Adjusted equity method
LU	923M5RA2I1X3IO5NGM14LU10004	2 – Specific code	SLA Germany No.1 S.à r.l.	99 – Other	Company limited by shares	2 – Non-mutual		100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		3 – Method 1: Adjusted equity method
LU	923M5RA2I1X3IO5NGM14LU10005	2 – Specific code	SLA Germany No.2 S.à r.l.	99 – Other	Company limited by shares	2 – Non-mutual		100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		3 – Method 1: Adjusted equity method
LU	923M5RA2I1X3IO5NGM14LU10006	2 – Specific code	SLA Germany No.3 S.à r.l.	99 – Other	Company limited by shares	2 – Non-mutual		100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		3 – Method 1: Adjusted equity method
LU	923M5RA2I1X3IO5NGM14LU10007	2 – Specific code	SLA Ireland No.1 S.à r.l.	99 – Other	Company limited by shares	2 – Non-mutual		100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		3 – Method 1: Adjusted equity method
NL	923M5RA2I1X3IO5NGM14NL10008	2 – Specific code	SLA Netherlands No.1 B.V.	99 – Other	Company limited by shares	2 – Non-mutual		100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		3 – Method 1: Adjusted equity method
SE	923M5RA2I1X3IO5NGM14SE10009	2 – Specific code	Pilangen Logistik AB	99 – Other	Company limited by shares	2 – Non-mutual		100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		3 – Method 1: Adjusted equity method
SE	923M5RA2I1X3IO5NGM14SE10010	2 – Specific code	Pilangen Logistik I AB	99 – Other	Company limited by shares	2 – Non-mutual		100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		3 – Method 1: Adjusted equity method
IE	213800TDBB718C196H58	1 – LEI	Ignis Strategic Solutions Funds Plc – Systematic Strategies Fund	99 – Other	Open ended investment company	2 – Non-mutual		100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		3 – Method 1: Adjusted equity method
IE	213800SH4MG4MNVECA61	1 – LEI	Ignis Strategic Solutions Funds Plc – Fundamental Strategies Fund	99 – Other	Open ended investment company	2 – Non-mutual		100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	213800IJ3HKI1OZKQ289	1 – LEI	Janus Henderson Institutional Mainstream Uk Equity Trust	99 – Other	Authorised unit trust	2 – Non-mutual		100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	213800SPJ66CK3GEGF30	1 – LEI	Janus Henderson Institutional Uk Equity Tracker Trust	99 – Other	Authorised unit trust	2 – Non-mutual		100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	213800PZXIJUMYOXDN27	1 – LEI	Janus Henderson Global Funds – Janus Henderson Institutional Overseas Bond Fund	99 – Other	Open ended investment company	2 – Non-mutual		96.68%	100.00%	96.68%		1 – Dominant	96.68%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	213800VG1BZO9WR4I941	1 – LEI	JANUS HENDERSON DIVERSIFIED GROWTH FUND	99 – Other	Open ended investment company	2 – Non-mutual		72.35%	100.00%	72.35%		1 – Dominant	72.35%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	213800TQYSHLWYSUR685	1 – LEI	JANUS HENDERSON INSTITUTIONAL UK INDEX OPPORTUNITIES FUND	99 – Other	Open ended investment company	2 – Non-mutual		60.29%	60.29%	60.29%		2 – Significant	60.29%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	213800I7IK5UQW1RAB89	1 – LEI	Janus Henderson INSTITUTIONAL SHORT DURATION BOND FUND	99 – Other	Authorised unit trust	2 – Non-mutual		100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	2138004YB2HUL6PHSQ91	1 – LEI	JANUS HENDERSON SUSTAINABLE/RESPONSIBLE FUNDS – JANUS HENDERSON INSTITUTIONAL GLOBAL RESPONSIBLE MANAGED FUND	99 – Other	Open ended investment company	2 – Non-mutual		38.18%	38.18%	38.18%		2 – Significant	38.18%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	2138007DWD6A7X7FL923	1 – LEI	Janus Henderson STRATEGIC INVESTMENT FUNDS – Janus Henderson INSTITUTIONAL NORTH AMERICAN INDEX OPPORTUNITIES FUND	99 – Other	Open ended investment company	2 – Non-mutual		85.06%	100.00%	85.06%		1 – Dominant	85.06%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	2138006CHW6K23X8BM02	1 – LEI	Janus Henderson STRATEGIC INVESTMENT FUNDS – Janus Henderson INSTITUTIONAL ASIA PACIFIC EX JAPAN INDEX OPPORTUNITIES FUND	99 – Other	Open ended investment company	2 – Non-mutual		88.79%	100.00%	88.79%		1 – Dominant	88.79%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	213800GCSPYUX5TO2V30	1 – LEI	JANUS HENDERSON STRATEGIC INVESTMENT FUNDS – JANUS HENDERSON INSTITUTIONAL JAPAN INDEX OPPORTUNITIES FUND	99 – Other	Open ended investment company	2 – Non-mutual		80.39%	100.00%	80.39%		1 – Dominant	80.39%	1 – Included in the scope		3 – Method 1: Adjusted equity method
ES	923M5RA2I1X3IO5NGM14ES10012	2 – Specific code	330 Avenida de Aragon SL	99 – Other	Company limited by shares	2 – Non-mutual		100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	923M5RA2I1X3IO5NGM14GB10013	2 – Specific code	SLIF Property Investment GP Limited	99 – Other	Company limited by shares	2 – Non-mutual		100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	923M5RA2I1X3IO5NGM14GB10014	2 – Specific code	The Heritable Securities and Mortgage Investment Association Ltd	99 – Other	Company limited by shares	2 – Non-mutual		100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		3 – Method 1: Adjusted equity method
NL	923M5RA2I1X3IO5NGM14NL10015	2 – Specific code	The Standard Life Assurance Company of Europe B.V.	99 – Other	Company limited by shares	2 – Non-mutual		100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		3 – Method 1: Adjusted equity method
JE	923M5RA2I1X3IO5NGM14JE10016	2 – Specific code	Gallions Reach Shopping Park Unit Trust	99 – Other	Authorised unit trust	2 – Non-mutual		100.00%	100.00%	100.00%		2 – Significant	100.00%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	923M5RA2I1X3IO5NGM14GB10017	2 – Specific code	Gallions Reach Shopping Park (Nominee) Limited	99 – Other	Company limited by shares	2 – Non-mutual		100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		3 – Method 1: Adjusted equity method
JE	923M5RA2I1X3IO5NGM14JE10019	2 – Specific code	Standard Life Investments UK Retail Park Trust	99 – Other	Authorised unit trust	2 – Non-mutual		56.60%	56.60%	56.60%		2 – Significant	56.60%	1 – Included in the scope		3 – Method 1: Adjusted equity method
JE	923M5RA2I1X3IO5NGM14JE10020	2 – Specific code	Standard Life Investments UK Shopping Centre Trust	99 – Other	Authorised unit trust	2 – Non-mutual		40.13%	40.13%	40.13%		2 – Significant	40.13%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	923M5RA2I1X3IO5NGM14GB10021	2 – Specific code	Castlepoint LP	99 – Other	Company limited by shares	2 – Non-mutual		34.81%	34.81%	34.81%		2 – Significant	34.81%	1 – Included in the scope		3 – Method 1: Adjusted equity method
JE	923M5RA2I1X3IO5NGM14JE10022	2 – Specific code	Crawley Unit Trust	99 – Other	Authorised unit trust	2 – Non-mutual		100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		3 – Method 1: Adjusted equity method
LU	549300H7ELL1ZCTXVS23	1 – LEI	ABERDEEN STANDARD LIQUIDITY FUND (LUX) – EURO FUND	99 – Other	Undertakings for Collective Investments in Transferable Securities	2 – Non-mutual		28.60%	28.60%	28.60%		2 – Significant	28.60%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	213800IVG9SKM4YH4C86	1 – LEI	AXA Fixed Interest Investment ICVC – Sterling Strategic Bond Fund	99 – Other	Undertakings for Collective Investments in Transferable Securities	2 – Non-mutual		48.50%	48.50%	48.50%		2 – Significant	48.50%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	549300QXFKF2HVT74U06	1 – LEI	MI Somerset Capital Management Investment Funds ICVC – MI Somerset Global Emerging Markets Fund	99 – Other	Open ended investment company	2 – Non-mutual		53.84%	53.84%	53.84%		2 – Significant	53.84%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	549300FOFZB42GW3KA59	1 – LEI	ABERDEEN STANDARD OEIC VI – ASI EMERGING MARKETS EQUITY ENHANCED INDEX FUND	99 – Other	Open ended investment company	2 – Non-mutual		22.06%	22.06%	22.06%		2 – Significant	22.06%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	2138005ZEJNYUIFBET73	1 – LEI	BA (FURBS) Limited	99 – Other	Company limited by shares	2 – Non-mutual		100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	213800H867B9CB2RM694	1 – LEI	London Life Trustees Limited	99 – Other	Company limited by shares	2 – Non-mutual		100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	21380065SBT1KWR9GL23	1 – LEI	National Provident Institution	99 – Other	Unlimited without shares	2 – Non-mutual		100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	213800UX8KICATW4FL79	1 – LEI	NPI (Printworks) Limited	99 – Other	Company limited by shares	2 – Non-mutual		100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	213800Q3CZMOFF9OE643	1 – LEI	NPI (Westgate) Limited	99 – Other	Company limited by shares	2 – Non-mutual		100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	213800G8PY6JCXSQLC67	1 – LEI	Phoenix (Barwell 2) Limited	99 – Other	Company limited by shares	2 – Non-mutual		100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		3 – Method 1: Adjusted equity method

Appendix 1 – Quantitative Reporting Templates (31 December 2021) – PGH Group continued

Appendix 1.6 – S.32.01.22 Undertakings in the scope of the group – Public Disclosure continued

Country	Identification code of the undertaking	Type of code of the ID of the undertaking	Legal Name of the undertaking	Type of undertaking	Legal form	Category (mutual/non mutual)	Supervisory Authority	% capital share	% used for the establishment of consolidated accounts	% voting rights	Other criteria	Level of influence	Proportional share used for group solvency calculation	Yes/No	Date of decision if art. 214 is applied	Method used and under method 1, treatment of the undertaking
GB	2138001CFOTDN3U7BM31	1 – LEI	Phoenix (Chiswick House) Limited	99 – Other	Company limited by shares	2 – Non-mutual		100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	213800SHU5OGZS6PJZ19	1 – LEI	Pearl (Covent Garden) Limited	99 – Other	Company limited by shares	2 – Non-mutual		100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	213800JH8I75Q3WBIX59	1 – LEI	Pearl (Martineau Phase 1) Limited	99 – Other	Company limited by shares	2 – Non-mutual		100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	213800H9LDHZUVWW9F07	1 – LEI	Pearl (Martineau Phase 2) Limited	99 – Other	Company limited by shares	2 – Non-mutual		100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	213800FUUJNPK8RGKI07	1 – LEI	Phoenix (Moor House 1) Limited	99 – Other	Company limited by shares	2 – Non-mutual		100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	213800AAGWJ9I1A76T36	1 – LEI	Phoenix (Moor House 2) Limited	99 – Other	Company limited by shares	2 – Non-mutual		100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	213800UL2ISGIL5ZYH43	1 – LEI	Pearl (Moor House) Limited	99 – Other	Company limited by shares	2 – Non-mutual		100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	213800GRV1G4NBVR2C83	1 – LEI	Phoenix (Printworks) Limited	99 – Other	Company limited by shares	2 – Non-mutual		100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	2138005OLWBASFXB7S08	1 – LEI	Phoenix (Stockley Park) Limited	99 – Other	Company limited by shares	2 – Non-mutual		100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	2138005IQK4DZ2N8UH82	1 – LEI	Pearl Group Secretariat Services Limited	99 – Other	Company limited by shares	2 – Non-mutual		100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	2138009BU7B91VZP2M65	1 – LEI	Phoenix Group Management Limited	99 – Other	Company limited by shares	2 – Non-mutual		100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	213800EEKY3ZQDUYKV60	1 – LEI	Pearl MP Birmingham Limited	99 – Other	Company limited by shares	2 – Non-mutual		100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	213800V8BBPFHQH81386	1 – LEI	Pearl RLG Limited	99 – Other	Company limited by shares	2 – Non-mutual		100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	2138001ZOXFC79PEZS19	1 – LEI	Pearl Trustees Limited	99 – Other	Company limited by shares	2 – Non-mutual		100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	21380089ZAQLRGSTXL02	1 – LEI	Phoenix Group Capital Limited	99 – Other	Company limited by shares	2 – Non-mutual		100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	213800696N9OI66X5I18	1 – LEI	The London Life Association Limited	99 – Other	Company limited by guarantee	2 – Non-mutual		100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	213800KSY8FMU99DE175	1 – LEI	Phoenix Pension Scheme (Trustees) Limited	99 – Other	Company limited by shares	2 – Non-mutual		100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	213800C2PGN9I9C33L82	1 – LEI	Century Trustee Services Limited	99 – Other	Company limited by shares	2 – Non-mutual		100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	213800Y7LOTDOSDNEL59	1 – LEI	Phoenix Advisers Limited	99 – Other	Company limited by shares	2 – Non-mutual		100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	213800LJMZ4QEJ8AUV97	1 – LEI	Phoenix ULA Limited	99 – Other	Company limited by shares	2 – Non-mutual		100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	213800J33B28B2SKEF70	1 – LEI	Scottish Mutual Nominees Limited	99 – Other	Company limited by shares	2 – Non-mutual		100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	213800YBYX8PMP3QQM09	1 – LEI	PG Dormant (No 5) Limited	99 – Other	Company limited by shares	2 – Non-mutual		100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	213800HTOXWIQA6XQW93	1 – LEI	The Scottish Mutual Assurance Society	99 – Other	Company limited by guarantee	2 – Non-mutual		100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	213800EFHIV4NSSD3D48	1 – LEI	The Phoenix Life SCP Institution	99 – Other	Company limited by guarantee	2 – Non-mutual		100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	213800GRORRHUWA5C435	1 – LEI	Alba LAS Pensions Management Limited	99 – Other	Company limited by shares	2 – Non-mutual		100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	213800R8PJ9EPBQLWP58	1 – LEI	The Pearl Martineau Galleries Limited Partnership	99 – Other	Limited Partnership	2 – Non-mutual		100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	213800CPL9WKRMHYQN02	1 – LEI	The Pearl Martineau Limited Partnership	99 – Other	Limited Partnership	2 – Non-mutual		100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	923M5RA2I1X3IO5NGM14GB00077	2 – Specific code	UK Commercial Property Estates (Reading) Limited	99 – Other	Company limited by shares	2 – Non-mutual		44.46%	44.46%	44.46%		2 – Significant	44.46%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GG	213800JN4FQ1A9G8EU25	1 – LEI	UK Commercial Property REIT Limited	99 – Other	Company limited by shares	2 – Non-mutual		44.46%	44.46%	44.46%		2 – Significant	44.46%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GG	213800W2EAL6W37KKU59	1 – LEI	UK Commercial Property Estates Holdings Limited	99 – Other	Company limited by shares	2 – Non-mutual		44.46%	44.46%	44.46%		2 – Significant	44.46%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GG	213800521LWAVOZHUR12	1 – LEI	UK Commercial Property Holdings Limited	99 – Other	Company limited by shares	2 – Non-mutual		44.46%	44.46%	44.46%		2 – Significant	44.46%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GG	213800DJ3JFFA1P8TS31	1 – LEI	UK Commercial Property Estates Limited	99 – Other	Company limited by shares	2 – Non-mutual		44.46%	44.46%	44.46%		2 – Significant	44.46%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GG	213800FZM1LGPU46ZP56	1 – LEI	UK Commercial Property Nominee Limited	99 – Other	Company limited by shares	2 – Non-mutual		44.46%	44.46%	44.46%		2 – Significant	44.46%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GG	213800J1T7J1138EOQ84	1 – LEI	UK Commercial Property GP Limited	99 – Other	Company limited by shares	2 – Non-mutual		44.46%	44.46%	44.46%		2 – Significant	44.46%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GG	213800HDNBJ5VT5XQO97	1 – LEI	UKCPT Limited Partnership	99 – Other	Company limited by shares	2 – Non-mutual		44.46%	44.46%	44.46%		2 – Significant	44.46%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GG	213800E9M829ZMVVKH17	1 – LEI	UK Commercial Property Finance Holdings Limited	99 – Other	Company limited by shares	2 – Non-mutual		44.46%	44.46%	44.46%		2 – Significant	44.46%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	2138009PGTUXA25AU785GB10013	2 – Specific code	Brixton Radlett Property Limited	99 – Other	Company limited by shares	2 – Non-mutual		44.46%	44.46%	44.46%		2 – Significant	44.46%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	213800XBTJGEIJPJIT08	1 – LEI	Phoenix ER2 Limited	11 – Non-regulated undertaking carrying out financial activities as defined in Article 1 (52) of Delegated Regulation (EU) 2015/35	Company limited by shares	2 – Non-mutual		100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		4 – Method 1: Sectoral rules
GB	2138006AVN3BGVP6FN70	1 – LEI	Abbey Life Trust Securities Limited	99 – Other	Company limited by shares	2 – Non-mutual		100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	213800QSPR2LRLU34T67	1 – LEI	Abbey Life Trustee Services Limited	99 – Other	Company limited by shares	2 – Non-mutual		100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	213800COYKUWIUR3SG48	1 – LEI	Phoenix SPV1 Limited	99 – Other	Company limited by shares	2 – Non-mutual		100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	2138003N16KHLOXD3D04	1 – LEI	Phoenix SPV2 Limited	99 – Other	Company limited by shares	2 – Non-mutual		100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	213800NG1JUVIV3DGS16	1 – LEI	Phoenix SPV3 Limited	99 – Other	Company limited by shares	2 – Non-mutual		100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	213800N5TUHIA7XVOB84	1 – LEI	Phoenix SPV4 Limited	99 – Other	Company limited by shares	2 – Non-mutual		100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	2138008TTY2T2R99JH73	1 – LEI	Phoenix ER5 Limited	11 – Non-regulated undertaking carrying out financial activities as defined in Article 1 (52) of Delegated Regulation (EU) 2015/35	Company limited by shares	2 – Non-mutual		100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		4 – Method 1: Sectoral rules
GB	5493005FMXD1DF7H5U38	1 – LEI	Abbey Life Assurance Company Limited	99 – Other	Company limited by shares	2 – Non-mutual		100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	21380035Z7JKF61E6Y61	1 – LEI	Alba Life Trustees Limited	99 – Other	Company limited by shares	2 – Non-mutual		100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		3 – Method 1: Adjusted equity method

Appendices and additional information
continued

Appendix 1 – Quantitative Reporting Templates (31 December 2021) – PGH Group continued

Appendix 1.6 – S.32.01.22 Undertakings in the scope of the group – Public Disclosure continued

Country	Identification code of the undertaking	Type of code of the ID of the undertaking	Legal Name of the undertaking	Type of undertaking	Legal form	Category (mutual/non mutual)	Supervisory Authority	% capital share	% used for the establishment of consolidated accounts	% voting rights	Other criteria	Level of influence	Proportional share used for group solvency calculation	Yes/No	Date of decision if art. 214 is applied	Method used and under method 1, treatment of the undertaking
GB	213800JU1AQEHLXNFB22	1 – LEI	Phoenix SL Direct Limited	99 – Other	Company limited by shares	2 – Non-mutual		100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		1 – Method 1: Full consolidation
GB	213800IHCXV68Y68RU96	1 – LEI	Phoenix Wealth Trustee Services Limited	99 – Other	Company limited by shares	2 – Non-mutual		100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	213800YA6KBR5F6X5773	1 – LEI	Phoenix AW Limited	99 – Other	Company limited by shares	2 – Non-mutual		100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	213800PSSLEQR5IDJ351	1 – LEI	Phoenix Wealth Services Limited	99 – Other	Company limited by shares	2 – Non-mutual		100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	213800S88OB7OOLWB337	1 – LEI	Britannic Finance Limited	99 – Other	Company limited by shares	2 – Non-mutual		100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	213800J8J5RG7CXMLT47	1 – LEI	Britannic Group Services Limited	99 – Other	Company limited by shares	2 – Non-mutual		100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	213800OCFONM4ZNJBB35	1 – LEI	Britannic Money Investment Services Limited	99 – Other	Company limited by shares	2 – Non-mutual		100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	213800RGEZJWU7O2EQ55	1 – LEI	PG DORMANT (NO 6) LIMITED	99 – Other	Company limited by shares	2 – Non-mutual		100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	213800NDZUFCLVRMYQ89	1 – LEI	Phoenix Group Management Services Limited	99 – Other	Company limited by shares	2 – Non-mutual		100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	923M5RA2I1X3IO5NGM14GB00079	2 – Specific code	Moor House General Partner Limited	99 – Other	Limited Partnership	2 – Non-mutual		33.30%	33.30%	33.30%		2 – Significant	33.30%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	213800RUJKNJ1A9ZX173	1 – LEI	Phoenix Unit Trust Managers Limited	14 – UCITS management companies as defined in Article 1 (54) of Delegated Regulation (EU) 2015/35	Company limited by shares	2 – Non-mutual		100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		4 – Method 1: Sectoral rules
GB	213800VUT844OO5BG366	1 – LEI	CH Management Limited	99 – Other	Company limited by shares	2 – Non-mutual		100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	213800F4I4AWU6NBME19	1 – LEI	Cityfourinc	99 – Other	Company limited by shares	2 – Non-mutual		100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	213800CUYV3HL17JP515	1 – LEI	Phoenix Group Employee Benefit Trust	99 – Other	Trust	2 – Non-mutual		100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		3 – Method 1: Adjusted equity method
JE	213800PRI1Y9YF64UR32	1 – LEI	IH (Jersey) Limited	99 – Other	Company limited by shares	2 – Non-mutual		100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	213800YSR6GTJ8MVUS19	1 – LEI	Impala Holdings Limited	5 – Insurance holding company as defined in Article 212(1) (f) of Directive 2009/138/EC	Company limited by shares	2 – Non-mutual		100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		1 – Method 1: Full consolidation
GB	213800MQMHVIR9ZA1Y57	1 – LEI	London Life Limited	99 – Other	Company limited by shares	2 – Non-mutual		100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	2138009129G12OFZWC28	1 – LEI	NP Life Holdings Limited	99 – Other	Company limited by shares	2 – Non-mutual		100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	213800QU1FBSLX89Q242	1 – LEI	National Provident Life Limited	99 – Other	Company limited by shares	2 – Non-mutual		100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	21380067P35533CPS717	1 – LEI	Pearl Assurance Group Holdings Limited	99 – Other	Company limited by shares	2 – Non-mutual		100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	213800CZWH4VG2X7HP11	1 – LEI	PA (GI) Limited	2 – Non life insurance undertaking	Company limited by shares	2 – Non-mutual	The Prudential Regulation Authority	100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		1 – Method 1: Full consolidation
GB	213800NH6RYZBJ6K5C11	1 – LEI	Pearl AL Limited	99 – Other	Company limited by shares	2 – Non-mutual		100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	213800DJMETF2ALADE56	1 – LEI	Phoenix & London Assurance Limited	99 – Other	Company limited by shares	2 – Non-mutual		100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	213800YXNP7NQGER8E10	1 – LEI	Phoenix Customer Care Limited	99 – Other	Company limited by shares	2 – Non-mutual		100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	2138007DV547Q2B7MR04	1 – LEI	Phoenix ER1 Limited	99 – Other	Company limited by shares	2 – Non-mutual		100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	21380039WGL689JN6E44	1 – LEI	Phoenix ER3 Limited	99 – Other	Company limited by shares	2 – Non-mutual		100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	213800ILIUK3NF5H7465	1 – LEI	Phoenix ER4 Limited	11 – Non-regulated undertaking carrying out financial activities as defined in Article 1 (52) of Delegated Regulation (EU) 2015/35	Company limited by shares	2 – Non-mutual		100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		4 – Method 1: Sectoral rules
KY	21380031B1D56JRCE375	1 – LEI	Phoenix Group Holdings	99 – Other	Company limited by shares	2 – Non-mutual		100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	213800PO6LOTMSXHAP71	1 – LEI	Pearl Group Holdings (No. 1) Limited	99 – Other	Company limited by shares	2 – Non-mutual		100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	2138002124DJU5NAJB47	1 – LEI	Pearl Group Holdings (No. 2) Limited	5 – Insurance holding company as defined in Article 212(1) (f) of Directive 2009/138/EC	Company limited by shares	2 – Non-mutual		100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		1 – Method 1: Full consolidation
IE	213800HW7LORF5UQUW14	1 – LEI	PGH Capital Plc	99 – Other	Company limited by shares	2 – Non-mutual		100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	2138001P49OLAEU33T68GB10007	2 – Specific code	PGH (LC1) Limited	99 – Other	Company limited by shares	2 – Non-mutual		100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	2138001P49OLAEU33T68GB10005	2 – Specific code	PGH (LC2) Limited	99 – Other	Company limited by shares	2 – Non-mutual		100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	213800TBZW26HVJ7YD19	1 – LEI	PGH (LCA) Limited	99 – Other	Company limited by shares	2 – Non-mutual		100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	213800639F2IYJN5LX30	1 – LEI	PGH (LCB) Limited	99 – Other	Company limited by shares	2 – Non-mutual		100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	213800TBZW26HVJ7YD19GB10009	2 – Specific code	PGH (MC1) Limited	99 – Other	Company limited by shares	2 – Non-mutual		100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	213800639F2IYJN5LX30GB10010	2 – Specific code	PGH (MC2) Limited	99 – Other	Company limited by shares	2 – Non-mutual		100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	2138001P49OLAEU33T68	1 – LEI	Phoenix Group Holdings plc	5 – Insurance holding company as defined in Article 212(1) (f) of Directive 2009/138/EC	Company limited by shares	2 – Non-mutual								1 – Included in the scope		1 – Method 1: Full consolidation
GB	2138001P49OLAEU33T68GB10008	2 – Specific code	PGH (TC1) Limited	99 – Other	Company limited by shares	2 – Non-mutual		100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	2138001P49OLAEU33T68GB10006	2 – Specific code	PGH (TC2) Limited	99 – Other	Company limited by shares	2 – Non-mutual		100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	2138005CNV9TY74WAR28	1 – LEI	Pearl Group Management Services Limited	10 – Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Company limited by shares	2 – Non-mutual		100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		1 – Method 1: Full consolidation
GB	213800ZG6QXSK9G9GO74	1 – LEI	PGMS (Glasgow) Limited	99 – Other	Company limited by shares	2 – Non-mutual		100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		3 – Method 1: Adjusted equity method
IE	213800DP8RHURBWQUW31	1 – LEI	PGMS (Ireland) Ltd	10 – Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Company limited by shares	2 – Non-mutual		100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		1 – Method 1: Full consolidation
IE	213800XE94GLGH5TUQ16	1 – LEI	PGMS (Ireland) Holdings	99 – Other	Company limited by shares	2 – Non-mutual		100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		3 – Method 1: Adjusted equity method

Appendices and additional information
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Appendix 1 – Quantitative Reporting Templates (31 December 2021) – PGH Group continued

Appendix 1.6 – S.32.01.22 Undertakings in the scope of the group – Public Disclosure continued

Country	Identification code of the undertaking	Type of code of the ID of the undertaking	Legal Name of the undertaking	Type of undertaking	Legal form	Category (mutual/non mutual)	Supervisory Authority	% capital share	% used for the establishment of consolidated accounts	% voting rights	Other criteria	Level of influence	Proportional share used for group solvency calculation	Yes/No	Date of decision if art. 214 is applied	Method used and under method 1, treatment of the undertaking
GB	213800KR6QUMTDIX5H91	1 – LEI	Pearl Group Services Limited	10 – Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Company limited by shares	2 – Non-mutual		100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		1 – Method 1: Full consolidation
GB	213800GXSEN5TJWQMI72	1 – LEI	PGS 2 Limited	99 – Other	Company limited by shares	2 – Non-mutual		100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	2138009PGTUXA25AU785	1 – LEI	Phoenix Life Holdings Limited	5 – Insurance holding company as defined in Article 212(1) (f) of Directive 2009/138/EC	Company limited by shares	2 – Non-mutual		100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		1 – Method 1: Full consolidation
GB	213800LHZHSXHFZ59970	1 – LEI	Phoenix Life Assurance Limited	1 – Life insurance undertaking	Company limited by shares	2 – Non-mutual	The Prudential Regulation Authority	100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		1 – Method 1: Full consolidation
GB	2138005INFYUNFGXD528	1 – LEI	Pearl Life Holdings Limited	5 – Insurance holding company as defined in Article 212(1) (f) of Directive 2009/138/EC	Company limited by shares	2 – Non-mutual		100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		1 – Method 1: Full consolidation
GB	213800F8BC7QS1SGPG53	1 – LEI	Phoenix Life Limited	1 – Life insurance undertaking	Company limited by shares	2 – Non-mutual	The Prudential Regulation Authority	100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		1 – Method 1: Full consolidation
GB	2138002CJZVH844BO431	1 – LEI	PG DORMANT (NO 4) LIMITED	99 – Other	Company limited by shares	2 – Non-mutual		100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	213800JTP4IW1CLE8Q08	1 – LEI	Phoenix Pensions Trustee Services Limited	99 – Other	Company limited by shares	2 – Non-mutual		100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	213800F9J1GCM4FMTU87	1 – LEI	Pearl Customer Care Limited	99 – Other	Company limited by shares	2 – Non-mutual		100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		3 – Method 1: Adjusted equity method
US	213800NASW8ZHVZ3U265	1 – LEI	Pearl (WP) Investments LLC	99 – Other	Company limited by shares	2 – Non-mutual		100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	2138003PPIEA27377A59	1 – LEI	SunLife Limited	99 – Other	Company limited by shares	2 – Non-mutual		100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	213800O1YBZJ7WJK2567	1 – LEI	SL Liverpool Limited	99 – Other	Company limited by shares	2 – Non-mutual		100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	213800ZILLOABHU4ZT66	1 – LEI	Scottish Mutual Assurance Limited	99 – Other	Company limited by shares	2 – Non-mutual		100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	213800LFFJ5UNTAEZK91	1 – LEI	Scottish Mutual Pension Funds Investment Limited	99 – Other	Company limited by shares	2 – Non-mutual		100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	213800HVX64Z6SADYQ50	1 – LEI	Phoenix SCP Limited	99 – Other	Company limited by shares	2 – Non-mutual		100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	2138001Q4BGZ3QASNG93	1 – LEI	Impala Loan Company 1 Limited	99 – Other	Company limited by shares	2 – Non-mutual		100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	2138005P7ZYYWWBCRY26	1 – LEI	Phoenix SCP Pensions Trustees Limited	99 – Other	Company limited by shares	2 – Non-mutual		100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	213800OHBY9DMQUET391	1 – LEI	Phoenix SCP Trustees Limited	99 – Other	Company limited by shares	2 – Non-mutual		100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	213800XE3S51YKKDFC05	1 – LEI	Phoenix Wealth Holdings Limited	99 – Other	Company limited by shares	2 – Non-mutual		100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	549300CCUJ1BP6N2ZJ02	1 – LEI	Standard Life Lifetime Mortgages Limited	8 – Credit institution, investment firm and financial institution	Company limited by shares	2 – Non-mutual	Financial Conduct Authority	100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	RZJMLXIELM2LIX763187	1 – LEI	Standard Life Pension Funds Limited	1 – Life insurance undertaking	Company limited by guarantee	2 – Non-mutual	The Prudential Regulation Authority	100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		1 – Method 1: Full consolidation
IE	MU1J7DTC8IC8VMFT8818	1 – LEI	Standard Life International Designated Activity Company	1 – Life insurance undertaking	Company limited by shares	2 – Non-mutual	Central Bank of Ireland	100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		1 – Method 1: Full consolidation
GB	923M5RA2I1X3IO5NGM14	1 – LEI	Standard Life Assurance Limited	1 – Life insurance undertaking	Company limited by shares	2 – Non-mutual	The Prudential Regulation Authority	100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		1 – Method 1: Full consolidation
GB	21380067BSRUHB4X5Y24	1 – LEI	Standard Life Assets and Employee Services Limited	10 – Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Company limited by shares	2 – Non-mutual		100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		1 – Method 1: Full consolidation
GB	923M5RA2I1X3IO5NGM14GB00024	2 – Specific code	Vebnet (Holdings) Limited	99 – Other	Company limited by shares	2 – Non-mutual		100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	923M5RA2I1X3IO5NGM14GB00019	2 – Specific code	Vebnet Limited	99 – Other	Company limited by shares	2 – Non-mutual		100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	923M5RA2I1X3IO5NGM14GB00008	2 – Specific code	SLACOM (No. 8) Limited	99 – Other	Company limited by shares	2 – Non-mutual		100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	923M5RA2I1X3IO5NGM14GB00009	2 – Specific code	SLACOM (No. 9) Limited	99 – Other	Company limited by shares	2 – Non-mutual		100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	923M5RA2I1X3IO5NGM14GB00007	2 – Specific code	SLACOM (No. 10) Limited	99 – Other	Company limited by shares	2 – Non-mutual		100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	923M5RA2I1X3IO5NGM14GB10023	2 – Specific code	3 St Andrew Square Apartments Limited	99 – Other	Company limited by shares	2 – Non-mutual		100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	923M5RA2I1X3IO5NGM14GB00033	2 – Specific code	G Park Management Company Limited	99 – Other	Company limited by shares	2 – Non-mutual		100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	923M5RA2I1X3IO5NGM14GB10024	2 – Specific code	SLIF Property Investment LP Limited	99 – Other	Limited Partnership	2 – Non-mutual		100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	213800BKB33U8U4K4M34	1 – LEI	Standard Life Trustee Company Limited	99 – Other	Company limited by shares	2 – Non-mutual		100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	923M5RA2I1X3IO5NGM14GB00013	2 – Specific code	Iceni Nominees (No. 2) Limited	99 – Other	Company limited by shares	2 – Non-mutual		100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	923M5RA2I1X3IO5NGM14GB00025	2 – Specific code	Inhoco 3107 Limited	99 – Other	Company limited by shares	2 – Non-mutual		100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	923M5RA2I1X3IO5NGM14GB00032	2 – Specific code	SL (NEWCO) Limited	99 – Other	Company limited by shares	2 – Non-mutual		100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	923M5RA2I1X3IO5NGM14GB00036	2 – Specific code	Standard Life Agency Services Limited	99 – Other	Company limited by shares	2 – Non-mutual		100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	923M5RA2I1X3IO5NGM14GB00038	2 – Specific code	Standard Life Investment Funds Limited	99 – Other	Company limited by shares	2 – Non-mutual		100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	923M5RA2I1X3IO5NGM14GB00076	2 – Specific code	Standard Life Master Trust Co. Ltd	99 – Other	Company limited by shares	2 – Non-mutual		100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	923M5RA2I1X3IO5NGM14GB00035	2 – Specific code	Standard Life Property Company Limited	99 – Other	Company limited by shares	2 – Non-mutual		100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	923M5RA2I1X3IO5NGM14GB00028	2 – Specific code	Welbrent Property Investment Company Limited	99 – Other	Company limited by shares	2 – Non-mutual		100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		3 – Method 1: Adjusted equity method
LU	5493007U26RX6I54SA36	1 – LEI	ASI Phoenix Fund Financing SCSp (PLFF)	99 – Other	Limited Partnership	2 – Non-mutual		100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	923M5RA2I1X3IO5NGM14GB10026	2 – Specific code	Standard Life Capital Infrastructure I L.P.	99 – Other	Limited Partnership	2 – Non-mutual		26.30%	26.30%	26.30%		2 – Significant	26.30%	1 – Included in the scope		3 – Method 1: Adjusted equity method
LU	923M5RA2I1X3IO5NGM14LU00001	2 – Specific code	Inesia SA	99 – Other	Company limited by shares	2 – Non-mutual		100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		3 – Method 1: Adjusted equity method

Appendices and additional information
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Appendix 1 – Quantitative Reporting Templates (31 December 2021) – PGH Group continued

Appendix 1.6 – S.32.01.22 Undertakings in the scope of the group – Public Disclosure continued

Country	Identification code of the undertaking	Type of code of the ID of the undertaking	Legal Name of the undertaking	Type of undertaking	Legal form	Category (mutual/non mutual)	Supervisory Authority	% capital share	% used for the establishment of consolidated accounts	% voting rights	Other criteria	Level of influence	Proportional share used for group solvency calculation	Yes/No	Date of decision if art. 214 is applied	Method used and under method 1, treatment of the undertaking
LU	549300YXILW3O14Y0587	1 – LEI	AMUNDI FUNDS – GLOBAL EQUITY DYNAMIC MULTI FACTORS	99 – Other	Undertakings for Collective Investments in Transferable Securities	2 – Non-mutual		65.07%	65.07%	65.07%		2 – Significant	65.07%	1 – Included in the scope		3 – Method 1: Adjusted equity method
US	2138007PAJOGN2JKWC75	1 – LEI	Axial Fundamental Strategies (US Investments) LLC	99 – Other	Company limited by shares	2 – Non-mutual		100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	549300MQT7YRWQ7R2C91	1 – LEI	BlackRock Market Advantage Fund	99 – Other	Undertakings for Collective Investments in Transferable Securities	2 – Non-mutual		42.68%	42.68%	42.68%		2 – Significant	42.68%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	923M5RA2I1X3IO5NGM14GB00080	2 – Specific code	Brent Cross Partnership	99 – Other	Limited Partnership	2 – Non-mutual		23.83%	23.83%	23.83%		2 – Significant	23.83%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	923M5RA2I1X3IO5NGM14GB00081	2 – Specific code	European Strategic Partners LP	99 – Other	Limited Partnership	2 – Non-mutual		72.70%	100.00%	72.70%		1 – Dominant	72.70%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	923M5RA2I1X3IO5NGM14GB00082	2 – Specific code	Gallions Reach Shopping Park Limited Partnership	99 – Other	Authorised unit trust	2 – Non-mutual		100.00%	100.00%	100.00%		2 – Significant	100.00%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	213800BJNPIRCWGSEF97	1 – LEI	JANUS HENDERSON INSTITUTIONAL HIGH ALPHA UK EQUITY FUND	99 – Other	Authorised unit trust	2 – Non-mutual		90.72%	100.00%	90.72%		1 – Dominant	90.72%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	213800N6TMQCXMD13L87	1 – LEI	Pearl Private Equity LP	99 – Other	Limited Partnership	2 – Non-mutual		100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	213800LHZHSXHFZ59970GB10001	2 – Specific code	Pearl Strategic Credit LP	99 – Other	Limited Partnership	2 – Non-mutual		100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	2138009GKYVM1UUHJA96	1 – LEI	Phoenix ER6 Limited	99 – Other	Company limited by shares	2 – Non-mutual		100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	213800HLG15CNT6KCJ73	1 – LEI	PUTM AUTHORISED CONTRACTUAL SCHEME – PUTM ACS EUROPEAN EX UK FUND	99 – Other	Authorised unit trust	2 – Non-mutual		100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	213800DFM51OSE7C6L40	1 – LEI	PUTM AUTHORISED CONTRACTUAL SCHEME – PUTM ACS JAPAN EQUITY FUND	99 – Other	Authorised unit trust	2 – Non-mutual		100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	213800Q97JM5OIYWCM46	1 – LEI	PUTM AUTHORISED CONTRACTUAL SCHEME – PUTM ACS NORTH AMERICAN FUND	99 – Other	Authorised unit trust	2 – Non-mutual		100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	213800BZ9R37MHD65E09	1 – LEI	PUTM AUTHORISED CONTRACTUAL SCHEME – PUTM ACS UK ALL SHARE LISTED EQUITY FUND	99 – Other	Authorised unit trust	2 – Non-mutual		100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	213800WZW92EK7G7XM97	1 – LEI	PUTM Bothwell Short Duration Credit Fund	99 – Other	Authorised unit trust	2 – Non-mutual		100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	923M5RA2I1X3IO5NGM14GB00085	2 – Specific code	Standard Life Investments Brent Cross LP	99 – Other	Limited Partnership	2 – Non-mutual		40.13%	40.13%	40.13%		2 – Significant	40.13%	1 – Included in the scope		3 – Method 1: Adjusted equity method
LU	549300N2B7WRBG4EZL58	1 – LEI	STANDARD LIFE INVESTMENTS GLOBAL SICAV II – DYNAMIC MULTI ASSET GROWTH FUND	99 – Other	Société d'Investissement À Capital Variable (SICAV)	2 – Non-mutual		79.28%	100.00%	79.28%		1 – Dominant	79.28%	1 – Included in the scope		3 – Method 1: Adjusted equity method
LU	549300ZUA2EHOZVRBD37	1 – LEI	STANDARD LIFE INVESTMENTS GLOBAL SICAV – EMERGING MARKET DEBT FUND	99 – Other	Société d'Investissement À Capital Variable (SICAV)	2 – Non-mutual		98.39%	100.00%	98.39%		1 – Dominant	98.39%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	213800FX7SK96A7DHI46	1 – LEI	SLM TRUST – SLMT GLOBAL REIT FUND	99 – Other	Authorised unit trust	2 – Non-mutual		81.94%	100.00%	81.94%		1 – Dominant	81.94%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	213800GXP2F7VMPQYU95	1 – LEI	ABERDEEN STANDARD OEIC IV – ASI GLOBAL REIT TRACKER FUND	99 – Other	Open ended investment company	2 – Non-mutual		45.32%	45.32%	45.32%		2 – Significant	45.32%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	5493000EGJ32E4VRCD68	1 – LEI	ABERDEEN STANDARD OEIC V – ASI SHORT DATED CORPORATE BOND FUND	99 – Other	Open ended investment company	2 – Non-mutual		86.71%	100.00%	86.71%		1 – Dominant	86.71%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	549300QJVJLKGCZT1126	1 – LEI	ABERDEEN STANDARD OEIC II – ASI HIGH YIELD BOND FUND	99 – Other	Open ended investment company	2 – Non-mutual		38.14%	38.14%	38.14%		2 – Significant	38.14%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	213800DET54CL59ANP48	1 – LEI	ABERDEEN STANDARD OEIC II – ASI AMERICAN INCOME EQUITY FUND	99 – Other	Open ended investment company	2 – Non-mutual		73.43%	100.00%	73.43%		1 – Dominant	73.43%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	213800O3L6KIDMHO2V40	1 – LEI	ASI Phoenix Global Private Equity III LP	99 – Other	Open ended investment company	2 – Non-mutual		100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	213800YSS1HTQAI4SX74	1 – LEI	PUTM AUTHORISED CONTRACTUAL SCHEME – PUTM ACS LOTHIAN NORTH AMERICAN EQUITY FUND	99 – Other	Authorised unit trust	2 – Non-mutual		100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	213800MS8CUQ8LOAYB87	1 – LEI	PUTM AUTHORISED CONTRACTUAL SCHEME – PUTM ACS LOTHIAN EUROPEAN EX UK FUND	99 – Other	Authorised unit trust	2 – Non-mutual		100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	213800T6PL8IKFAFIQ64	1 – LEI	PUTM AUTHORISED CONTRACTUAL SCHEME – PUTM ACS LOTHIAN UK LISTED EQUITY FUND	99 – Other	Authorised unit trust	2 – Non-mutual		100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	213800YSEHZI6484YL62	1 – LEI	PUTM Bothwell Ultra Short Duration Fund	99 – Other	Authorised unit trust	2 – Non-mutual		100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		3 – Method 1: Adjusted equity method
DK	923M5RA2I1X3IO5NGM14DK10027	2 – Specific code	SLA Denmark No.1 ApS	99 – Other	Company limited by shares	2 – Non-mutual		100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		3 – Method 1: Adjusted equity method
DK	923M5RA2I1X3IO5NGM14DK10028	2 – Specific code	SLA Denmark No.2 ApS	99 – Other	Company limited by shares	2 – Non-mutual		100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	5493002044GBSUYXHY38	1 – LEI	ABERDEEN STANDARD OEIC II – ASI (SLI) CORPORATE BOND FUND	99 – Other	Open ended investment company	2 – Non-mutual		30.28%	30.28%	30.28%		2 – Significant	30.28%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	5493001C0YQN0LMGLZ65	1 – LEI	ABERDEEN STANDARD OEIC II – ASI INVESTMENT GRADE CORPORATE BOND FUND	99 – Other	Open ended investment company	2 – Non-mutual		31.98%	31.98%	31.98%		2 – Significant	31.98%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	549300P9GBRPESQMRN82	1 – LEI	ABERDEEN STANDARD OEIC V – ASI SHORT DURATION GLOBAL INFLATION-LINKED BOND FUND	99 – Other	Open ended investment company	2 – Non-mutual		27.06%	27.06%	27.06%		2 – Significant	27.06%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	213800UY8FM6YRIIWA16	1 – LEI	SLM TRUST – SLMT STERLING INTERMEDIATE CREDIT FUND	99 – Other	Authorised unit trust	2 – Non-mutual		92.67%	100.00%	92.67%		1 – Dominant	92.67%	1 – Included in the scope		3 – Method 1: Adjusted equity method
LU	JXZR3W3VMU9TZ227V008	1 – LEI	Standard Life Investments Global SICAV Global Corporate Bond Fund	99 – Other	Société d'Investissement À Capital Variable (SICAV)	2 – Non-mutual		71.23%	71.23%	71.23%		2 – Significant	71.23%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	549300SWQMOBJ71D8V30	1 – LEI	ABERDEEN STANDARD OEIC II – ASI EUROPE EX UK INCOME EQUITY FUND	99 – Other	Open ended investment company	2 – Non-mutual		37.71%	37.71%	37.71%		2 – Significant	37.71%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	549300YFI0FQMJTBUL92	1 – LEI	ABERDEEN STANDARD OEIC V – ASI UK INCOME UNCONSTRAINED EQUITY FUND	99 – Other	Open ended investment company	2 – Non-mutual		52.60%	52.60%	52.60%		2 – Significant	52.60%	1 – Included in the scope		3 – Method 1: Adjusted equity method
IE	213800PGI2RPZ3BRFY09	1 – LEI	Aberdeen Standard Liquidity Fund (Lux) – Seabury Sterling Liquidity 3 Fund	99 – Other	Undertakings for Collective Investments in Transferable Securities	2 – Non-mutual		100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	213800TQ9E98LE1IK344	1 – LEI	ABERDEEN STANDARD OEIC IV – ASI EMERGING MARKETS LOCAL CURRENCY BOND TRACKER FUND	99 – Other	Open ended investment company	2 – Non-mutual		75.77%	100.00%	75.77%		1 – Dominant	75.77%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	BQYCTFWOEM1JRDE6F109GB10000	2 – Specific code	103 Wardour Street Retail Investment Company Limited	99 – Other	Company limited by shares	2 – Non-mutual		100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	213800JSKEG8KHZF9G80	1 – LEI	BL Telford Limited	99 – Other	Company limited by shares	2 – Non-mutual		100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		3 – Method 1: Adjusted equity method

Appendices and additional information
continued

Appendix 1 – Quantitative Reporting Templates (31 December 2021) – PGH Group continued

Appendix 1.6 – S.32.01.22 Undertakings in the scope of the group – Public Disclosure continued

Country	Identification code of the undertaking	Type of code of the ID of the undertaking	Legal Name of the undertaking	Type of undertaking	Legal form	Category (mutual/non mutual)	Supervisory Authority	% capital share	% used for the establishment of consolidated accounts	% voting rights	Other criteria	Level of influence	Proportional share used for group solvency calculation	Yes/No	Date of decision if art. 214 is applied	Method used and under method 1, treatment of the undertaking
GB	5493004S4OGUNITLEY46	1 – LEI	ERIP General Partner Limited	99 – Other	Company limited by shares	2 – Non-mutual		80.00%	100.00%	80.00%		1 – Dominant	80.00%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	213800RKSNN1SLFPXO64	1 – LEI	ERIP Limited Partnership	99 – Other	Company limited by shares	2 – Non-mutual		100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	213800L9MD2TYUF2M658	1 – LEI	G Assurance & Pensions Services Limited	99 – Other	Company limited by shares	2 – Non-mutual		100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	213800288SWHO9SYPM36	1 – LEI	G Financial Services Limited	99 – Other	Company limited by shares	2 – Non-mutual		100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	213800LU36TP1TUUMI19	1 – LEI	G Life H Limited	99 – Other	Company limited by shares	2 – Non-mutual		100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	2138003URY7NYBK77767	1 – LEI	G Trustees Limited	99 – Other	Company limited by shares	2 – Non-mutual		100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	213800ZFL26XQ7UIFU39	1 – LEI	Gresham Life Assurance Society Limited	99 – Other	Company limited by shares	2 – Non-mutual		100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	2138009JDIENFDLD9M78	1 – LEI	Namulas Pension Trustees Limited	99 – Other	Company limited by shares	2 – Non-mutual		100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	2138009SCXYSOTLSXH75	1 – LEI	NM Life Trustees Limited	99 – Other	Company limited by shares	2 – Non-mutual		100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	213800MTFCWA4G695463	1 – LEI	NM Pensions Limited	99 – Other	Company limited by shares	2 – Non-mutual		100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	213800V2138XI4IYEZ47GB10000	2 – Specific code	Northampton General Partner Limited	99 – Other	Company limited by shares	2 – Non-mutual		100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	213800WOC9UMRNV45O46	1 – LEI	ReAssure Companies Services Limited	10 – Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Company limited by shares	2 – Non-mutual		100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		1 – Method 1: Full consolidation
GB	213800G9IQ6CXE31Y637	1 – LEI	ReAssure FS Limited	99 – Other	Company limited by shares	2 – Non-mutual		100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	213800UW8CON9XG6EY13	1 – LEI	ReAssure FSH UK Limited	99 – Other	Company limited by shares	2 – Non-mutual		100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	549300890XJXTPM3FM60	1 – LEI	ReAssure Group plc	5 – Insurance holding company as defined in Article 212(1) (f) of Directive 2009/138/EC	Company limited by shares	2 – Non-mutual		100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		1 – Method 1: Full consolidation
GB	5493005LF51QP7R4SS09	1 – LEI	ReAssure Life Limited	1 – Life insurance undertaking	Company limited by shares	2 – Non-mutual	The Prudential Regulation Authority	100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		1 – Method 1: Full consolidation
GB	213800URB5NH1X13VR38	1 – LEI	ReAssure Life Pension Trustees Limited	99 – Other	Company limited by shares	2 – Non-mutual		100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	BQYCTFWOEM1JRDE6F109	1 – LEI	ReAssure Limited	1 – Life insurance undertaking	Company limited by shares	2 – Non-mutual	The Prudential Regulation Authority	100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		1 – Method 1: Full consolidation
GB	213800WYM9VABFBW4H22	1 – LEI	ReAssure LL Limited	99 – Other	Company limited by shares	2 – Non-mutual		100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	213800JRB5W4GNWQU717	1 – LEI	ReAssure Midco Limited	5 – Insurance holding company as defined in Article 212(1) (f) of Directive 2009/138/EC	Company limited by shares	2 – Non-mutual		100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		1 – Method 1: Full consolidation
GB	213800BOL8WLP4I7SA44	1 – LEI	ReAssure Nominees Limited	99 – Other	Company limited by shares	2 – Non-mutual		100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	2138008XWGP2LK6Z9532	1 – LEI	ReAssure Pension Trustees Limited	99 – Other	Company limited by shares	2 – Non-mutual		100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	213800UZNVRPALQEDZ61	1 – LEI	ReAssure PM Limited	99 – Other	Company limited by shares	2 – Non-mutual		100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	2138006XCBKUGVOLOT84	1 – LEI	ReAssure Trustees Limited	99 – Other	Company limited by shares	2 – Non-mutual		100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	213800TVW97G2S3WAH16	1 – LEI	ReAssure Two Limited	99 – Other	Company limited by shares	2 – Non-mutual		100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	213800GYRULRXGODMH68	1 – LEI	ReAssure UK Life Assurance Company Limited	99 – Other	Company limited by shares	2 – Non-mutual		100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	213800V2138XI4IYEZ47	1 – LEI	ReAssure UK Services Limited	10 – Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Company limited by shares	2 – Non-mutual		100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		1 – Method 1: Full consolidation
GB	213800JRB5W4GNWQU717GB10000	2 – Specific code	The Pathe Building Management Company Limited	99 – Other	Company limited by shares	2 – Non-mutual		100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		3 – Method 1: Adjusted equity method
IE	923M5RA2I1X3IO5NGM14IE10029	2 – Specific code	Phoenix Life Assurance Europe DAC	99 – Other	Company limited by shares	2 – Non-mutual		100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	54930038MS858LAR8B49	1 – LEI	AB SICAV I – Emerging Markets Low Volatility Equity Portfolio	99 – Other	Société d'Investissement À Capital Variable (SICAV)	2 – Non-mutual		87.52%	87.52%	87.52%		2 – Significant	87.52%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	5493001KTUF1YFKJDM10	1 – LEI	Aberdeen Standard SICAV I – GDP Weighted Global Government Bond Fund	99 – Other	Société d'Investissement À Capital Variable (SICAV)	2 – Non-mutual		84.51%	84.51%	84.51%		2 – Significant	84.51%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	549300QBEMZEKRKZQI47	1 – LEI	Aberdeen Standard SICAV I – Global Bond Fund	99 – Other	Société d'Investissement À Capital Variable (SICAV)	2 – Non-mutual		91.69%	91.69%	91.69%		2 – Significant	91.69%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	5493006DHM3I4TSPKB92	1 – LEI	Aberdeen Standard SICAV I – Global Government Bond Fund	99 – Other	Société d'Investissement À Capital Variable (SICAV)	2 – Non-mutual		37.28%	37.28%	37.28%		2 – Significant	37.28%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	549300JLW6FB8OMS0W41	1 – LEI	Fidelity Investment Funds IV – Fidelity Multi Asset Open Adventurous Fund	99 – Other	Open ended investment company	2 – Non-mutual		55.92%	55.92%	55.92%		2 – Significant	55.92%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	549300VH5ELIKINLO832	1 – LEI	GOLDMAN SACHS FUNDS – GOLDMAN SACHS EMERGING MARKETS TOTAL RETURN BOND PORTFOLIO	99 – Other	Société d'Investissement À Capital Variable (SICAV)	2 – Non-mutual		96.48%	96.48%	96.48%		2 – Significant	96.48%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	213800XF9NPHO9GD4K83	1 – LEI	HSBC ETFS PLC – HSBC FTSE EPRA/NAREIT DEVELOPED UCITS ETF	99 – Other	Undertakings for Collective Investments in Transferable Securities	2 – Non-mutual		42.34%	42.34%	42.34%		2 – Significant	42.34%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	213800AYDR6FBO6OCF03	1 – LEI	HSBC Investment Funds – Balanced Fund	99 – Other	Open ended investment company	2 – Non-mutual		82.18%	100.00%	82.18%		1 – Dominant	82.18%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	213800UBQ4DFJN8RR808	1 – LEI	IFSL AMR OEIC – IFSL AMR DIVERSIFIED PORTFOLIO	99 – Other	Open ended investment company	2 – Non-mutual		70.08%	100.00%	70.08%		1 – Dominant	70.08%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	549300T3IUD6V8P0IU75	1 – LEI	INVESCO FUNDS – INVESCO US EQUITY FUND	99 – Other	Société d'Investissement À Capital Variable (SICAV)	2 – Non-mutual		27.68%	27.68%	27.68%		2 – Significant	27.68%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	549300N65CUKX4I4ZW97	1 – LEI	BLACKROCK COLLECTIVE INVESTMENT FUNDS – iShares 350 UK Equity Index Fund (UK)	99 – Other	Open ended investment company	2 – Non-mutual		90.96%	100.00%	90.96%		1 – Dominant	90.96%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	213800SIJ46ILXYN8O51	1 – LEI	LEGAL & GENERAL SICAV – L&G ABSOLUTE RETURN BOND PLUS FUND	99 – Other	Société d'Investissement À Capital Variable (SICAV)	2 – Non-mutual		57.79%	57.79%	57.79%		2 – Significant	57.79%	1 – Included in the scope		3 – Method 1: Adjusted equity method

Appendix 1 – Quantitative Reporting Templates (31 December 2021) – PGH Group continued

Appendix 1.6 – S.32.01.22 Undertakings in the scope of the group – Public Disclosure continued

Country	Identification code of the undertaking	Type of code of the ID of the undertaking	Legal Name of the undertaking	Type of undertaking	Legal form	Category (mutual/non mutual)	Supervisory Authority	% capital share	% used for the establishment of consolidated accounts	% voting rights	Other criteria	Level of influence	Proportional share used for group solvency calculation	Yes/No	Date of decision if art. 214 is applied	Method used and under method 1, treatment of the undertaking
GB	213800ZVSCE7L3KU6U28	1 – LEI	LEGAL & GENERAL SICAV – L&G EMERGING MARKETS BOND FUND	99 – Other	Société d'Investissement À Capital Variable (SICAV)	2 – Non-mutual		33.89%	33.89%	33.89%		2 – Significant	33.89%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	213800ND8EN47WFIAF52	1 – LEI	LEGAL & GENERAL SICAV – L&G MULTI-ASSET TARGET RETURN FUND	99 – Other	Société d'Investissement À Capital Variable (SICAV)	2 – Non-mutual		32.93%	32.93%	32.93%		2 – Significant	32.93%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	213800KFZMHN5JMTPI10	1 – LEI	Legal & General Asian Income Trust	99 – Other	Authorised unit trust	2 – Non-mutual		60.75%	60.75%	60.75%		2 – Significant	60.75%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	213800USG18JGRN9EQ90	1 – LEI	Legal & General Dynamic Bond Fund	99 – Other	Authorised unit trust	2 – Non-mutual		52.43%	52.43%	52.43%		2 – Significant	52.43%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	213800I2ZF7JRQ8Q2678	1 – LEI	Legal & General Emerging Markets Government Bond (Local Currency) Index Fund	99 – Other	Authorised unit trust	2 – Non-mutual		22.03%	22.03%	22.03%		2 – Significant	22.03%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	21380087FKIB9YIOG940	1 – LEI	LEGAL & GENERAL ICAV – L&G EMERGING MARKETS GOVERNMENT BOND (USD) INDEX FUND	99 – Other	Authorised unit trust	2 – Non-mutual		28.93%	28.93%	28.93%		2 – Significant	28.93%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	213800965CE5G2AP7L50	1 – LEI	Legal & General European Equity Income Fund	99 – Other	Authorised unit trust	2 – Non-mutual		88.43%	100.00%	88.43%		1 – Dominant	88.43%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	213800ICCVSYFHCO4857	1 – LEI	Legal & General European Index Trust	99 – Other	Authorised unit trust	2 – Non-mutual		24.25%	24.25%	24.25%		2 – Significant	24.25%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	213800Z9N3OILJFLNC70	1 – LEI	Legal & General Global Real Estate Dividend Index Fund	99 – Other	Authorised unit trust	2 – Non-mutual		22.36%	22.36%	22.36%		2 – Significant	22.36%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	213800Z93X9V2REBQV38	1 – LEI	Legal & General Growth Trust	99 – Other	Authorised unit trust	2 – Non-mutual		71.19%	100.00%	71.19%		1 – Dominant	71.19%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	213800YSUVVHCQVEL772	1 – LEI	Legal & General High Income Trust	99 – Other	Authorised unit trust	2 – Non-mutual		47.75%	47.75%	47.75%		2 – Significant	47.75%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	2138008DI5GZS4OIBL72	1 – LEI	Legal & General Real Capital Builder Fund	99 – Other	Authorised unit trust	2 – Non-mutual		67.38%	67.38%	67.38%		2 – Significant	67.38%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	213800D2L3KB3XYWQ480	1 – LEI	LEGAL & GENERAL SICAV – L&G EURO HIGH ALPHA CORPORATE BOND FUND	99 – Other	Société d'Investissement À Capital Variable (SICAV)	2 – Non-mutual		45.92%	45.92%	45.92%		2 – Significant	45.92%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	213800KE8SS7VUVDUC06	1 – LEI	Legal & General UK Equity Income Fund	99 – Other	Authorised unit trust	2 – Non-mutual		24.97%	24.97%	24.97%		2 – Significant	24.97%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	213800NX4TBD1QVV8S45	1 – LEI	Legal & General UK Smaller Companies Trust	99 – Other	Authorised unit trust	2 – Non-mutual		31.88%	31.88%	31.88%		2 – Significant	31.88%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	213800T4XSWZMYN12V14	1 – LEI	Legal & General UK Special Situations Trust	99 – Other	Authorised unit trust	2 – Non-mutual		58.68%	58.68%	58.68%		2 – Significant	58.68%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	213800DBB4A9OPYN9154	1 – LEI	LGIM LIQUIDITY FUNDS PLC – LGIM STERLING LIQUIDITY PLUS FUND	99 – Other	Open ended investment company	2 – Non-mutual		35.72%	35.72%	35.72%		2 – Significant	35.72%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	549300C27RH6HRL6S840	1 – LEI	THE MARKS AND SPENCER WORLDWIDE MANAGED FUND	99 – Other	Authorised unit trust	2 – Non-mutual		42.05%	42.05%	42.05%		2 – Significant	42.05%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	549300Z2K0ZMXGORDE25	1 – LEI	QUILTER INVESTORS OEIC – QUILTER INVESTORS BOND 2 FUND	99 – Other	Open ended investment company	2 – Non-mutual		45.71%	45.71%	45.71%		2 – Significant	45.71%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	549300HG0J7HFEQSWP81	1 – LEI	QUILTER INVESTORS OEIC – QUILTER INVESTORS CHINA EQUITY FUND	99 – Other	Open ended investment company	2 – Non-mutual		22.00%	22.00%	22.00%		2 – Significant	22.00%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	2138007W2L5OHP56Q670	1 – LEI	QUILTER INVESTORS CIRILIUM OEIC – QUILTER INVESTORS CIRILIUM MODERATE BLEND PORTFOLIO	99 – Other	Open ended investment company	2 – Non-mutual		34.30%	34.30%	34.30%		2 – Significant	34.30%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	2138003C2APJFEP58K32	1 – LEI	QUILTER INVESTORS OEIC – QUILTER INVESTORS DIVERSIFIED BOND FUND	99 – Other	Open ended investment company	2 – Non-mutual		93.01%	100.00%	93.01%		1 – Dominant	93.01%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	2138007Z7QEBDARKU307	1 – LEI	QUILTER INVESTORS TRUST – QUILTER INVESTORS ETHICAL EQUITY FUND	99 – Other	Authorised unit trust	2 – Non-mutual		50.55%	50.55%	50.55%		2 – Significant	50.55%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	5493008NS84N77PXTG85	1 – LEI	QUILTER INVESTORS OEIC – QUILTER INVESTORS GLOBAL EQUITY GROWTH FUND	99 – Other	Open ended investment company	2 – Non-mutual		42.26%	42.26%	42.26%		2 – Significant	42.26%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	549300T0VEIGPF2XMF38	1 – LEI	QUILTER INVESTORS TRUST – QUILTER INVESTORS UK EQUITY INDEX FUND	99 – Other	Open ended investment company	2 – Non-mutual		31.83%	31.83%	31.83%		2 – Significant	31.83%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	549300QLYAYCKTL3Z280	1 – LEI	QUILTER INVESTORS TRUST – QUILTER INVESTORS UK EQUITY LARGE-CAP VALUE FUND	99 – Other	Open ended investment company	2 – Non-mutual		97.59%	100.00%	97.59%		1 – Dominant	97.59%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	549300QTWUY8C2TQBM83	1 – LEI	ABERDEEN STANDARD OEIC I – ASI UK RESPONSIBLE EQUITY FUND	99 – Other	Open ended investment company	2 – Non-mutual		27.26%	27.26%	27.26%		2 – Significant	27.26%	1 – Included in the scope		3 – Method 1: Adjusted equity method
JE	923M5RA2I1X3IO5NGM14JE10030	2 – Specific code	Central Saint Giles unit Trust	99 – Other	Authorised unit trust	2 – Non-mutual		25.66%	25.66%	25.66%		2 – Significant	25.66%	1 – Included in the scope		3 – Method 1: Adjusted equity method
JE	923M5RA2I1X3IO5NGM14JE10031	2 – Specific code	Performance Retail unit Trust	99 – Other	Authorised unit trust	2 – Non-mutual		50.10%	50.10%	50.10%		2 – Significant	50.10%	1 – Included in the scope		3 – Method 1: Adjusted equity method
LU	549300TENE1BGI09O157	1 – LEI	ABERDEEN JAPAN EQUITY FUND, INC.	99 – Other	Open ended investment company	2 – Non-mutual		21.56%	21.56%	21.56%		2 – Significant	21.56%	1 – Included in the scope		3 – Method 1: Adjusted equity method
LU	549300LHN5QBO60CG129	1 – LEI	ABERDEEN STANDARD SICAV III – GLOBAL EQUITY IMPACT FUND	99 – Other	Société d'Investissement À Capital Variable (SICAV)	2 – Non-mutual		46.90%	46.90%	46.90%		2 – Significant	46.90%	1 – Included in the scope		3 – Method 1: Adjusted equity method
LU	549300HBG59GBCBNNR42	1 – LEI	ABERDEEN STANDARD LIQUIDITY FUND (LUX) – STERLING FUND	99 – Other	Société d'Investissement À Capital Variable (SICAV)	2 – Non-mutual		21.85%	21.85%	21.85%		2 – Significant	21.85%	1 – Included in the scope		3 – Method 1: Adjusted equity method
LU	549300XT276EOJ765R93	1 – LEI	ABERDEEN STANDARD SICAV I – DIVERSIFIED INCOME FUND	99 – Other	Société d'Investissement À Capital Variable (SICAV)	2 – Non-mutual		32.69%	32.69%	32.69%		2 – Significant	32.69%	1 – Included in the scope		3 – Method 1: Adjusted equity method
LU	Q3YL855MATOB7C6KPU61	1 – LEI	ABERDEEN STANDARD SICAV II – (SLI) EUROPEAN EQUITIES FUND	99 – Other	Société d'Investissement À Capital Variable (SICAV)	2 – Non-mutual		99.06%	100.00%	99.06%		1 – Dominant	99.06%	1 – Included in the scope		3 – Method 1: Adjusted equity method
LU	6WCXZHE5XM510XSF8P58	1 – LEI	ABERDEEN STANDARD SICAV II – EUROPEAN FOCUSED EQUITY FUND	99 – Other	Société d'Investissement À Capital Variable (SICAV)	2 – Non-mutual		97.54%	100.00%	97.54%		1 – Dominant	97.54%	1 – Included in the scope		3 – Method 1: Adjusted equity method
LU	549300O80EVHWV2VU007	1 – LEI	ABERDEEN STANDARD SICAV II – TOTAL RETURN CREDIT FUND	99 – Other	Société d'Investissement À Capital Variable (SICAV)	2 – Non-mutual		24.22%	24.22%	24.22%		2 – Significant	24.22%	1 – Included in the scope		3 – Method 1: Adjusted equity method
LU	222100AVKM1M7Q2EFT37	1 – LEI	AMUNDI INDEX SOLUTIONS – AMUNDI GLOBAL CORP SRI 1-5Y	99 – Other	Société d'Investissement À Capital Variable (SICAV)	2 – Non-mutual		29.32%	29.32%	29.32%		2 – Significant	29.32%	1 – Included in the scope		3 – Method 1: Adjusted equity method
LU	213800YL23YUT5FBRB63	1 – LEI	AMUNDI INDEX SOLUTIONS – AMUNDI MSCI CHINA ESG LEADERS SELECT	99 – Other	Société d'Investissement À Capital Variable (SICAV)	2 – Non-mutual		47.71%	47.71%	47.71%		2 – Significant	47.71%	1 – Included in the scope		3 – Method 1: Adjusted equity method
LU	213800J6GAIQJ1OPP251	1 – LEI	AMUNDI INDEX SOLUTIONS – AMUNDI MSCI EMERGING EX CHINA ESG LEADERS SELECT	99 – Other	Société d'Investissement À Capital Variable (SICAV)	2 – Non-mutual		61.30%	100.00%	61.30%		1 – Dominant	61.30%	1 – Included in the scope		3 – Method 1: Adjusted equity method
LU	549300SPD93QZJ361803	1 – LEI	AQR UCITS FUNDS II – AQR GLOBAL RISK PREMIUM UCITS FUND	99 – Other	Undertakings for Collective Investments in Transferable Securities	2 – Non-mutual		100.00%	100.00%	100.00%		2 – Significant	100.00%	1 – Included in the scope		3 – Method 1: Adjusted equity method

Appendices and additional information
continued

Appendix 1 – Quantitative Reporting Templates (31 December 2021) – PGH Group continued

Appendix 1.6 – S.32.01.22 Undertakings in the scope of the group – Public Disclosure continued

Country	Identification code of the undertaking	Type of code of the ID of the undertaking	Legal Name of the undertaking	Type of undertaking	Legal form	Category (mutual/non mutual)	Supervisory Authority	% capital share	% used for the establishment of consolidated accounts	% voting rights	Other criteria	Level of influence	Proportional share used for group solvency calculation	Yes/No	Date of decision if art. 214 is applied	Method used and under method 1, treatment of the undertaking
GB	549300BUA0TYZW27B545	1 – LEI	ABERDEEN STANDARD OEIC II – ASI AMERICAN UNCONSTRAINED EQUITY FUND	99 – Other	Open ended investment company	2 – Non-mutual		21.55%	21.55%	21.55%		2 – Significant	21.55%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	549300D6X1KW3DHSRD10	1 – LEI	ABERDEEN STANDARD UNIT TRUST I – ASI DIVERSIFIED GROWTH FUND	99 – Other	Open ended investment company	2 – Non-mutual		26.01%	26.01%	26.01%		2 – Significant	26.01%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	213800RDSFQJ1WCH5U85	1 – LEI	ABERDEEN STANDARD OEIC IV – ASI EUROPEAN EQUITY TRACKER FUND	99 – Other	Open ended investment company	2 – Non-mutual		20.68%	20.68%	20.68%		2 – Significant	20.68%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	213800AOQTY738Q2P112	1 – LEI	ABERDEEN STANDARD OEIC IV – ASI GLOBAL INFLATION-LINKED BOND TRACKER FUND	99 – Other	Open ended investment company	2 – Non-mutual		24.02%	24.02%	24.02%		2 – Significant	24.02%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	549300R08EHVC5JJP961	1 – LEI	ABERDEEN STANDARD OEIC II – ASI GLOBAL SMALLER COMPANIES FUND	99 – Other	Open ended investment company	2 – Non-mutual		20.29%	20.29%	20.29%		2 – Significant	20.29%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	549300236CGFRP2VGB74	1 – LEI	ABERDEEN STANDARD OEIC I – ASI MULTI-ASSET FUND	99 – Other	Open ended investment company	2 – Non-mutual		28.22%	28.22%	28.22%		2 – Significant	28.22%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	923M5RA2I1X3IO5NGM14GB10031	2 – Specific code	ASI Phoenix Venture Capital Partners LP	99 – Other	Limited Partnership	2 – Non-mutual		100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	213800TX3JRNPWMTWP37	1 – LEI	ABERDEEN STANDARD OEIC IV – ASI SHORT DATED STERLING CORPORATE BOND TRACKER FUND	99 – Other	Open ended investment company	2 – Non-mutual		41.08%	41.08%	41.08%		2 – Significant	41.08%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	213800CCKKY812PAIT86	1 – LEI	ABERDEEN STANDARD ACS I – ASI SUSTAINABLE INDEX UK EQUITY FUND	99 – Other	Authorised unit trust	2 – Non-mutual		79.36%	100.00%	79.36%		1 – Dominant	79.36%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	213800C37UC91PS7F385	1 – LEI	ABERDEEN STANDARD ACS I – ASI SUSTAINABLE INDEX WORLD EQUITY FUND	99 – Other	Authorised unit trust	2 – Non-mutual		100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	213800RI6LYY15UVPA79	1 – LEI	BAILLIE GIFFORD INVESTMENT FUNDS II ICVC – BAILLIE GIFFORD UK EQUITY CORE FUND	99 – Other	Open ended investment company	2 – Non-mutual		33.61%	33.61%	33.61%		2 – Significant	33.61%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	213800JF6YTLVQMJSM58	1 – LEI	Baillie Gifford UK & Balanced Funds ICVC – Baillie Gifford UK and Worldwide Equity Fund	99 – Other	Open ended investment company	2 – Non-mutual		27.14%	27.14%	27.14%		2 – Significant	27.14%	1 – Included in the scope		3 – Method 1: Adjusted equity method
IE	549300FEZUDF0LGUPI59	1 – LEI	Institutional Cash Series plc – BlackRock ICS Sterling Government Liquidity Fund	99 – Other	Undertakings for Collective Investments in Transferable Securities	2 – Non-mutual		30.87%	30.87%	30.87%		2 – Significant	30.87%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	213800RW62RT6X1VD858	1 – LEI	BNY MELLON INVESTMENT FUNDS – BNY MELLON MULTI-ASSET GLOBAL BALANCED FUND	99 – Other	Undertakings for Collective Investments in Transferable Securities	2 – Non-mutual		22.65%	22.65%	22.65%		2 – Significant	22.65%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	213800WZ8AOAA75AN976	1 – LEI	LF MACQUARIE INVESTMENT FUNDS – LF MACQUARIE GLOBAL INFRASTRUCTURE SECURITIES FUND	99 – Other	Open ended investment company	2 – Non-mutual		77.08%	100.00%	77.08%		1 – Dominant	77.08%	1 – Included in the scope		3 – Method 1: Adjusted equity method
IE	635400FZ4DQUV9YONJ69	1 – LEI	NPC Management Limited	99 – Other	Company limited by shares	2 – Non-mutual		69.00%	100.00%	69.00%		1 – Dominant	69.00%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	213800OXPDY56B7C1M10	1 – LEI	PUTM AUTHORISED CONTRACTUAL SCHEME – PUTM ACS LOTHIAN UK GILT FUND	99 – Other	Authorised unit trust	2 – Non-mutual		100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	213800HF5AW7BZBTC669	1 – LEI	PUTM AUTHORISED CONTRACTUAL SCHEME – PUTM ACS LOTHIAN UK LISTED SMALLER COMPANIES FUND	99 – Other	Authorised unit trust	2 – Non-mutual		100.00%	100.00%	100.00%		1 – Dominant	100.00%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	2138008DPFYG6GZP1663	1 – LEI	QUILTER INVESTORS SERIES I – QUILTER INVESTORS GLOBAL DYNAMIC EQUITY FUND	99 – Other	Open ended investment company	2 – Non-mutual		22.86%	22.86%	22.86%		2 – Significant	22.86%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	549300X5Q4C2T0ZY5M29	1 – LEI	THREADNEEDLE INVESTMENT FUNDS ICVC – AMERICAN SELECT FUND	99 – Other	Open ended investment company	2 – Non-mutual		21.43%	21.43%	21.43%		2 – Significant	21.43%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	213800AQFD9HY1EG3T16	1 – LEI	AXA FIXED INTEREST INVESTMENT ICVC – AXA GLOBAL HIGH INCOME FUND	99 – Other	Open ended investment company	2 – Non-mutual		23.67%	23.67%	23.67%		2 – Significant	23.67%	1 – Included in the scope		3 – Method 1: Adjusted equity method
LU	549300IO83R0SDHVE103	1 – LEI	Duke Distribution Centres S.à r.l.	99 – Other	Company limited by shares	2 – Non-mutual		44.46%	44.46%	44.46%		2 – Significant	44.46%	1 – Included in the scope		3 – Method 1: Adjusted equity method
LU	5493005WJ0UKDIUVBI31	1 – LEI	Duke Offices & Development S.à.r.l.	99 – Other	Company limited by shares	2 – Non-mutual		44.46%	44.46%	44.46%		2 – Significant	44.46%	1 – Included in the scope		3 – Method 1: Adjusted equity method
IE	54930094UY8E8IDCCQ62	1 – LEI	Vanguard Common Contractual Fund – Vanguard U.S. Equity Index Common Contractual Fund	99 – Other	Undertakings for Collective Investments in Transferable Securities	2 – Non-mutual		99.47%	99.47%	99.47%		2 – Significant	99.47%	1 – Included in the scope		3 – Method 1: Adjusted equity method
GB	549300TGZSC7682C5K15	1 – LEI	Vanguard FTSE U.K. All Share Index Unit Trust	99 – Other	Authorised unit trust	2 – Non-mutual		25.38%	25.38%	25.38%		2 – Significant	25.38%	1 – Included in the scope		3 – Method 1: Adjusted equity method
IE	549300MDMXISWZOVU902	1 – LEI	Vanguard Investment Series Plc – Vanguard Global Corporate Bond Index Fund	99 – Other	Undertakings for Collective Investments in Transferable Securities	2 – Non-mutual		31.10%	31.10%	31.10%		2 – Significant	31.10%	1 – Included in the scope		3 – Method 1: Adjusted equity method
IE	549300EE8RY08NQNJR89	1 – LEI	Vanguard Investment Series Plc – Vanguard Global Short-Term Corporate Bond Index Fund	99 – Other	Undertakings for Collective Investments in Transferable Securities	2 – Non-mutual		38.99%	38.99%	38.99%		2 – Significant	38.99%	1 – Included in the scope		3 – Method 1: Adjusted equity method
IE	GMMZ580D9R2KBZ1EOA91	1 – LEI	Vanguard Investment Series plc – Vanguard U.K. Investment Grade Bond Index Fund	99 – Other	Undertakings for Collective Investments in Transferable Securities	2 – Non-mutual		20.59%	20.59%	20.59%		2 – Significant	20.59%	1 – Included in the scope		3 – Method 1: Adjusted equity method
IE	549300VGYO1YXS2DPB74	1 – LEI	Vanguard Investment Series Plc – Vanguard U.K. Short-Term Investment Grade Bond Index Fund	99 – Other	Undertakings for Collective Investments in Transferable Securities	2 – Non-mutual		61.57%	61.57%	61.57%		2 – Significant	61.57%	1 – Included in the scope		3 – Method 1: Adjusted equity method
IE	549300M4MJCGIS8FCS80	1 – LEI	Vanguard Investments Common Contractual Fund – Vanguard FTSE Developed Europe ex UK Common Contractual Fund	99 – Other	Undertakings for Collective Investments in Transferable Securities	2 – Non-mutual		100.00%	100.00%	100.00%		2 – Significant	100.00%	1 – Included in the scope		3 – Method 1: Adjusted equity method
IE	549300FENS5YZP01TK60	1 – LEI	Vanguard Investments Common Contractual Fund – Vanguard FTSE Developed World Common Contractual Fund	99 – Other	Undertakings for Collective Investments in Transferable Securities	2 – Non-mutual		40.50%	40.50%	40.50%		2 – Significant	40.50%	1 – Included in the scope		3 – Method 1: Adjusted equity method
IE	549300VBIONNT4SOOD38	1 – LEI	Vanguard Investments Common Contractual Fund – Vanguard FTSE Developed World ex UK Common Contractual Fund	99 – Other	Undertakings for Collective Investments in Transferable Securities	2 – Non-mutual		99.84%	99.84%	99.84%		2 – Significant	99.84%	1 – Included in the scope		3 – Method 1: Adjusted equity method

Appendix 2 – Quantitative Reporting Templates (31 December 2021) – PLL

Appendix 2.1 – S.02.01.02 Balance Sheet

		Solvency II value C0010
Asset		
Goodwill	R0010	
Deferred acquisition costs	R0020	
Intangible assets	R0030	–
Deferred tax assets	R0040	–
Pension benefit surplus	R0050	–
Property, plant & equipment held for own use	R0060	–
Investments (other than assets held for index-linked and unit-linked contracts)	**R0070**	**35,829,011**
Property (other than for own use)	R0080	337,736
Holdings in related undertakings, including participations	R0090	11,794,586
Equities	*R0100*	*119,202*
Equities – listed	R0110	117,843
Equities – unlisted	R0120	1,359
Bonds	*R0130*	*22,086,463*
Government Bonds	R0140	11,618,538
Corporate Bonds	R0150	6,775,083
Structured notes	R0160	3,733
Collateralised securities	R0170	3,689,109
Collective Investments Undertakings	R0180	460,365
Derivatives	R0190	964,860
Deposits other than cash equivalents	R0200	65,800
Other investments	R0210	–
Assets held for index-linked and unit-linked contracts	R0220	21,379,932
Loans and mortgages	**R0230**	**3,985,561**
Loans on policies	R0240	1,751
Loans and mortgages to individuals	R0250	–
Other loans and mortgages	R0260	3,983,811
Reinsurance recoverables from:	**R0270**	**9,125,002**
Non-life and health similar to non-life	R0280	–
Non-life excluding health	R0290	–
Health similar to non-life	R0300	–
Life and health similar to life, excluding health and index-linked and unit-linked	R0310	2,028,747
Health similar to life	R0320	55,185
Life excluding health and index-linked and unit-linked	R0330	1,973,562
Life index-linked and unit-linked	R0340	7,096,255
Deposits to cedants	R0350	–
Insurance and intermediaries receivables	R0360	6,885
Reinsurance receivables	R0370	48,639
Receivables (trade, not insurance)	R0380	433,318
Own shares (held directly)	R0390	–
Amounts due in respect of own fund items or initial fund called up but not yet paid in	R0400	–
Cash and cash equivalents	R0410	310,786
Any other assets, not elsewhere shown	R0420	–
Total assets	**R0500**	**71,119,134**

Appendix 2 – Quantitative Reporting Templates (31 December 2021) – PLL continued

Appendix 2.1 – S.02.01.02 Balance Sheet continued

		Solvency II value C0010
Liabilities		
Technical provisions – non-life	**R0510**	**–**
Technical provisions – non-life (excluding health)	**R0520**	**–**
Technical provisions calculated as a whole	R0530	–
Best estimate	R0540	–
Risk margin	R0550	–
Technical provisions – health (similar to non-life)	**R0560**	**–**
Technical provisions calculated as a whole	R0570	–
Best estimate	R0580	–
Risk margin	R0590	–
Technical provisions – life (excluding index-linked and unit-linked)	**R0600**	**32,215,553**
Technical provisions – health (similar to life)	**R0610**	**72,268**
Technical provisions calculated as a whole	R0620	–
Best estimate	R0630	70,898
Risk margin	R0640	1,369
Technical provisions – life (excluding health and index-linked and unit-linked)	**R0650**	**32,143,286**
Technical provisions calculated as a whole	R0660	–
Best estimate	R0670	31,897,829
Risk margin	R0680	245,457
Technical provisions – index-linked and unit-linked	**R0690**	**28,144,392**
Technical provisions calculated as a whole	R0700	28,423,852
Best estimate	R0710	(339,406)
Risk margin	R0720	59,946
Other technical provisions	R0730	
Contingent liabilities	R0740	–
Provisions other than technical provisions	R0750	23,130
Pension benefit obligations	R0760	–
Deposits from reinsurers	R0770	287,473
Deferred tax liabilities	R0780	489,508
Derivatives	R0790	173,605
Debts owed to credit institutions	R0800	780,761
Financial liabilities other than debts owed to credit institutions	R0810	3,552,022
Insurance & intermediaries payables	R0820	552,938
Reinsurance payables	R0830	11,414
Payables (trade, not insurance)	R0840	160,188
Subordinated liabilities	**R0850**	**–**
Subordinated liabilities not in Basic Own Funds	R0860	–
Subordinated liabilities in Basic Own Funds	R0870	–
Any other liabilities, not elsewhere shown	R0880	–
Total liabilities	**R0900**	**66,390,983**

Excess of assets over liabilities	**R1000**	**4,728,151**

Appendix 2 – Quantitative Reporting Templates (31 December 2021) – PLL continued

Appendix 2.2 – S.05.01.02 Premiums, claims and expenses by line of business

		Line of Business for: life insurance obligations						Life reinsurance obligations		
		Health insurance C0210	Insurance with profit participation C0220	Index-linked and unit-linked insurance C0230	Other life insurance C0240	Annuities stemming from non-life insurance contracts and relating to health insurance obligations C0250	Annuities stemming from non-life insurance contracts and relating to insurance obligations other than health insurance obligations C0260	Health reinsurance C0270	Life reinsurance C0280	Total C0300
Premiums written										
Gross	R1410	13,011	43,959	1,017,301	6,511,969	–	–	–	60,593	**7,646,834**
Reinsurers' share	R1420	340	1,575	756,566	2,193,848	–	–	–	52,635	**3,004,964**
Net	**R1500**	**12,671**	**42,384**	**260,735**	**4,318,122**	**–**	**–**	**–**	**7,958**	**4,641,870**
Premiums earned										
Gross	R1510	13,011	43,959	1,017,301	6,511,969	–	–	–	60,593	**7,646,834**
Reinsurers' share	R1520	340	1,575	756,566	2,193,848	–	–	–	52,635	**3,004,964**
Net	**R1600**	**12,671**	**42,384**	**260,735**	**4,318,122**	**–**	**–**	**–**	**7,958**	**4,641,870**
Claims incurred										
Gross	R1610	21,619	958,855	2,910,575	1,543,789	–	–	–	173,628	**5,608,465**
Reinsurers' share	R1620	12,900	71,153	743,670	807,776	–	–	–	27,905	**1,663,403**
Net	**R1700**	**8,719**	**887,702**	**2,166,905**	**736,013**	**–**	**–**	**–**	**145,723**	**3,945,062**
Changes in other technical provisions										
Gross	R1710	4,318	1,094,697	(754,823)	(4,567,261)	–	–	–	(44,506)	**(4,267,576)**
Reinsurers' share	R1720	2,835	227,566	(852,562)	(1,284,387)	–	–	–	391	**(1,906,158)**
Net	**R1800**	**1,483**	**867,131**	**97,739**	**(3,282,874)**	**–**	**–**	**–**	**(44,896)**	**(2,361,418)**
Expenses incurred	**R1900**	**2,905**	**59,064**	**163,233**	**298,067**	**–**	**–**	**–**	**–**	**523,269**
Other expenses	**R2500**									**–**
Total expenses	**R2600**									**523,269**

Appendices and additional information
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Appendix 2 – Quantitative Reporting Templates (31 December 2021) – PLL continued

Appendix 2.3 – S.12.01.02 Life and Health SLT Technical Provisions

			Index-linked and unit-linked insurance			Other life insurance						Health insurance (direct business)					
		Insurance with profit participation C0020	C0030	Contracts without options and guarantees C0040	Contracts with options or guarantees C0050	C0060	Contracts without options and guarantees C0070	Contracts with options or guarantees C0080	Annuities stemming from non-life insurance contracts and relating to insurance obligation other than health insurance obligations C0090	Accepted reinsurance C0100	Total (Life other than health insurance, including Unit-Linked) C0150	C0160	Contracts without options and guarantees C0170	Contracts with options or guarantees C0180	Annuities stemming from non-life insurance contracts and relating to health insurance obligations C0190	Health reinsurance (reinsurance accepted) C0200	Total (Health similar to life insurance) C0210
Technical provisions calculated as a whole	**R0010**	–	26,684,927			–			–	1,738,924	28,423,852	–			–	–	–
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole	R0020	–	7,070,181			–			–	11,388	7,081,568	–			–	–	–
Technical provisions calculated as a sum of BE and RM																	
Best Estimate																	
Gross Best Estimate	**R0030**	10,243,012		(351,434)	77,232		20,304,559	2,087,215	–	10,554	32,371,139		75,635	–	–	–	**75,635**
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0080	117,255		(10,046)	24,732		1,298,318	557,989	–	–	1,988,248		55,185	–	–	–	**55,185**
Best estimate minus recoverables from reinsurance/SPV and Finite Re – total	R0090	**10,125,757**		**(341,388)**	**52,500**		**19,006,241**	**1,529,226**	**–**	**10,554**	**30,382,890**		**20,450**	**–**	**–**	**–**	**20,450**
Risk Margin	**R0100**	195,313	130,321			871,143			–	11,535	1,208,313	5,422			–	–	5,422
Amount of the transitional on Technical Provisions																	
Technical Provisions calculated as a whole	R0110	–	–			–			–	–	–	–			–	–	–
Best estimate	R0120	(210,668)		(47,093)	(17,635)		(463,017)	(69,442)	–	(4,859)	**(812,715)**		(4,737)	–	–	–	**(4,737)**
Risk margin	R0130	(163,384)	(75,112)			(657,620)			–	(6,794)	**(902,910)**	(4,052)			–	–	**(4,052)**
Technical provisions – total	**R0200**	10,064,273	26,401,207			22,072,837			–	1,749,361	60,287,678	72,268			–	–	72,268

Appendix 2 – Quantitative Reporting Templates (31 December 2021) – PLL continued

Appendix 2.4 – S.22.01.21 Impact of long term guarantees measures and transitionals

		Amount with Long Term Guarantee measures and transitionals C0010	Impact of transitional on technical provisions C0030	Impact of transitional on interest rate C0050	Impact of volatility adjustment set to zero C0070	Impact of matching adjustment set to zero C0090
Technical provisions	R0010	60,359,945	1,724,414	–	–	1,565,385
Basic own funds	R0020	4,309,121	(1,170,624)	–	–	(1,500,884)
Eligible own funds to meet Solvency Capital Requirement	R0050	4,309,121	(1,170,624)	–	–	(1,500,884)
Solvency Capital Requirement	R0090	2,655,860	90,775	–	–	2,001,313
Eligible own funds to meet Minimum Capital Requirement	R0100	4,309,121	(1,106,292)	–	–	(1,400,818)
Minimum Capital Requirement	R0110	663,965	22,694	–	–	500,328

Appendices and additional information
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Appendix 2 – Quantitative Reporting Templates (31 December 2021) – PLL continued

Appendix 2.5 – S.23.01.01 Own funds

		Total C0010	Tier 1 – unrestricted C0020	Tier 1 – restricted C0030	Tier 2 C0040	Tier 3 C0050
Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35						
Ordinary share capital (gross of own shares)	R0010	**69,088**	69,088		–	
Share premium account related to ordinary share capital	R0030	**546**	546		–	
Initial funds, members' contributions or the equivalent basic own – fund item for mutual and mutual-type undertakings	R0040	–	–		–	
Subordinated mutual member accounts	R0050	–		–	–	–
Surplus funds	R0070	**1,306,759**	1,306,759			
Preference shares	R0090	–		–	–	–
Share premium account related to preference shares	R0110	–		–	–	–
Reconciliation reserve	R0130	**2,932,728**	2,932,728			
Subordinated liabilities	R0140	–		–	–	–
An amount equal to the value of net deferred tax assets	R0160	–				–
Other own fund items approved by the supervisory authority as basic own funds not specified above	R0180	–	–	–	–	–
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds						
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	R0220	–				
Deductions						
Deductions for participations in financial and credit institutions	R0230	–	–	–	–	–
Total basic own funds after deductions	**R0290**	**4,309,121**	**4,309,121**	**–**	**–**	**–**
Ancillary own funds						
Unpaid and uncalled ordinary share capital callable on demand	R0300	–				
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual – type undertakings, callable on demand	R0310	–			–	
Unpaid and uncalled preference shares callable on demand	R0320	–			–	–
A legally binding commitment to subscribe and pay for subordinated liabilities on demand	R0330	–			–	–
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	R0340	–			–	
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	R0350	–			–	–
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0360	–			–	
Supplementary members calls – other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0370	–			–	–
Other ancillary own funds	R0390	–			–	–
Total ancillary own funds	**R0400**	**–**			**–**	**–**

Appendix 2 – Quantitative Reporting Templates (31 December 2021) – PLL continued

Appendix 2.5 – S.23.01.01 Own funds continued

		Total C0010	Tier 1 – unrestricted C0020	Tier 1 – restricted C0030	Tier 2 C0040	Tier 3 C0050
Available and eligible own funds						
Total available own funds to meet the SCR	R0500	4,309,121	4,309,121	–	–	–
Total available own funds to meet the MCR	R0510	4,309,121	4,309,121	–	–	
Total eligible own funds to meet the SCR	R0540	4,309,121	4,309,121	–	–	–
Total eligible own funds to meet the MCR	R0550	4,309,121	4,309,121	–	–	
SCR	R0580	2,655,860				
MCR	R0600	663,965				
Ratio of Eligible own funds to SCR	R0620	162%				
Ratio of Eligible own funds to MCR	R0640	649%				

		C0060
Reconciliation reserve		
Excess of assets over liabilities	R0700	4,728,151
Own shares (held directly and indirectly)	R0710	–
Foreseeable dividends, distributions and charges	R0720	–
Other basic own fund items	R0730	1,376,393
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	R0740	419,030
Reconciliation reserve	**R0760**	**2,932,728**
Expected profits		
Expected profits included in future premiums (EPIFP) – Life Business	R0770	79,743
Expected profits included in future premiums (EPIFP) – Non–life business	R0780	–
Total Expected profits included in future premiums (EPIFP)	**R0790**	**79,743**

Appendices and additional information
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Appendix 2 – Quantitative Reporting Templates (31 December 2021) – PLL continued

Appendix 2.6 – S.25.03.21 Solvency Capital Requirement – for undertakings on Full Internal Models (Annual Solo)

Unique number of component C0010	Components description C0020	Calculation of the Solvency Capital Requirement C0030
1031AI	Other interest rate risk – UK FI PC1 down – Insurance	3,181
1031BI	Other interest rate risk – Euro FI PC1 down – Insurance	61,437
1032AI	Other interest rate risk – UK FI PC1 up – Insurance	545,682
1032BI	Other interest rate risk – Euro FI PC1 up – Insurance	37,965
1033AI	Other interest rate risk – UK FI PC2 down – Insurance	6,647
1033BI	Other interest rate risk – Euro FI PC2 down – Insurance	14,521
1034AI	Other interest rate risk – UK FI PC2 up – Insurance	113,116
1034BI	Other interest rate risk – Euro FI PC2 up – Insurance	235
1035AI	Other interest rate risk – UK FI PC3 down – Insurance	10,651
1035BI	Other interest rate risk – Euro FI PC3 down – Insurance	71
1036AI	Other interest rate risk – UK FI PC3 up – Insurance	46,857
1036BI	Other interest rate risk – Euro FI PC3 up – Insurance	12,271
10399I	Other interest rate risk – Diversification – Insurance	(285,872)
10410I	Equity Price risk – Insurance	218,477
10420I	Equity Volatility risk – Insurance	147,253
10499I	Diversification within Equity Risk – Insurance	(203,334)
1061AI	Property risk – Commercial – Insurance	61,766
1061BI	Property risk – Residential – Insurance	314,840
10699I	Property risk – Diversification within Property risk (106…) – Insurance	(16,884)
1071AI	Spread risk – Credit spread risk financials – Insurance	1,316,990
1071BI	Spread risk – Credit spread risk non-financials – Insurance	930,830
1071CI	Spread risk – Swap Spread – Insurance	433,502
10760I	Spread risk – liability change due to matching adjustment	(1,056,836)
10799I	Spread risk – Diversification – Insurance	(228,598)
1090AI	Currency Risk – GBP & EUR currency – Insurance	26,595
1090BI	Currency Risk – GBP & non-EUR currencies – Insurance	54,390
10999I	Currency risk – Diversification – Insurance	(11,794)
1101AI	Other interest rate risk – UK RPI PC1 – Insurance	67,359
1101BI	Other interest rate risk – UK RPI PC2 – Insurance	112,596
1101CI	Other interest rate risk – Market RPI Swap Spread – Insurance	83,820
11020I	Other market risk – Swaption Volatility – Insurance	16,887
11030I	Equity risk – Equity Basis risk – Insurance	40,044
11040I	Other interest rate risk – RPI Volatility Risk – Insurance	92,257
11050I	Other market risk – ERM Pre-Payments – Insurance	81,901
11099I	Diversification within Other Market risks (110…) – Insurance	(198,090)
19900	Diversification within market risk – Insurance and Pension Scheme	(1,188,924)
20120I	Type 1 Credit Counterparty – External Reinsurance – Insurance	189,462
20130I	Type 1 Credit Counterparty – Derivatives – Insurance	23,060
20190I	Type 1 Credit Counterparty – Other – Insurance	45,107

Appendices and additional information
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Appendix 2 – Quantitative Reporting Templates (31 December 2021) – PLL continued

Appendix 2.6 – S.25.03.21 Solvency Capital Requirement – for undertakings on Full Internal Models (Annual Solo) continued

Unique number of component C0010	Components description C0020	Calculation of the Solvency Capital Requirement C0030
20200I	Type 2 Credit Counterparty – Insurance	82,107
30100I	Mortality risk – Insurance	260,478
30210I	Longevity risk – mis-estimation risk – Insurance	530,563
30220I	Longevity risk – trend risk – Insurance	1,086,138
30299I	Longevity risk – diversification – Insurance	(359,621)
30300I	Disability-morbidity risk – Insurance	25,421
30400I	Mass lapse – Dependent Persistency – Insurance	188,872
30510I	Other lapse risk – Independent Persistency – Insurance	395,278
30520I	Other lapse risk – Financial Guarantee Persistency – Insurance	245,977
30599I	Diversification with Lapse – Insurance	(207,566)
30600I	Expense risk – Company specific expense – Insurance	110,355
39900	Diversification in life underwriting risk – Insurance & Pension Scheme	(823,324)
70100I	Operational risk – Insurance	378,417
80200I	Non-dynamic management actions	(52,752)
80300I	Loss absorbing capacity of deferred tax	(350,543)
80400I	Other adjustments – Insurance	(28,163)

Appendix 2 – Quantitative Reporting Templates (31 December 2021) – PLL continued

Appendix 2.6 – S.25.03.21 Solvency Capital Requirement – for undertakings on Full Internal Models (Annual Solo) continued

Calculation of Solvency Capital Requirement

		C0100
Total undiversified components	R0110	3,401,074
Diversification	R0060	(745,214)
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	R0160	–
Solvency capital requirement excluding capital add-on	**R0200**	**2,655,860**
Capital add-ons already set	R0210	–
Solvency capital requirement	**R0220**	**2,655,860**
Other information on SCR		–
Amount/estimate of the overall loss-absorbing capacity of technical provisions	R0300	(1,368,362)
Amount/estimate of the overall loss-absorbing capacity of deferred taxes	R0310	(350,543)
Total amount of Notional Solvency Capital Requirements for remaining part	R0410	746,255
Total amount of Notional Solvency Capital Requirements for ring fenced funds (other than those related to business operated in accordance with Art. 4 of Directive 2003/41/EC (transitional))	R0420	955,048
Total amount of Notional Solvency Capital Requirement for matching adjustment portfolios	R0430	1,553,777
Diversification effects due to RFF nSCR aggregation for article 304	R0440	–

Approach to tax rate

		Yes/No C0109
Approach based on average tax rate	R0590	2 – No

Calculation of loss absorbing capacity of deferred taxes

		LAC DT C0130
Amount/estimate of LAC DT	R0640	(350,543)
Amount/estimate of LAC DT justified by reversion of deferred tax liabilities	R0650	(350,543)
Amount/estimate of LAC DT justified by reference to probable future taxable economic profit	R0660	–
Amount/estimate of LAC DT justified by carry back, current year	R0670	–
Amount/estimate of LAC DT justified by carry back, future years	R0680	–
Amount/estimate of Maximum LAC DT	R0690	(350,543)

Appendices and additional information
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Appendix 2 – Quantitative Reporting Templates (31 December 2021) – PLL continued

Appendix 2.7 – S.28.01.01 Minimum Capital Requirement – Only life or only non-life insurance or reinsurance activity

Linear formula component for life insurance and reinsurance obligations

		Life activities	
MCR calculation Non Life		Net (of reinsurance/SPV) best estimate and TP calculated as a whole C0050	Net (of reinsurance/SPV) total capital at risk C0060
Obligations with profit participation – guaranteed benefits	R0210	4,891,483	
Obligations with profit participation – future discretionary benefits	R0220	5,029,777	
Index-linked and unit-linked insurance obligations	R0230	20,988,191	
Other life (re)insurance and health (re)insurance obligations	R0240	20,018,720	
Total capital at risk for all life (re)insurance obligations	R0250		10,856,463

		Non-life activities C0010	Life activities C0040
MCRNL Result	R0010	–	–
MCRL Result	R0200	–	494,346

Overall MCR calculation

		C0070
Linear MCR	R0300	494,346
SCR	R0310	2,655,860
MCR cap	R0320	1,195,137
MCR floor	R0330	663,965
Combined MCR	R0340	663,965
Absolute floor of the MCR	R0350	3,126
		C0070
Minimum Capital Requirement	**R0400**	**663,965**

Appendices and additional information
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Appendix 3 – Quantitative Reporting Templates (31 December 2021) – PLAL
Appendix 3.1 – S.02.01.02 Balance Sheet

		Solvency II value C0010
Assets		
Goodwill	R0010	
Deferred acquisition costs	R0020	
Intangible assets	R0030	–
Deferred tax assets	R0040	–
Pension benefit surplus	R0050	–
Property, plant & equipment held for own use	R0060	–
Investments (other than assets held for index-linked and unit-linked contracts)	**R0070**	**12,707,130**
Property (other than for own use)	R0080	20,146
Holdings in related undertakings, including participations	R0090	5,787,435
Equities	*R0100*	*94,428*
Equities – listed	R0110	93,737
Equities – unlisted	R0120	691
Bonds	*R0130*	*3,901,694*
Government Bonds	R0140	2,562,052
Corporate Bonds	R0150	964,027
Structured notes	R0160	42
Collateralised securities	R0170	375,573
Collective Investments Undertakings	R0180	2,490,947
Derivatives	R0190	387,056
Deposits other than cash equivalents	R0200	25,423
Other investments	R0210	–
Assets held for index-linked and unit-linked contracts	R0220	319,130
Loans and mortgages	**R0230**	**351,470**
Loans on policies	R0240	6,028
Loans and mortgages to individuals	R0250	–
Other loans and mortgages	R0260	345,442
Reinsurance recoverables from:	**R0270**	**2,387,947**
Non-life and health similar to non-life	R0280	–
Non-life excluding health	R0290	–
Health similar to non-life	R0300	–
Life and health similar to life, excluding health and index-linked and unit-linked	R0310	740,488
Health similar to life	R0320	1,720
Life excluding health and index-linked and unit-linked	R0330	738,767
Life index-linked and unit-linked	R0340	1,647,459
Deposits to cedants	R0350	–
Insurance and intermediaries receivables	R0360	366
Reinsurance receivables	R0370	371
Receivables (trade, not insurance)	R0380	286,984
Own shares (held directly)	R0390	–
Amounts due in respect of own fund items or initial fund called up but not yet paid in	R0400	–
Cash and cash equivalents	R0410	32,827
Any other assets, not elsewhere shown	R0420	–
Total assets	**R0500**	**16,086,226**

Appendix 3 – Quantitative Reporting Templates (31 December 2021) – PLAL continued

Appendix 3.1 – S.02.01.02 Balance Sheet continued

		Solvency II value C0010
Liabilities		
Technical provisions – non-life	**R0510**	**–**
Technical provisions – non-life (excluding health)	**R0520**	**–**
Technical provisions calculated as a whole	R0530	–
Best estimate	R0540	–
Risk margin	R0550	–
Technical provisions – health (similar to non-life)	**R0560**	**–**
Technical provisions calculated as a whole	R0570	–
Best estimate	R0580	–
Risk margin	R0590	–
Technical provisions – life (excluding index-linked and unit-linked)	**R0600**	**11,101,211**
Technical provisions – health (similar to life)	**R0610**	**2,198**
Technical provisions calculated as a whole	R0620	–
Best estimate	R0630	2,189
Risk margin	R0640	10
Technical provisions – life (excluding health and index-linked and unit-linked)	**R0650**	**11,099,013**
Technical provisions calculated as a whole	R0660	–
Best estimate	R0670	11,065,190
Risk margin	R0680	33,823
Technical provisions – index-linked and unit-linked	**R0690**	**1,911,546**
Technical provisions calculated as a whole	R0700	1,928,205
Best estimate	R0710	(29,217)
Risk margin	R0720	12,558
Other technical provisions	R0730	
Contingent liabilities	R0740	–
Provisions other than technical provisions	R0750	4,523
Pension benefit obligations	R0760	–
Deposits from reinsurers	R0770	–
Deferred tax liabilities	R0780	106,244
Derivatives	R0790	100,490
Debts owed to credit institutions	R0800	333,104
Financial liabilities other than debts owed to credit institutions	R0810	334,943
Insurance & intermediaries payables	R0820	128,030
Reinsurance payables	R0830	6,200
Payables (trade, not insurance)	R0840	18,740
Subordinated liabilities	**R0850**	**–**
Subordinated liabilities not in Basic Own Funds	R0860	–
Subordinated liabilities in Basic Own Funds	R0870	–
Any other liabilities, not elsewhere shown	R0880	–
Total liabilities	**R0900**	**14,045,029**
Excess of assets over liabilities	**R1000**	**2,041,197**

Appendix 3 – Quantitative Reporting Templates (31 December 2021) – PLAL continued

Appendix 3.2 – S.05.01.02 Premiums, claims and expenses by line of business

		Line of Business for: life insurance obligations						Life reinsurance obligations		
		Health insurance C0210	Insurance with profit participation C0220	Index-linked and unit-linked insurance C0230	Other life insurance C0240	Annuities stemming from non-life insurance contracts and relating to health insurance obligations C0250	Annuities stemming from non-life insurance contracts and relating to insurance obligations other than health insurance obligations C0260	Health reinsurance C0270	Life reinsurance C0280	Total C0300
Premiums written										
Gross	R1410	583	31,232	5,023	159,136	–	–	–	80	**196,054**
Reinsurers' share	R1420	565	–	4,321	2,712	–	–	–	–	**7,597**
Net	**R1500**	**19**	**31,232**	**702**	**156,424**	**–**	**–**	**–**	**80**	**188,457**
Premiums earned										
Gross	R1510	583	31,232	5,023	159,136	–	–	–	80	**196,054**
Reinsurers' share	R1520	565	–	4,321	2,712	–	–	–	–	**7,597**
Net	**R1600**	**19**	**31,232**	**702**	**156,424**	**–**	**–**	**–**	**80**	**188,457**
Claims incurred										
Gross	R1610	60	667,410	165,386	223,581	–	–	–	11,433	**1,067,870**
Reinsurers' share	R1620	–	789	128,296	98,288	–	–	–	–	**227,374**
Net	**R1700**	**60**	**666,621**	**37,089**	**125,293**	**–**	**–**	**–**	**11,433**	**840,497**
Changes in other technical provisions										
Gross	R1710	(110)	892,028	(45,259)	210,800	–	–	–	3,371	**1,060,830**
Reinsurers' share	R1720	–	–	(47,553)	148,929	–	–	–	–	**101,376**
Net	**R1800**	**(110)**	**892,028**	**2,294**	**61,870**	**–**	**–**	**–**	**3,371**	**959,454**
Expenses incurred	**R1900**	**7**	**50,990**	**5,416**	**35,980**	**–**	**–**	**–**	**–**	**92,393**
Other expenses	**R2500**									**–**
Total expenses	**R2600**									**92,393**

Appendices and additional information
continued

Appendix 3 – Quantitative Reporting Templates (31 December 2021) – PLAL continued

Appendix 3.3 – S.12.01.02 Life and Health SLT Technical Provisions

			Index-linked and unit-linked insurance			Other life insurance						Health insurance (direct business)					
		Insurance with profit participation C0020	C0030	Contracts without options and guarantees C0040	Contracts with options or guarantees C0050	C0060	Contracts without options and guarantees C0070	Contracts with options or guarantees C0080	Annuities stemming from non-life insurance contracts and relating to insurance obligation other than health insurance obligations C0090	Accepted reinsurance C0100	Total (Life other than health insurance, including Unit-Linked) C0150	C0160	Contracts without options and guarantees C0170	Contracts with options or guarantees C0180	Annuities stemming from non-life insurance contracts and relating to health insurance obligations C0190	Health reinsurance (reinsurance accepted) C0200	Total (Health similar to life insurance) C0210
Technical provisions calculated as a whole	**R0010**	–	1,928,205			–			–	–	**1,928,205**	–			–	–	–
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole	R0020	–	1,609,089			–			–	–	**1,609,089**	–			–	–	–
Technical provisions calculated as a sum of BE and RM																	
Best Estimate																	
Gross Best Estimate	**R0030**	8,635,782		(48,928)	3,008		2,522,109	154,438	–	142,034	**11,408,443**		2,218	–	–	–	**2,218**
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0080	–		38,238	132		738,767	–	–	–	**777,138**		1,720	–	–	–	**1,720**
Best estimate minus recoverables from reinsurance/SPV and Finite Re – total	R0090	**8,635,782**		**(87,167)**	**2,876**		**1,783,342**	**154,438**	–	**142,034**	**10,631,305**		**498**	–	–	–	**498**
Risk Margin	**R0100**	278,788	16,828			**148,133**			–	**3,455**	**447,205**	9			–	–	**9**
Amount of the transitional on Technical Provisions																	
Technical Provisions calculated as a whole	R0110	–	–			–			–	–	–	–			–	–	–
Best estimate	R0120	(304,015)		(9,519)	–		(50,089)	(5,637)	–	(3,209)	**(372,470)**		(29)	–	–	–	**(29)**
Risk margin	R0130	(258,835)	(6,419)			(134,928)			–	(642)	**(400,823)**	–			–	–	–
Technical provisions – total	**R0200**	**8,351,721**	**1,883,175**			**2,634,025**			–	**141,638**	**13,010,559**	**2,198**			–	–	**2,198**

Appendix 3 – Quantitative Reporting Templates (31 December 2021) – PLAL continued

Appendix 3.4 – S.22.01.21 Impact of long term guarantees measures and transitionals

		Amount with Long Term Guarantee measures and transitionals C0010	Impact of transitional on technical provisions C0030	Impact of transitional on interest rate C0050	Impact of volatility adjustment set to zero C0070	Impact of matching adjustment set to zero C0090
Technical provisions	R0010	13,012,757	773,322	–	–	99,052
Basic own funds	R0020	1,679,203	(577,819)	–	–	(99,052)
Eligible own funds to meet Solvency Capital Requirement	R0050	1,679,203	(577,819)	–	–	(99,052)
Solvency Capital Requirement	R0090	1,075,947	47,713	–	–	90,828
Eligible own funds to meet Minimum Capital Requirement	R0100	1,679,203	(577,819)	–	–	(99,052)
Minimum Capital Requirement	R0110	268,987	11,928	–	–	22,707

Appendix 3 – Quantitative Reporting Templates (31 December 2021) – PLAL continued

Appendix 3.5 – S.23.01.01 Own funds

		Total C0010	Tier 1 – unrestricted C0020	Tier 1 – restricted C0030	Tier 2 C0040	Tier 3 C0050
Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35						
Ordinary share capital (gross of own shares)	R0010	**342,109**	342,109		–	
Share premium account related to ordinary share capital	R0030	**40,716**	40,716		–	
Initial funds, members' contributions or the equivalent basic own – fund item for mutual and mutual-type undertakings	R0040	–	–		–	
Subordinated mutual member accounts	R0050	–		–	–	–
Surplus funds	R0070	**778,024**	778,024			
Preference shares	R0090	–		–	–	–
Share premium account related to preference shares	R0110	–		–	–	–
Reconciliation reserve	R0130	**518,354**	518,354			
Subordinated liabilities	R0140	–		–	–	–
An amount equal to the value of net deferred tax assets	R0160	–				–
Other own fund items approved by the supervisory authority as basic own funds not specified above	R0180	–	–	–	–	–
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds						
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	R0220	–				
Deductions						
Deductions for participations in financial and credit institutions	R0230	–	–	–	–	–
Total basic own funds after deductions	**R0290**	1,679,203	1,679,203	–	–	–
Ancillary own funds						
Unpaid and uncalled ordinary share capital callable on demand	R0300	–			–	
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual – type undertakings, callable on demand	R0310	–			–	
Unpaid and uncalled preference shares callable on demand	R0320	–			–	–
A legally binding commitment to subscribe and pay for subordinated liabilities on demand	R0330	–			–	–
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	R0340	–			–	
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	R0350	–			–	–
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0360	–			–	
Supplementary members calls – other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0370	–			–	–
Other ancillary own funds	R0390	–			–	–
Total ancillary own funds	**R0400**	–			–	–

Appendix 3 – Quantitative Reporting Templates (31 December 2021) – PLAL continued

Appendix 3.5 – S.23.01.01 Own funds continued

		Total C0010	Tier 1 – unrestricted C0020	Tier 1 - Restricted C0030	Tier 2 C0040	Tier 3 C0050
Available and eligible own funds						
Total available own funds to meet the SCR	R0500	1,679,203	1,679,203	–	–	–
Total available own funds to meet the MCR	R0510	1,679,203	1,679,203	–	–	
Total eligible own funds to meet the SCR	R0540	1,679,203	1,679,203	–	–	–
Total eligible own funds to meet the MCR	R0550	1,679,203	1,679,203	–	–	
SCR	R0580	1,075,947				
MCR	R0600	268,987				
Ratio of Eligible own funds to SCR	R0620	156%				
Ratio of Eligible own funds to MCR	R0640	624%				

		C0060
Reconciliation reserve		
Excess of assets over liabilities	R0700	2,041,197
Own shares (held directly and indirectly)	R0710	–
Foreseeable dividends, distributions and charges	R0720	–
Other basic own fund items	R0730	1,160,849
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	R0740	361,994
Reconciliation reserve	**R0760**	**518,354**
Expected profits		
Expected profits included in future premiums (EPIFP) – Life Business	R0770	25,912
Expected profits included in future premiums (EPIFP) – Non-life business	R0780	–
Total Expected profits included in future premiums (EPIFP)	**R0790**	**25,912**

Appendix 3 – Quantitative Reporting Templates (31 December 2021) – PLAL continued

Appendix 3.6 – S.25.03.21 Solvency Capital Requirement – for undertakings on Full Internal Models (Annual Solo)

Unique number of component C0010	Components description C0020	Calculation of the Solvency Capital Requirement C0030
1031BI	Other interest rate risk – Euro FI PC1 down – Insurance	5,318
1032AI	Other interest rate risk – UK FI PC1 up – Insurance	277,066
1032BI	Other interest rate risk – Euro FI PC1 up – Insurance	8,037
1033BI	Other interest rate risk – Euro FI PC2 down – Insurance	1,171
1034AI	Other interest rate risk – UK FI PC2 up – Insurance	16,683
1035AI	Other interest rate risk – UK FI PC3 down – Insurance	39,195
1035BI	Other interest rate risk – Euro FI PC3 down – Insurance	409
1036BI	Other interest rate risk – Euro FI PC3 up – Insurance	199
10399I	Other interest rate risk – Diversification – Insurance	(65,183)
10410I	Equity Price risk – Insurance	112,862
10420I	Equity Volatility risk – Insurance	63,394
10499I	Diversification within Equity Risk – Insurance	(126,789)
1061AI	Property risk – Commercial – Insurance	13,483
1061BI	Property risk – Residential – Insurance	27,645
10699I	Property risk – Diversification within Property risk (106…) – Insurance	(2,852)
1071AI	Spread risk – Credit spread risk financials – Insurance	266,278
1071BI	Spread risk – Credit spread risk non-financials – Insurance	155,241
1071CI	Spread risk – Swap Spread – Insurance	190,663
10760I	Spread risk – liability change due to matching adjustment	(103,910)
10799I	Spread risk – Diversification – Insurance	(81,027)
1090AI	Currency Risk – GBP & EUR currency – Insurance	1,844
1090BI	Currency Risk – GBP & non-EUR currencies – Insurance	26,709
10999I	Currency risk – Diversification – Insurance	(1,120)
1101AI	Other interest rate risk – UK RPI PC1 – Insurance	7,423
1101BI	Other interest rate risk – UK RPI PC2 – Insurance	6,612
11020I	Other market risk – Swaption Volatility – Insurance	10,858
11030I	Equity risk – Equity Basis risk – Insurance	10,781
11050I	Other market risk – ERM Pre-Payments – Insurance	11,843
11099I	Diversification within Other Market risks (110…) – Insurance	(20,088)
19900	Diversification within market risk – Insurance and Pension Scheme	(325,676)
20120I	Type 1 Credit Counterparty – External Reinsurance – Insurance	6,908
20130I	Type 1 Credit Counterparty – Derivatives – Insurance	8,892
20190I	Type 1 Credit Counterparty – Other – Insurance	18,209
20200I	Type 2 Credit Counterparty – Insurance	2,491

Appendix 3 – Quantitative Reporting Templates (31 December 2021) – PLAL continued

Appendix 3.6 – S.25.03.21 Solvency Capital Requirement – for undertakings on Full Internal Models (Annual Solo) continued

Unique number of component C0010	Components description C0020	Calculation of the Solvency Capital Requirement C0030
30100I	Mortality risk – Insurance	4,546
30210I	Longevity risk – mis-estimation risk – Insurance	317,150
30220I	Longevity risk – trend risk – Insurance	495,482
30299I	Longevity risk – diversification – Insurance	(193,485)
30300I	Disability-morbidity risk – Insurance	10
30510I	Other lapse risk – Independent Persistency – Insurance	51,671
30520I	Other lapse risk – Financial Guarantee Persistency – Insurance	346,984
30599I	Diversification with Lapse – Insurance	(47,689)
30600I	Expense risk – Company specific expense – Insurance	28,630
39900	Diversification in life underwriting risk – Insurance & Pension Scheme	(262,540)
70100I	Operational risk – Insurance	129,861
80300I	Loss absorbing capacity of deferred tax	(54,404)
80400I	Other adjustments – Insurance	49,727

Calculation of Solvency Capital Requirement

		C0100
Total undiversified components	R0110	1,429,513
Diversification	R0060	(353,565)
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	R0160	–
Solvency capital requirement excluding capital add-on	**R0200**	**1,075,947**
Capital add-ons already set	R0210	–
Solvency capital requirement	**R0220**	**1,075,947**
Other information on SCR		–
Amount/estimate of the overall loss-absorbing capacity of technical provisions	R0300	(719,118)
Amount/estimate of the overall loss-absorbing capacity of deferred taxes	R0310	(54,404)
Total amount of Notional Solvency Capital Requirements for remaining part	R0410	116,776
Total amount of Notional Solvency Capital Requirements for ring fenced funds (other than those related to business operated in accordance with Art. 4 of Directive 2003/41/EC (transitional))	R0420	1,013,112
Total amount of Notional Solvency Capital Requirement for matching adjustment portfolios	R0430	251,619
Diversification effects due to RFF nSCR aggregation for article 304	R0440	–

Approach to tax rate

Approach to tax rate		Yes/No C0109
Approach based on average tax rate	R0590	2 – No

Appendix 3 – Quantitative Reporting Templates (31 December 2021) – PLAL continued

Appendix 3.6 – S.25.03.21 Solvency Capital Requirement – for undertakings on Full Internal Models (Annual Solo) continued

Calculation of loss absorbing capacity of deferred taxes

		LAC DT C0130
Amount/estimate of LAC DT	R0640	(54,404)
Amount/estimate of LAC DT justified by reversion of deferred tax liabilities	R0650	(54,404)
Amount/estimate of LAC DT justified by reference to probable future taxable economic profit	R0660	–
Amount/estimate of LAC DT justified by carry back, current year	R0670	–
Amount/estimate of LAC DT justified by carry back, future years	R0680	–
Amount/estimate of Maximum LAC DT	R0690	(54,404)

Appendix 3.7 – S.28.01.01 Minimum Capital Requirement – Only life or only non-life insurance or reinsurance activity

Linear formula component for life insurance and reinsurance obligations

		Life activities	
MCR calculation Non Life		Net (of reinsurance/SPV) best estimate and TP calculated as a whole C0050	Net (of reinsurance/SPV) total capital at risk C0060
Obligations with profit participation – guaranteed benefits	R0210	6,025,329	
Obligations with profit participation – future discretionary benefits	R0220	2,420,346	
Index-linked and unit-linked insurance obligations	R0230	251,529	
Other life (re)insurance and health (re)insurance obligations	R0240	1,881,215	
Total capital at risk for all life (re)insurance obligations	R0250		2,468,555

		Non-life activities C0010	Life activities C0040
MCRNL Result	R0010	–	–
MCRL Result	R0200	–	140,073

Overall MCR calculation

		C0070
Linear MCR	R0300	140,073
SCR	R0310	1,075,947
MCR cap	R0320	484,176
MCR floor	R0330	268,987
Combined MCR	R0340	268,987
Absolute floor of the MCR	R0350	3,126
		C0070
Minimum Capital Requirement	**R0400**	**268,987**

Appendices and additional information
continued

Appendix 4 – Quantitative Reporting Templates (31 December 2021) – SLAL

Appendix 4.1 – S.02.01.02 Balance Sheet

		Solvency II value C0010
Assets		
Goodwill	R0010	
Deferred acquisition costs	R0020	
Intangible assets	R0030	–
Deferred tax assets	R0040	–
Pension benefit surplus	R0050	–
Property, plant & equipment held for own use	R0060	7,750
Investments (other than assets held for index-linked and unit-linked contracts)	**R0070**	**44,936,622**
Property (other than for own use)	R0080	485,358
Holdings in related undertakings, including participations	R0090	25,266,648
Equities	*R0100*	*79,784*
Equities – listed	R0110	–
Equities – unlisted	R0120	79,784
Bonds	*R0130*	*15,241,244*
Government Bonds	R0140	8,138,690
Corporate Bonds	R0150	6,937,560
Structured notes	R0160	37,360
Collateralised securities	R0170	127,634
Collective Investments Undertakings	R0180	1,455,153
Derivatives	R0190	2,408,436
Deposits other than cash equivalents	R0200	–
Other investments	R0210	–
Assets held for index-linked and unit-linked contracts	R0220	96,836,443
Loans and mortgages	**R0230**	**792,369**
Loans on policies	R0240	419
Loans and mortgages to individuals	R0250	10,805
Other loans and mortgages	R0260	781,145
Reinsurance recoverables from:	**R0270**	**6,351,992**
Non-life and health similar to non-life	R0280	–
Non-life excluding health	R0290	–
Health similar to non-life	R0300	–
Life and health similar to life, excluding health and index-linked and unit-linked	R0310	3,116,532
Health similar to life	R0320	5,747
Life excluding health and index-linked and unit-linked	R0330	3,110,785
Life index-linked and unit-linked	R0340	3,235,460
Deposits to cedants	R0350	–
Insurance and intermediaries receivables	R0360	32,761
Reinsurance receivables	R0370	1,153
Receivables (trade, not insurance)	R0380	471,472
Own shares (held directly)	R0390	–
Amounts due in respect of own fund items or initial fund called up but not yet paid in	R0400	–
Cash and cash equivalents	R0410	74,283
Any other assets, not elsewhere shown	R0420	–
Total assets	**R0500**	**149,504,846**

Appendices and additional information
continued

Appendix 4 – Quantitative Reporting Templates (31 December 2021) – SLAL continued

Appendix 4.1 – S.02.01.02 Balance Sheet continued

		Solvency II value C0010
Liabilities		
Technical provisions – non-life	**R0510**	**–**
Technical provisions – non-life (excluding health)	**R0520**	**–**
Technical provisions calculated as a whole	R0530	–
Best estimate	R0540	–
Risk margin	R0550	–
Technical provisions – health (similar to non-life)	**R0560**	**–**
Technical provisions calculated as a whole	R0570	–
Best estimate	R0580	–
Risk margin	R0590	–
Technical provisions – life (excluding index-linked and unit-linked)	**R0600**	**39,159,536**
Technical provisions – health (similar to life)	**R0610**	**48,848**
Technical provisions calculated as a whole	R0620	–
Best estimate	R0630	48,848
Risk margin	R0640	–
Technical provisions – life (excluding health and index-linked and unit-linked)	**R0650**	**39,110,688**
Technical provisions calculated as a whole	R0660	–
Best estimate	R0670	39,064,233
Risk margin	R0680	46,455
Technical provisions – index-linked and unit-linked	**R0690**	**97,989,642**
Technical provisions calculated as a whole	R0700	100,345,229
Best estimate	R0710	(2,489,983)
Risk margin	R0720	134,397
Other technical provisions	R0730	
Contingent liabilities	R0740	–
Provisions other than technical provisions	R0750	35,940
Pension benefit obligations	R0760	–
Deposits from reinsurers	R0770	3,196,165
Deferred tax liabilities	R0780	709,469
Derivatives	R0790	415,989
Debts owed to credit institutions	R0800	2,051,237
Financial liabilities other than debts owed to credit institutions	R0810	741
Insurance & intermediaries payables	R0820	286,344
Reinsurance payables	R0830	77,159
Payables (trade, not insurance)	R0840	255,229
Subordinated liabilities	**R0850**	**–**
Subordinated liabilities not in Basic Own Funds	R0860	–
Subordinated liabilities in Basic Own Funds	R0870	–
Any other liabilities, not elsewhere shown	R0880	–
Total liabilities	**R0900**	**144,177,451**

Excess of assets over liabilities	**R1000**	**5,327,395**

Appendix 4 – Quantitative Reporting Templates (31 December 2021) – SLAL continued

Appendix 4.2 – S.05.01.02 Premiums, claims and expenses by line of business

		Line of Business for: life insurance obligations						Life reinsurance obligations		
		Health insurance C0210	Insurance with profit participation C0220	Index-linked and unit-linked insurance C0230	Other life insurance C0240	Annuities stemming from non-life insurance contracts and relating to health insurance obligations C0250	Annuities stemming from non-life insurance contracts and relating to insurance obligations other than health insurance obligations C0260	Health reinsurance C0270	Life reinsurance C0280	Total C0300
Premiums written										
Gross	R1410	1,690	130,944	8,004,054	136,579	–	–	68	655,771	**8,929,107**
Reinsurers' share	R1420	1,269	7	–	11,904	–	–	–	15,249	**28,428**
Net	**R1500**	**422**	**130,937**	**8,004,054**	**124,676**	**–**	**–**	**68**	**640,522**	**8,900,679**
Premiums earned										
Gross	R1510	1,690	130,944	8,004,054	136,579	–	–	68	655,771	**8,929,107**
Reinsurers' share	R1520	1,269	7	–	11,904	–	–	–	15,249	**28,428**
Net	**R1600**	**422**	**130,937**	**8,004,054**	**124,676**	**–**	**–**	**68**	**640,522**	**8,900,679**
Claims incurred										
Gross	R1610	756	979,541	10,788,433	969,214	–	–	1,785	761,569	**13,501,299**
Reinsurers' share	R1620	232	–	170	375,649	–	–	286	68,871	**445,208**
Net	**R1700**	**524**	**979,541**	**10,788,264**	**593,565**	**–**	**–**	**1,499**	**692,698**	**13,056,091**
Changes in other technical provisions										
Gross	R1710	2,863	557,766	(5,259,958)	265,636	–	–	814	162,543	**(4,270,336)**
Reinsurers' share	R1720	1,577	–	–	508,844	–	–	–	–	**510,422**
Net	**R1800**	**1,285**	**557,766**	**(5,259,958)**	**(243,209)**	**–**	**–**	**814**	**162,543**	**(4,780,758)**
Expenses incurred	**R1900**	**174**	**98,828**	**332,410**	**32,550**	**–**	**–**	**–**	**82,635**	**546,597**
Other expenses	**R2500**									**–**
Total expenses	**R2600**									**546,597**

Appendices and additional information
continued

Appendix 4 – Quantitative Reporting Templates (31 December 2021) – SLAL continued

Appendix 4.3 – S.12.01.02 Life and Health SLT Technical Provisions

			Index-linked and unit-linked insurance			Other life insurance						Health insurance (direct business)					
		Insurance with profit participation C0020	C0030	Contracts without options and guarantees C0040	Contracts with options or guarantees C0050	C0060	Contracts without options and guarantees C0070	Contracts with options or guarantees C0080	Annuities stemming from non-life insurance contracts and relating to insurance obligation other than health insurance obligations C0090	Accepted reinsurance C0100	Total (Life other than health insurance, including Unit-Linked) C0150	C0160	Contracts without options and guarantees C0170	Contracts with options or guarantees C0180	Annuities stemming from non-life insurance contracts and relating to health insurance obligations C0190	Health reinsurance (reinsurance accepted) C0200	Total (Health similar to life insurance) C0210
Technical provisions calculated as a whole	**R0010**	–	98,611,183			–			–	**1,734,047**	**100,345,229**	–			–	–	–
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole	R0020	–	2,478,871			–			–	756,590	**3,235,460**	–			–	–	–
Technical provisions calculated as a sum of BE and RM																	
Best Estimate																	
Gross Best Estimate	**R0030**	14,324,725		–	(2,284,519)		–	10,970,175	–	13,524,853	**36,535,234**		–	7,801	–	41,047	**48,848**
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0080	–		–	–		–	3,110,785	–	–	**3,110,785**		–	5,747	–	–	**5,747**
Best estimate minus recoverables from reinsurance/SPV and Finite Re – total	R0090	**14,324,725**		–	**(2,284,519)**	–	–	**7,859,391**	–	**13,524,853**	**33,424,449**		–	**2,054**	–	**41,047**	**43,101**
Risk Margin	**R0100**	305,316	474,549			**542,743**			–	**253,700**	**1,576,308**	–			–	–	–
Amount of the transitional on Technical Provisions																	
Technical Provisions calculated as a whole	R0110	–	–			–			–	–	–	–			–	–	–
Best estimate	R0120	51,001		–	(194,937)		–	141,808	–	41,143	**39,015**		–	–	–	–	–
Risk margin	R0130	(305,316)	(340,152)			(499,553)			–	(250,435)	**(1,395,457)**	–			–	–	–
Technical provisions – total	**R0200**	**14,375,726**	**96,266,123**			**11,155,174**			–	**15,303,307**	**137,100,330**	**7,801**			–	**41,047**	**48,848**

Appendix 4 – Quantitative Reporting Templates (31 December 2021) – SLAL continued

Appendix 4.4 – S.22.01.21 Impact of long term guarantees measures and transitionals

		Amount with Long Term Guarantee measures and transitionals C0010	Impact of transitional on technical provisions C0030	Impact of transitional on interest rate C0050	Impact of volatility adjustment set to zero C0070	Impact of matching adjustment set to zero C0090
Technical provisions	R0010	137,149,178	1,356,441	–	110,369	465,742
Basic own funds	R0020	4,170,998	(710,204)	–	27,859	(271,409)
Eligible own funds to meet Solvency Capital Requirement	R0050	4,170,998	(710,204)	–	27,859	(271,409)
Solvency Capital Requirement	R0090	2,996,798	–	–	39,807	529,658
Eligible own funds to meet Minimum Capital Requirement	R0100	4,170,998	(710,204)	–	27,859	(271,409)
Minimum Capital Requirement	R0110	1,276,286	1,368	–	3,693	9,781

Appendix 4 – Quantitative Reporting Templates (31 December 2021) – SLAL continued

Appendix 4.5 – S.23.01.01 Own funds

		Total C0010	Tier 1 – unrestricted C0020	Tier 1 – restricted C0030	Tier 2 C0040	Tier 3 C0050
Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35						
Ordinary share capital (gross of own shares)	R0010	**29,684**	29,684		–	
Share premium account related to ordinary share capital	R0030	**117,219**	117,219		–	
Initial funds, members' contributions or the equivalent basic own – fund item for mutual and mutual-type undertakings	R0040	–	–		–	
Subordinated mutual member accounts	R0050	–		–	–	–
Surplus funds	R0070	**2,251,000**	2,251,000			
Preference shares	R0090	–		–	–	–
Share premium account related to preference shares	R0110	–		–	–	–
Reconciliation reserve	R0130	**1,773,095**	1,773,095			
Subordinated liabilities	R0140	–		–	–	–
An amount equal to the value of net deferred tax assets	R0160	–				–
Other own fund items approved by the supervisory authority as basic own funds not specified above	R0180	–	–	–	–	–
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds						
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	R0220	–				
Deductions						
Deductions for participations in financial and credit institutions	R0230	–	–	–	–	–
Total basic own funds after deductions	**R0290**	**4,170,998**	**4,170,998**	**–**	**–**	**–**
Ancillary own funds						
Unpaid and uncalled ordinary share capital callable on demand	R0300	–			–	
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual – type undertakings, callable on demand	R0310	–			–	
Unpaid and uncalled preference shares callable on demand	R0320	–			–	–
A legally binding commitment to subscribe and pay for subordinated liabilities on demand	R0330	–			–	–
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	R0340	–			–	
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	R0350	–			–	–
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0360	–			–	
Supplementary members calls – other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0370	–			–	–
Other ancillary own funds	R0390	–			–	–
Total ancillary own funds	**R0400**	**–**			**–**	**–**

Appendix 4 – Quantitative Reporting Templates (31 December 2021) – SLAL continued

Appendix 4.5 – S.23.01.01 Own funds continued

		Total C0010	Tier 1 – unrestricted C0020	Tier 1 – restricted C0030	Tier 2 C0040	Tier 3 C0050
Available and eligible own funds						
Total available own funds to meet the SCR	R0500	4,170,998	4,170,998	–	–	–
Total available own funds to meet the MCR	R0510	4,170,998	4,170,998	–	–	
Total eligible own funds to meet the SCR	R0540	4,170,998	4,170,998	–	–	–
Total eligible own funds to meet the MCR	R0550	4,170,998	4,170,998	–	–	
SCR	R0580	2,996,798				
MCR	R0600	1,276,286				
Ratio of Eligible own funds to SCR	R0620	139%				
Ratio of Eligible own funds to MCR	R0640	327%				

		C0060
Reconciliation reserve		
Excess of assets over liabilities	R0700	5,327,395
Own shares (held directly and indirectly)	R0710	–
Foreseeable dividends, distributions and charges	R0720	–
Other basic own fund items	R0730	2,397,903
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	R0740	1,156,397
Reconciliation reserve	**R0760**	**1,773,095**
Expected profits		
Expected profits included in future premiums (EPIFP) – Life Business	R0770	691,059
Expected profits included in future premiums (EPIFP) – Non-life business	R0780	–
Total Expected profits included in future premiums (EPIFP)	**R0790**	**691,059**

Appendices and additional information
continued

Appendix 4 – Quantitative Reporting Templates (31 December 2021) – SLAL continued

Appendix 4.6 – S.25.03.21 Solvency Capital Requirement – for undertakings on Full Internal Models (Annual Solo)

Unique number of component C0010	Components description C0020	Calculation of the Solvency Capital Requirement C0030
1031AI	Other interest rate risk – UK FI PC1 down – Insurance	144,502
1032BI	Other interest rate risk – Euro FI PC1 up – Insurance	581,311
1034AI	Other interest rate risk – UK FI PC2 up – Insurance	74,190
1034BI	Other interest rate risk – Euro FI PC2 up – Insurance	316,655
1035AI	Other interest rate risk – UK FI PC3 down – Insurance	32,601
1035BI	Other interest rate risk – Euro FI PC3 down – Insurance	77,674
10399I	Other interest rate risk – Diversification – Insurance	(676,621)
10410I	Equity Price risk – Insurance	590,992
1061AI	Property risk – Commercial – Insurance	150,455
1071AI	Spread risk – Credit spread risk financials – Insurance	823,663
1071BI	Spread risk – Credit spread risk non-financials – Insurance	1,063,344
1071CI	Spread risk – Swap Spread – Insurance	473,346
10760I	Spread risk – liability change due to matching adjustment	(891,306)
10799I	Spread risk – Diversification – Insurance	(200,356)
1090AI	Currency Risk – GBP & EUR currency – Insurance	249,137
1090BI	Currency Risk – GBP & non-EUR currencies – Insurance	275,494
10999I	Currency risk – Diversification – Insurance	(95,786)
1101AI	Other interest rate risk – UK RPI PC1 – Insurance	94,904
1101BI	Other interest rate risk – UK RPI PC2 – Insurance	13,422
11020I	Other market risk – Swaption Volatility – Insurance	3,411
11030I	Equity risk – Equity Basis risk – Insurance	124,934
11099I	Diversification within Other Market risks (110…) – Insurance	(47,935)
19900	Diversification within market risk – Insurance and Pension Scheme	(1,685,526)
20120I	Type 1 Credit Counterparty – External Reinsurance – Insurance	24,530
20130I	Type 1 Credit Counterparty – Derivatives – Insurance	12,492
20190I	Type 1 Credit Counterparty – Other – Insurance	66,952
20200I	Type 2 Credit Counterparty – Insurance	5,166

Appendix 4 – Quantitative Reporting Templates (31 December 2021) – SLAL continued

Appendix 4.6 – S.25.03.21 Solvency Capital Requirement – for undertakings on Full Internal Models (Annual Solo) continued

Unique number of component C0010	Components description C0020	Calculation of the Solvency Capital Requirement C0030
30100I	Mortality risk – Insurance	18,220
30210I	Longevity risk – mis-estimation risk – Insurance	428,382
30220I	Longevity risk – trend risk – Insurance	864,146
30299I	Longevity risk – diversification – Insurance	(287,226)
30300I	Disability-morbidity risk – Insurance	1,680
30400I	Mass lapse – Dependent Persistency – Insurance	1,033,720
30510I	Other lapse risk – Independent Persistency – Insurance	1,457,935
30520I	Other lapse risk – Financial Guarantee Persistency – Insurance	26,225
30599I	Other lapse risk – diversification – Insurance	(25,794)
30600I	Expense risk – Company specific expense – Insurance	225,789
39900	Diversification in life underwriting risk – Insurance & Pension Scheme	(1,380,709)
70100I	Operational risk – Insurance	581,310
80100I	Other risks – Insurance	179
80300I	Loss absorbing capacity of deferred tax	(467,072)

Calculation of Solvency Capital Requirement

		C0100
Total undiversified components	R0110	4,078,429
Diversification	R0060	(1,081,631)
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	R0160	–
Solvency capital requirement excluding capital add-on	**R0200**	**2,996,798**
Capital add-ons already set	R0210	–
Solvency capital requirement	**R0220**	**2,996,798**
Other information on SCR		
Amount/estimate of the overall loss-absorbing capacity of technical provisions	R0300	(3,179,007)
Amount/estimate of the overall loss-absorbing capacity of deferred taxes	R0310	(467,072)
Total amount of Notional Solvency Capital Requirements for remaining part	R0410	1,412,934
Total amount of Notional Solvency Capital Requirement for ring fenced funds	R0420	1,097,857
Total amount of Notional Solvency Capital Requirement for matching adjustment portfolios	R0430	486,007
Diversification effects due to RFF nSCR aggregation for article 304	R0440	–

Approach to tax rate

Approach to tax rate		Yes/No C0109
Approach based on average tax rate	R0590	2 – No

Appendices and additional information
continued

Appendix 4 – Quantitative Reporting Templates (31 December 2021) – SLAL continued

Appendix 4.6 – S.25.03.21 Solvency Capital Requirement – for undertakings on Full Internal Models (Annual Solo) continued

Calculation of loss absorbing capacity of deferred taxes

		LAC DT C0130
Amount/estimate of LAC DT	R0640	(467,072)
Amount/estimate of LAC DT justified by reversion of deferred tax liabilities	R0650	–
Amount/estimate of LAC DT justified by reference to probable future taxable economic profit	R0660	(467,072)
Amount/estimate of LAC DT justified by carry back, current year	R0670	–
Amount/estimate of LAC DT justified by carry back, future years	R0680	–
Amount/estimate of Maximum LAC DT	R0690	(467,072)

Appendix 4.7 – S.28.01.01 Minimum Capital Requirement – Only life or only non-life insurance or reinsurance activity

Linear formula component for life insurance and reinsurance obligations

		Life activities	
MCR calculation Life		Net (of reinsurance/SPV) best estimate and TP calculated as a whole C0050	Net (of reinsurance/SPV) total capital at risk C0060
Obligations with profit participation – guaranteed benefits	R0210	20,955,286	
Obligations with profit participation – future discretionary benefits	R0220	6,532,710	
Index-linked and unit-linked insurance obligations	R0230	94,619,785	
Other life (re)insurance and health (re)insurance obligations	R0240	8,274,168	
Total capital at risk for all life (re)insurance obligations	R0250		6,493,618

		Non-life activities C0010	Life activities C0040
MCRNL Result	R0010	–	–
MCRL Result	R0200	–	1,276,286

Overall MCR calculation

		C0070
Linear MCR	R0300	1,276,286
SCR	R0310	2,996,798
MCR cap	R0320	1,348,559
MCR floor	R0330	749,200
Combined MCR	R0340	1,276,286
Absolute floor of the MCR	R0350	3,126
		C0070
Minimum Capital Requirement	**R0400**	**1,276,286**

Appendices and additional information
continued

Appendix 5 – Quantitative Reporting Templates (31 December 2021) – RAL
Appendix 5.1 – S.02.01.02 Balance Sheet

		Solvency II value C0010
Assets		
Goodwill	R0010	
Deferred acquisition costs	R0020	
Intangible assets	R0030	–
Deferred tax assets	R0040	–
Pension benefit surplus	R0050	–
Property, plant & equipment held for own use	R0060	3,900
Investments (other than assets held for index-linked and unit-linked contracts)	**R0070**	**24,479,557**
Property (other than for own use)	R0080	435,604
Holdings in related undertakings, including participations	R0090	3,653,159
Equities	*R0100*	*2,429,422*
Equities – listed	R0110	2,429,422
Equities – unlisted	R0120	–
Bonds	*R0130*	*15,285,428*
Government Bonds	R0140	4,193,841
Corporate Bonds	R0150	11,039,062
Structured notes	R0160	7,608
Collateralised securities	R0170	44,917
Collective Investments Undertakings	R0180	2,503,745
Derivatives	R0190	172,198
Deposits other than cash equivalents	R0200	–
Other investments	R0210	–
Assets held for index-linked and unit-linked contracts	R0220	37,596,018
Loans and mortgages	**R0230**	**2,861,990**
Loans on policies	R0240	2,955
Loans and mortgages to individuals	R0250	134
Other loans and mortgages	R0260	2,858,901
Reinsurance recoverables from:	**R0270**	**824,659**
Non-life and health similar to non-life	R0280	–
Non-life excluding health	R0290	–
Health similar to non-life	R0300	–
Life and health similar to life, excluding health and index-linked and unit-linked	R0310	349,803
Health similar to life	R0320	1,200
Life excluding health and index-linked and unit-linked	R0330	348,603
Life index-linked and unit-linked	R0340	474,857
Deposits to cedants	R0350	–
Insurance and intermediaries receivables	R0360	146,958
Reinsurance receivables	R0370	14,914
Receivables (trade, not insurance)	R0380	446,624
Own shares (held directly)	R0390	–
Amounts due in respect of own fund items or initial fund called up but not yet paid in	R0400	–
Cash and cash equivalents	R0410	133,878
Any other assets, not elsewhere shown	R0420	–
Total assets	**R0500**	**66,508,498**

Appendix 5 – Quantitative Reporting Templates (31 December 2021) – RAL continued

Appendix 5.1 – S.02.01.02 Balance Sheet continued

		Solvency II value C0010
Liabilities		
Technical provisions – non-life	**R0510**	**–**
Technical provisions – non-life (excluding health)	**R0520**	**–**
Technical provisions calculated as a whole	R0530	–
Best estimate	R0540	–
Risk margin	R0550	–
Technical provisions – health (similar to non-life)	**R0560**	**–**
Technical provisions calculated as a whole	R0570	–
Best estimate	R0580	–
Risk margin	R0590	–
Technical provisions – life (excluding index-linked and unit-linked)	**R0600**	**23,385,882**
Technical provisions – health (similar to life)	**R0610**	**116,067**
Technical provisions calculated as a whole	R0620	16,158
Best estimate	R0630	97,968
Risk margin	R0640	1,941
Technical provisions – life (excluding health and index-linked and unit-linked)	**R0650**	**23,269,815**
Technical provisions calculated as a whole	R0660	–
Best estimate	R0670	22,840,975
Risk margin	R0680	428,841
Technical provisions – index-linked and unit-linked	**R0690**	**36,545,054**
Technical provisions calculated as a whole	R0700	37,798,682
Best estimate	R0710	(1,390,037)
Risk margin	R0720	136,410
Other technical provisions	R0730	
Contingent liabilities	R0740	–
Provisions other than technical provisions	R0750	20,283
Pension benefit obligations	R0760	–
Deposits from reinsurers	R0770	85,368
Deferred tax liabilities	R0780	600,625
Derivatives	R0790	168,137
Debts owed to credit institutions	R0800	133,356
Financial liabilities other than debts owed to credit institutions	R0810	242,935
Insurance & intermediaries payables	R0820	603,991
Reinsurance payables	R0830	35,668
Payables (trade, not insurance)	R0840	291,335
Subordinated liabilities	**R0850**	**–**
Subordinated liabilities not in Basic Own Funds	R0860	–
Subordinated liabilities in Basic Own Funds	R0870	–
Any other liabilities, not elsewhere shown	R0880	–
Total liabilities	**R0900**	**62,112,635**

Excess of assets over liabilities	**R1000**	**4,395,863**

Appendices and additional information

Appendix 5 – Quantitative Reporting Templates (31 December 2021) – RAL continued

Appendix 5.2 – S.05.01.02 Premiums, claims and expenses by line of business

		Line of Business for: life insurance obligations						Life reinsurance obligations		
		Health insurance C0210	Insurance with profit participation C0220	Index-linked and unit-linked insurance C0230	Other life insurance C0240	Annuities stemming from non-life insurance contracts and relating to health insurance obligations C0250	Annuities stemming from non-life insurance contracts and relating to insurance obligations other than health insurance obligations C0260	Health reinsurance C0270	Life reinsurance C0280	Total C0300
Premiums written										
Gross	R1410	23,262	50,523	527,727	143,801	–	–	37	28,729	**774,079**
Reinsurers' share	R1420	29	–	–	312,559	–	–	–	–	**312,588**
Net	**R1500**	**23,233**	**50,523**	**527,727**	**(168,758)**	**–**	**–**	**37**	**28,729**	**461,492**
Premiums earned										
Gross	R1510	23,262	50,523	527,727	143,801	–	–	37	28,729	**774,079**
Reinsurers' share	R1520	29	–	–	312,559	–	–	–	–	**312,588**
Net	**R1600**	**23,233**	**50,523**	**527,727**	**(168,758)**	**–**	**–**	**37**	**28,729**	**461,492**
Claims incurred						–	–			
Gross	R1610	43,711	935,965	3,551,202	1,103,005	–	–	78	5,351	**5,639,311**
Reinsurers' share	R1620	265	–	–	343,866	–	–	–	–	**344,131**
Net	**R1700**	**43,446**	**935,965**	**3,551,202**	**759,140**	**–**	**–**	**78**	**5,351**	**5,295,181**
Changes in other technical provisions										
Gross	R1710	42,884	701,072	(967,899)	2,009,386	–	–	–	(4,355)	**1,781,089**
Reinsurers' share	R1720	1,824	1,419	79,209	252,675	–	–	–	–	**335,128**
Net	**R1800**	**41,060**	**699,653**	**(1,047,108)**	**1,756,711**	**–**	**–**	**–**	**(4,355)**	**1,445,962**
Expenses incurred	**R1900**	**3,434**	**43,916**	**79,581**	**70,210**	**–**	**–**	**–**	**–**	**197,141**
Other expenses	**R2500**									**24,700**
Total expenses	**R2600**									**221,841**

Appendices and additional information
continued

Appendix 5 – Quantitative Reporting Templates (31 December 2021) – RAL continued

Appendix 5.3 – S.12.01.02 Life and Health SLT Technical Provisions

			Index-linked and unit-linked insurance			Other life insurance						Health insurance (direct business)					
		Insurance with profit participation C0020	C0030	Contracts without options and guarantees C0040	Contracts with options or guarantees C0050	C0060	Contracts without options and guarantees C0070	Contracts with options or guarantees C0080	Annuities stemming from non-life insurance contracts and relating to insurance obligation other than health insurance obligations C0090	Accepted reinsurance C0100	Total (Life other than health insurance, including Unit-Linked) C0150	C0160	Contracts without options and guarantees C0170	Contracts with options or guarantees C0180	Annuities stemming from non-life insurance contracts and relating to health insurance obligations C0190	Health reinsurance (reinsurance accepted) C0200	Total (Health similar to life insurance) C0210
Technical provisions calculated as a whole	**R0010**	–	37,754,132			–			–	**44,550**	**37,798,682**	16,158			–	–	**16,158**
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole	R0020	–	474,857			–			–	–	**474,857**	–			–	–	–
Technical provisions calculated as a sum of BE and RM																	
Best Estimate																	
Gross Best Estimate	**R0030**	10,284,283		(1,400,484)	10,446		12,086,245	579,818	–	(109,371)	**21,450,937**		97,734	–	–	234	**97,968**
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0080	3,530		–	–		345,073	–	–	–	**348,603**		1,200	–	–	–	**1,200**
Best estimate minus recoverables from reinsurance/SPV and Finite Re – total	R0090	**10,280,753**		**(1,400,484)**	**10,446**		**11,741,172**	**579,818**	–	**(109,371)**	21,102,334		**96,534**	–	–	**234**	**96,768**
Risk Margin	**R0100**	73,133	248,819			**819,946**			–	**45,105**	**1,187,004**	5,842			–	–	**5,842**
Amount of the transitional on Technical Provisions																	
Technical Provisions calculated as a whole	R0110	–	–			–			–	–	–	–			–	–	–
Best estimate	R0120	–		–	–		--	–	–	–	–		–	–	–	–	–
Risk margin	R0130	129,087	(115,438)			(639,201)			–	3,798	**(621,754)**	(3,901)			–	–	**(3,901)**
Technical provisions – total	**R0200**	**10,486,503**	**36,497,476**			**12,846,808**			–	**(15,918)**	**59,814,869**	**115,833**			–	**234**	**116,067**

Appendix 5 – Quantitative Reporting Templates (31 December 2021) – RAL continued

Appendix 5.4 – S.22.01.21 Impact of long term guarantees measures and transitionals

		Amount with Long Term Guarantee measures and transitionals C0010	Impact of transitional on technical provisions C0030	Impact of transitional on interest rate C0050	Impact of volatility adjustment set to zero C0070	Impact of matching adjustment set to zero C0090
Technical provisions	R0010	59,930,936	625,654	–	27,415	906,240
Basic own funds	R0020	3,889,052	(444,005)	–	(12,767)	(715,341)
Eligible own funds to meet Solvency Capital Requirement	R0050	3,889,052	(444,005)	–	(12,767)	(715,341)
Solvency Capital Requirement	R0090	2,499,490	185,018	–	7,453	757,875
Eligible own funds to meet Minimum Capital Requirement	R0100	3,889,052	(444,005)	–	(12,767)	(717,731)
Minimum Capital Requirement	R0110	624,873	46,255	–	1,863	189,469

Appendices and additional information
continued

Appendix 5 – Quantitative Reporting Templates (31 December 2021) – RAL continued

Appendix 5.5 – S.23.01.01 Own funds

		Total C0010	Tier 1 – unrestricted C0020	Tier 1 – restricted C0030	Tier 2 C0040	Tier 3 C0050
Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35						
Ordinary share capital (gross of own shares)	R0010	**386,977**	386,977		–	
Share premium account related to ordinary share capital	R0030	**133,966**	133,966		–	
Initial funds, members' contributions or the equivalent basic own – fund item for mutual and mutual-type undertakings	R0040	–	–		–	
Subordinated mutual member accounts	R0050	–		–	–	–
Surplus funds	R0070	**1,275,413**	1,275,413			
Preference shares	R0090	–		–	–	–
Share premium account related to preference shares	R0110	–		–	–	–
Reconciliation reserve	R0130	**2,092,696**	2,092,696			
Subordinated liabilities	R0140	–		–	–	–
An amount equal to the value of net deferred tax assets	R0160	–				–
Other own fund items approved by the supervisory authority as basic own funds not specified above	R0180	–	–	–	–	–
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds						
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	R0220	–				
Deductions						
Deductions for participations in financial and credit institutions	R0230	–	–	–	–	–
Total basic own funds after deductions	**R0290**	3,889,052	3,889,052	–	–	–
Ancillary own funds						
Unpaid and uncalled ordinary share capital callable on demand	R0300	–			–	
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual – type undertakings, callable on demand	R0310	–			–	
Unpaid and uncalled preference shares callable on demand	R0320	–			–	–
A legally binding commitment to subscribe and pay for subordinated liabilities on demand	R0330	–			–	–
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	R0340	–			–	
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	R0350	–			–	–
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0360	–			–	
Supplementary members calls – other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0370	–			–	–
Other ancillary own funds	R0390	–			–	–
Total ancillary own funds	**R0400**	–			–	–

Appendix 5 – Quantitative Reporting Templates (31 December 2021) – RAL continued

Appendix 5.5 – S.23.01.01 Own funds continued

		Total C0010	Tier 1 – unrestricted C0020	Tier 1 – restricted C0030	Tier 2 C0040	Tier 3 C0050
Available and eligible own funds						
Total available own funds to meet the SCR	R0500	3,889,052	3,889,052	–	–	–
Total available own funds to meet the MCR	R0510	3,889,052	3,889,052	–	–	
Total eligible own funds to meet the SCR	R0540	3,889,052	3,889,052	–	–	–
Total eligible own funds to meet the MCR	R0550	3,889,052	3,889,052	–	–	
SCR	R0580	2,499,490				
MCR	R0600	624,873				
Ratio of Eligible own funds to SCR	R0620	156%				
Ratio of Eligible own funds to MCR	R0640	622%				

		C0060
Reconciliation reserve		
Excess of assets over liabilities	R0700	4,395,863
Own shares (held directly and indirectly)	R0710	–
Foreseeable dividends, distributions and charges	R0720	–
Other basic own fund items	R0730	1,796,356
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	R0740	506,811
Reconciliation reserve	**R0760**	**2,092,696**
Expected profits		
Expected profits included in future premiums (EPIFP) – Life Business	R0770	678,395
Expected profits included in future premiums (EPIFP) – Non-life business	R0780	–
Total Expected profits included in future premiums (EPIFP)	**R0790**	**678,395**

Appendices and additional information
continued

Appendix 5 – Quantitative Reporting Templates (31 December 2021) – RAL continued

Appendix 5.6 – S.25.01.01 Solvency Capital Requirement – for undertakings on Standard Formula

		Gross solvency capital requirement C0110	USP C0090	Simplifications C0120
Market risk	R0010	2,046,738		–
Counterparty default risk	R0020	17,084		
Life underwriting risk	R0030	1,485,522	–	–
Health underwriting risk	R0040	15,968	–	–
Non-life underwriting risk	R0050	–	–	–
Diversification	R0060	(741,271)		
Intangible asset risk	R0070	–		
Basic Solvency Capital Requirement	**R0100**	**2,824,041**		

Calculation of Solvency Capital Requirement

		C0100
Operational risk	R0130	149,503
Loss-absorbing capacity of technical provisions	R0140	(699,220)
Loss-absorbing capacity of deferred taxes	R0150	(394,675)
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	R0160	–
Solvency capital requirement excluding capital add-on	R0200	2,499,490
Capital add-on already set	**R0210**	–
Solvency capital requirement	R0220	2,499,490
Other information on SCR		
Capital requirement for duration-based equity risk sub-module	**R0400**	–
Total amount of Notional Solvency Capital Requirements for remaining part	R0410	822,142
Total amount of Notional Solvency Capital Requirements for ring fenced funds	R0420	357,238
Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios	R0430	1,320,110
Diversification effects due to RFF nSCR aggregation for article 304	R0440	–

Approach to tax rate

		Yes/No C0109
Approach based on average tax rate	R0590	(2) No

Calculation of loss absorbing capacity of deferred taxes

		LAC DT C0130
LAC DT	R0640	(394,675)
LAC DT justified by reversion of deferred tax liabilities	R0650	(389,682)
LAC DT justified by reference to probable future taxable economic profit	R0660	–
LAC DT justified by carry back, current year	R0670	(4,993)
LAC DT justified by carry back, future years	R0680	–
Maximum LAC DT	R0690	(394,675)

Appendices and additional information
continued

Appendix 5 – Quantitative Reporting Templates (31 December 2021) – RAL continued

Appendix 5.7 – S.28.01.01 Minimum Capital Requirement – Only life or only non-life insurance or reinsurance activity

Linear formula component for life insurance and reinsurance obligations

		Life activities	
MCR calculation Life		Net (of reinsurance/SPV) best estimate and TP calculated as a whole C0050	Net (of reinsurance/SPV) total capital at risk C0060
Obligations with profit participation – guaranteed benefits	R0210	6,510,233	
Obligations with profit participation – future discretionary benefits	R0220	3,806,351	
Index-linked and unit-linked insurance obligations	R0230	35,933,788	
Other life (re)insurance and health (re)insurance obligations	R0240	12,433,916	
Total capital at risk for all life (re)insurance obligations	R0250		9,023,711

		Non-life activities C0010	Life activities C0040
MCRNL Result	R0010	–	–
MCRL Result	R0200	–	561,914

Overall MCR calculation

		C0070
Linear MCR	R0300	561,914
SCR	R0310	2,499,490
MCR cap	R0320	1,124,771
MCR floor	R0330	624,873
Combined MCR	R0340	624,873
Absolute floor of the MCR	R0350	3,126
		C0070
Minimum Capital Requirement	**R0400**	**624,873**

Appendices and additional information
continued

Appendix 6 – Quantitative Reporting Templates (31 December 2021) – RLL

Appendix 6.1 – S.02.01.02 Balance Sheet

		Solvency II value C0010
Assets		
Goodwill	R0010	
Deferred acquisition costs	R0020	
Intangible assets	R0030	–
Deferred tax assets	R0040	–
Pension benefit surplus	R0050	–
Property, plant & equipment held for own use	R0060	342
Investments (other than assets held for index-linked and unit-linked contracts)	**R0070**	**435,988**
Property (other than for own use)	R0080	–
Holdings in related undertakings, including participations	R0090	7
Equities	*R0100*	–
Equities – listed	R0110	–
Equities – unlisted	R0120	–
Bonds	*R0130*	*112,485*
Government Bonds	R0140	112,485
Corporate Bonds	R0150	–
Structured notes	R0160	–
Collateralised securities	R0170	–
Collective Investments Undertakings	R0180	323,496
Derivatives	R0190	–
Deposits other than cash equivalents	R0200	–
Other investments	R0210	–
Assets held for index-linked and unit-linked contracts	R0220	7,125,153
Loans and mortgages	**R0230**	**69,098**
Loans on policies	R0240	–
Loans and mortgages to individuals	R0250	–
Other loans and mortgages	R0260	69,098
Reinsurance recoverables from:	**R0270**	**520,172**
Non-life and health similar to non-life	R0280	–
Non-life excluding health	R0290	–
Health similar to non-life	R0300	–
Life and health similar to life, excluding health and index-linked and unit-linked	R0310	860,902
Health similar to life	R0320	(5,848)
Life excluding health and index-linked and unit-linked	R0330	866,750
Life index-linked and unit-linked	R0340	(340,730)
Deposits to cedants	R0350	–
Insurance and intermediaries receivables	R0360	5,311
Reinsurance receivables	R0370	16,372
Receivables (trade, not insurance)	R0380	24,386
Own shares (held directly)	R0390	–
Amounts due in respect of own fund items or initial fund called up but not yet paid in	R0400	–
Cash and cash equivalents	R0410	21,445
Any other assets, not elsewhere shown	R0420	–
Total assets	**R0500**	**8,218,266**

Appendix 6 – Quantitative Reporting Templates (31 December 2021) – RLL continued

Appendix 6.1 – S.02.01.02 Balance Sheet continued

		Solvency II value C0010
Liabilities		
Technical provisions – non-life	**R0510**	**–**
Technical provisions – non-life (excluding health)	**R0520**	**–**
Technical provisions calculated as a whole	R0530	–
Best estimate	R0540	–
Risk margin	R0550	–
Technical provisions – health (similar to non-life)	**R0560**	**–**
Technical provisions calculated as a whole	R0570	–
Best estimate	R0580	–
Risk margin	R0590	–
Technical provisions – life (excluding index-linked and unit-linked)	**R0600**	**870,114**
Technical provisions – health (similar to life)	**R0610**	**843**
Technical provisions calculated as a whole	R0620	6,360
Best estimate	R0630	(5,796)
Risk margin	R0640	279
Technical provisions – life (excluding health and index-linked and unit-linked)	R0650	869,270
Technical provisions calculated as a whole	R0660	–
Best estimate	R0670	866,861
Risk margin	R0680	2,409
Technical provisions – index-linked and unit-linked	**R0690**	**6,708,789**
Technical provisions calculated as a whole	R0700	7,043,205
Best estimate	R0710	(339,268)
Risk margin	R0720	4,852
Other technical provisions	R0730	
Contingent liabilities	R0740	–
Provisions other than technical provisions	R0750	–
Pension benefit obligations	R0760	–
Deposits from reinsurers	R0770	–
Deferred tax liabilities	R0780	104,305
Derivatives	R0790	–
Debts owed to credit institutions	R0800	–
Financial liabilities other than debts owed to credit institutions	R0810	–
Insurance & intermediaries payables	R0820	116,989
Reinsurance payables	R0830	141,137
Payables (trade, not insurance)	R0840	44,217
Subordinated liabilities	**R0850**	**–**
Subordinated liabilities not in Basic Own Funds	R0860	–
Subordinated liabilities in Basic Own Funds	R0870	–
Any other liabilities, not elsewhere shown	R0880	–
Total liabilities	**R0900**	**7,985,550**

Excess of assets over liabilities	**R1000**	**232,716**

Appendix 6 – Quantitative Reporting Templates (31 December 2021) – RLL continued

Appendix 6.2 – S.05.01.02 Premiums, claims and expenses by line of business

		Line of Business for: life insurance obligations						Life reinsurance obligations		
		Health insurance C0210	Insurance with profit participation C0220	Index-linked and unit-linked insurance C0230	Other life insurance C0240	Annuities stemming from non-life insurance contracts and relating to health insurance obligations C0250	Annuities stemming from non-life insurance contracts and relating to insurance obligations other than health insurance obligations C0260	Health reinsurance C0270	Life reinsurance C0280	Total C0300
Premiums written										
Gross	R1410	9,750	–	92,202	65,446	–	–	–	–	**167,398**
Reinsurers' share	R1420	6,484	–	26,927	79,179	–	–	–	–	**112,589**
Net	**R1500**	**3,266**	**–**	**65,275**	**(13,733)**	**–**	**–**	**–**	**–**	**54,809**
Premiums earned										
Gross	R1510	9,750	–	92,202	65,446	–	–	–	–	**167,398**
Reinsurers' share	R1520	6,484	–	26,927	79,179	–	–	–	–	**112,589**
Net	**R1600**	**3,266**	**–**	**65,275**	**(13,733)**	–	–	**–**	**–**	**54,809**
Claims incurred										
Gross	R1610	4,902	–	979,076	24,338	–	–	–	–	**1,008,316**
Reinsurers' share	R1620	3,674	–	33,338	19,562	–	–	–	–	**56,575**
Net	**R1700**	**1,228**	**–**	**945,738**	**4,776**	**–**	**–**	**–**	**–**	**951,742**
Changes in other technical provisions										
Gross	R1710	(1,720)	–	210,817	103,286	–	–	–	–	**312,383**
Reinsurers' share	R1720	(2,393)	–	2,364	101,639	–	–	–	–	**101,610**
Net	**R1800**	**673**	**–**	**208,454**	**1,647**	**–**	**–**	**–**	**–**	**210,773**
Expenses incurred	**R1900**	**2,268**	**–**	**64,303**	**28,453**	**–**	**–**	**–**	**–**	**95,024**
Other expenses	**R2500**									**–**
Total expenses	**R2600**									**95,024**

Appendices and additional information
continued

Appendix 6 – Quantitative Reporting Templates (31 December 2021) – RLL continued

Appendix 6.3 – S.12.01.02 Life and Health SLT Technical Provisions

			Index-linked and unit-linked insurance			Other life insurance						Health insurance (direct business)					
		Insurance with profit participation C0020	C0030	Contracts without options and guarantees C0040	Contracts with options or guarantees C0050	C0060	Contracts without options and guarantees C0070	Contracts with options or guarantees C0080	Annuities stemming from non-life insurance contracts and relating to insurance obligation other than health insurance obligations C0090	Accepted reinsurance C0100	Total (Life other than health insurance, including Unit-Linked) C0150	C0160	Contracts without options and guarantees C0170	Contracts with options or guarantees C0180	Annuities stemming from non-life insurance contracts and relating to health insurance obligations C0190	Health reinsurance (reinsurance accepted) C0200	Total (Health similar to life insurance) C0210
Technical provisions calculated as a whole	**R0010**	–	7,043,205			–			–	–	**7,043,205**	6,360			–	–	**6,360**
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole	R0020	–	–			–			–	–	–	–			–	–	–
Technical provisions calculated as a sum of BE and RM																	
Best Estimate																	
Gross Best Estimate	**R0030**	–		4	(339,272)		1,397	865,464	–	–	**527,593**		–	(5,796)	–	–	**(5,796)**
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0080	–		4	(340,734)		1,396	865,354	–	–	**526,020**		–	(5,848)	–	–	**(5,848)**
Best estimate minus recoverables from reinsurance/SPV and Finite Re – total	R0090	**–**		**–**	**1,462**		**1**	**110**	**–**	**–**	**1,573**		**–**	**52**	**–**	**–**	**52**
Risk Margin	**R0100**	–	4,852			2,409			–	–	**7,261**	**279**			–	–	**279**
Amount of the transitional on Technical Provisions																	
Technical Provisions calculated as a whole	R0110	–	–			–			–	–	–	–			–	–	–
Best estimate	R0120	–		–	–		–	–	–	–	–		–	–	–	–	–
Risk margin	R0130	–	–			–			–	–	–	–			–	–	–
Technical provisions – total	**R0200**	**–**	**6,708,789**			**869,270**			**–**	**–**	**7,578,059**	**843**			**–**	**–**	**843**

Appendices and additional information
continued

Appendix 6 – Quantitative Reporting Templates (31 December 2021) – RLL continued

Appendix 6.4 – S.23.01.01 Own funds

		Total C0010	Tier 1 – unrestricted C0020	Tier 1 – restricted C0030	Tier 2 C0040	Tier 3 C0050
Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35						
Ordinary share capital (gross of own shares)	R0010	**64,456**	64,456		–	
Share premium account related to ordinary share capital	R0030	–	–		–	
Initial funds, members' contributions or the equivalent basic own – fund item for mutual and mutual-type undertakings	R0040	–	–		–	
Subordinated mutual member accounts	R0050	–		–	–	–
Surplus funds	R0070	–	–			
Preference shares	R0090	–		–	–	–
Share premium account related to preference shares	R0110	–		–	–	–
Reconciliation reserve	R0130	**168,261**	168,261			
Subordinated liabilities	R0140	–		–	–	–
An amount equal to the value of net deferred tax assets	R0160	–				–
Other own fund items approved by the supervisory authority as basic own funds not specified above	R0180	–	–	–	–	–
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds						
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	R0220	–				
Deductions						
Deductions for participations in financial and credit institutions	R0230	–	–	–	–	–
Total basic own funds after deductions	**R0290**	**232,716**	**232,716**	**–**	**–**	**–**
Ancillary own funds						
Unpaid and uncalled ordinary share capital callable on demand	R0300	–			–	
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual – type undertakings, callable on demand	R0310	–			–	
Unpaid and uncalled preference shares callable on demand	R0320	–			–	–
A legally binding commitment to subscribe and pay for subordinated liabilities on demand	R0330	–			–	–
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	R0340	–			–	
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	R0350	–			–	–
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0360	–			–	
Supplementary members calls – other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0370	–			–	–
Other ancillary own funds	R0390	–			–	–
Total ancillary own funds	**R0400**	**–**			**–**	**–**

Appendix 6 – Quantitative Reporting Templates (31 December 2021) – RLL continued

Appendix 6.4 – S.23.01.01 Own funds continued

		Total C0010	Tier 1 – unrestricted C0020	Tier 1 – restricted C0030	Tier 2 C0040	Tier 3 C0050
Available and eligible own funds						
Total available own funds to meet the SCR	R0500	232,716	232,716	–	–	–
Total available own funds to meet the MCR	R0510	232,716	232,716	–	–	
Total eligible own funds to meet the SCR	R0540	232,716	232,716	–	–	–
Total eligible own funds to meet the MCR	R0550	232,716	232,716	–	–	
SCR	R0580	36,580				
MCR	R0600	16,461				
Ratio of Eligible own funds to SCR	R0620	636%				
Ratio of Eligible own funds to MCR	R0640	1,414%				

		C0060
Reconciliation reserve		
Excess of assets over liabilities	R0700	232,716
Own shares (held directly and indirectly)	R0710	–
Foreseeable dividends, distributions and charges	R0720	–
Other basic own fund items	R0730	64,456
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	R0740	–
Reconciliation reserve	R0760	168,261
Expected profits		
Expected profits included in future premiums (EPIFP) – Life Business	R0770	87,981
Expected profits included in future premiums (EPIFP) – Non-life business	R0780	–
Total Expected profits included in future premiums (EPIFP)	R0790	87,981

Appendix 6 – Quantitative Reporting Templates (31 December 2021) – RLL continued

Appendix 6.5 – S.25.01.01 Solvency Capital Requirement – for undertakings on Standard Formula

		Gross solvency capital requirement C0110	USP C0090	Simplifications C0120
Market risk	R0010	18,443		–
Counterparty default risk	R0020	4,111		
Life underwriting risk	R0030	–	–	–
Health underwriting risk	R0040	–	–	–
Non-life underwriting risk	R0050	–	–	–
Diversification	R0060	(2,681)		
Intangible asset risk	R0070	–		
Basic Solvency Capital Requirement	**R0100**	**19,873**		

Calculation of Solvency Capital Requirement

		C0100
Operational risk	R0130	16,706
Loss-absorbing capacity of technical provisions	R0140	–
Loss-absorbing capacity of deferred taxes	R0150	–
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	R0160	–
Solvency capital requirement excluding capital add-on	R0200	36,580
Capital add-on already set	**R0210**	**–**
Solvency capital requirement	R0220	36,580
Other information on SCR		
Capital requirement for duration-based equity risk sub-module	**R0400**	**–**
Total amount of Notional Solvency Capital Requirements for remaining part	R0410	–
Total amount of Notional Solvency Capital Requirements for ring fenced funds	R0420	–
Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios	R0430	–
Diversification effects due to RFF nSCR aggregation for article 304	R0440	–

Approach to tax rate

		Yes/No C0109
Approach based on average tax rate	R0590	(2) No

Calculation of loss absorbing capacity of deferred taxes

		LAC DT C0130
LAC DT	R0640	–
LAC DT justified by reversion of deferred tax liabilities	R0650	(2,974)
LAC DT justified by reference to probable future taxable economic profit	R0660	2,974
LAC DT justified by carry back, current year	R0670	–
LAC DT justified by carry back, future years	R0680	–
Maximum LAC DT	R0690	–

Appendix 6 – Quantitative Reporting Templates (31 December 2021) – RLL continued

Appendix 6.6 – S.28.01.01 Minimum Capital Requirement – Only life or only non-life insurance or reinsurance activity

Linear formula component for life insurance and reinsurance obligations

		Life activities	
MCR calculation Life		Net (of reinsurance/SPV) best estimate and TP calculated as a whole C0050	Net (of reinsurance/SPV) total capital at risk C0060
Obligations with profit participation – guaranteed benefits	R0210	–	
Obligations with profit participation – future discretionary benefits	R0220	–	
Index-linked and unit-linked insurance obligations	R0230	7,044,667	
Other life (re)insurance and health (re)insurance obligations	R0240	6,523	
Total capital at risk for all life (re)insurance obligations	R0250		–

		Non-life activities C0010	Life activities C0040
MCRNL Result	R0010	–	–
MCRL Result	R0200	–	49,450

Overall MCR calculation

		C0070
Linear MCR	R0300	49,450
SCR	R0310	36,580
MCR cap	R0320	16,461
MCR floor	R0330	9,145
Combined MCR	R0340	16,461
Absolute floor of the MCR	R0350	3,126
		C0070
Minimum Capital Requirement	**R0400**	**16,461**

Appendices and additional information
continued

Appendix 7 – Quantitative Reporting Templates (31 December 2021) – SLPF
Appendix 7.1 – S.02.01.02 Balance Sheet

		Solvency II value C0010
Assets		
Goodwill	R0010	
Deferred acquisition costs	R0020	
Intangible assets	R0030	–
Deferred tax assets	R0040	–
Pension benefit surplus	R0050	–
Property, plant & equipment held for own use	R0060	–
Investments (other than assets held for index-linked and unit-linked contracts)	**R0070**	**11,028**
Property (other than for own use)	R0080	–
Holdings in related undertakings, including participations	R0090	–
Equities	*R0100*	–
Equities – listed	R0110	–
Equities – unlisted	R0120	–
Bonds	*R0130*	–
Government Bonds	R0140	–
Corporate Bonds	R0150	–
Structured notes	R0160	–
Collateralised securities	R0170	–
Collective Investments Undertakings	R0180	11,028
Derivatives	R0190	–
Deposits other than cash equivalents	R0200	–
Other investments	R0210	–
Assets held for index-linked and unit-linked contracts	R0220	–
Loans and mortgages	**R0230**	**–**
Loans on policies	R0240	–
Loans and mortgages to individuals	R0250	–
Other loans and mortgages	R0260	–
Reinsurance recoverables from:	**R0270**	**8,261**
Non-life and health similar to non-life	R0280	–
Non-life excluding health	R0290	–
Health similar to non-life	R0300	–
Life and health similar to life, excluding health and index-linked and unit-linked	R0310	8,261
Health similar to life	R0320	–
Life excluding health and index-linked and unit-linked	R0330	8,261
Life index-linked and unit-linked	R0340	–
Deposits to cedants	R0350	–
Insurance and intermediaries receivables	R0360	–
Reinsurance receivables	R0370	–
Receivables (trade, not insurance)	R0380	–
Own shares (held directly)	R0390	–
Amounts due in respect of own fund items or initial fund called up but not yet paid in	R0400	–
Cash and cash equivalents	R0410	1
Any other assets, not elsewhere shown	R0420	–
Total assets	**R0500**	**19,291**

Appendix 7 – Quantitative Reporting Templates (31 December 2021) – SLPF continued

Appendix 7.1 – S.02.01.02 Balance Sheet continued

		Solvency II value C0010
Liabilities		
Technical provisions – non-life	**R0510**	**–**
Technical provisions – non-life (excluding health)	R0520	–
Technical provisions calculated as a whole	R0530	–
Best estimate	R0540	–
Risk margin	R0550	–
Technical provisions – health (similar to non-life)	**R0560**	**–**
Technical provisions calculated as a whole	R0570	–
Best estimate	R0580	–
Risk margin	R0590	–
Technical provisions – life (excluding index-linked and unit-linked)	**R0600**	**8,778**
Technical provisions – health (similar to life)	**R0610**	**–**
Technical provisions calculated as a whole	R0620	–
Best estimate	R0630	–
Risk margin	R0640	–
Technical provisions – life (excluding health and index-linked and unit-linked)	**R0650**	**8,778**
Technical provisions calculated as a whole	R0660	–
Best estimate	R0670	8,648
Risk margin	R0680	131
Technical provisions – index-linked and unit-linked	**R0690**	**–**
Technical provisions calculated as a whole	R0700	–
Best estimate	R0710	–
Risk margin	R0720	–
Other technical provisions	R0730	
Contingent liabilities	R0740	–
Provisions other than technical provisions	R0750	–
Pension benefit obligations	R0760	–
Deposits from reinsurers	R0770	–
Deferred tax liabilities	R0780	–
Derivatives	R0790	–
Debts owed to credit institutions	R0800	–
Financial liabilities other than debts owed to credit institutions	R0810	–
Insurance & intermediaries payables	R0820	–
Reinsurance payables	R0830	–
Payables (trade, not insurance)	R0840	14
Subordinated liabilities	**R0850**	**–**
Subordinated liabilities not in Basic Own Funds	R0860	–
Subordinated liabilities in Basic Own Funds	R0870	–
Any other liabilities, not elsewhere shown	**R0880**	**–**
Total liabilities	**R0900**	**8,792**

Excess of assets over liabilities	**R1000**	**10,499**

Appendices and additional information
continued

Appendix 7 – Quantitative Reporting Templates (31 December 2021) – SLPF continued

Appendix 7.2 – S.05.01.02 Premiums, claims and expenses by line of business

		Line of Business for: life insurance obligations						Life reinsurance obligations		
		Health insurance C0210	Insurance with profit participation C0220	Index-linked and unit-linked insurance C0230	Other life insurance C0240	Annuities stemming from non-life insurance contracts and relating to health insurance obligations C0250	Annuities stemming from non-life insurance contracts and relating to insurance obligations other than health insurance obligations C0260	Health reinsurance C0270	Life reinsurance C0280	Total C0300
Premiums written										
Gross	R1410	–	–	–	–	–	–	–	–	–
Reinsurers' share	R1420	–	–	–	–	–	–	–	–	–
Net	**R1500**	–	–	–	–	–	–	–	–	–
Premiums earned										
Gross	R1510	–	–	–	–	–	–	–	–	–
Reinsurers' share	R1520	–	–	–	–	–	–	–	–	–
Net	**R1600**	–	–	–	–	–	–	–	–	–
Claims incurred										
Gross	R1610	–	–	–	543	–	–	–	–	543
Reinsurers' share	R1620	–	–	–	543	–	–	–	–	543
Net	**R1700**	–	–	–	–	–	–	–	–	–
Changes in other technical provisions										
Gross	R1710	–	–	–	1,417	–	–	–	–	1,417
Reinsurers' share	R1720	–	–	–	1,417	–	–	–	–	1,417
Net	**R1800**	–	–	–	–	–	–	–	–	–
Expenses incurred	**R1900**	–	–	–	–	–	–	–	–	–
Other expenses	**R2500**									–
Total expenses	**R2600**									–

Appendix 7 – Quantitative Reporting Templates (31 December 2021) – SLPF continued

Appendix 7.3 – S.12.01.02 Life and Health SLT Technical Provisions

			Index-linked and unit-linked insurance			Other life insurance						Health insurance (direct business)					
		Insurance with profit participation C0020	C0030	Contracts without options and guarantees C0040	Contracts with options or guarantees C0050	C0060	Contracts without options and guarantees C0070	Contracts with options or guarantees C0080	Annuities stemming from non-life insurance contracts and relating to insurance obligation other than health insurance obligations C0090	Accepted reinsurance C0100	Total (Life other than health insurance, including Unit-Linked) C0150	C0160	Contracts without options and guarantees C0170	Contracts with options or guarantees C0180	Annuities stemming from non-life insurance contracts and relating to health insurance obligations C0190	Health reinsurance (reinsurance accepted) C0200	Total (Health similar to life insurance) C0210
Technical provisions calculated as a whole	**R0010**	–	–			–			–	–	–	–			–	–	–
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole	R0020	–	–			–			–	–	–	–			–	–	–
Technical provisions calculated as a sum of BE and RM																	
Best Estimate																	
Gross Best Estimate	**R0030**	–		–	–		–	8,648	–	–	8,648		–	–	–	–	–
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0080	–		–	–		–	8,261	–	–	8,261		–	–	–	–	–
Best estimate minus recoverables from reinsurance/SPV and Finite Re – total	R0090	–		–	–		–	387	–	–	387		–	–	–	–	–
Risk Margin	**R0100**	–	–			131			–	–	131	–			–	–	–
Amount of the transitional on Technical Provisions																	
Technical Provisions calculated as a whole	R0110	–	–			–			–	–	–	–			–	–	–
Best estimate	R0120	–		–	–		–	–	–	–	–		–	–	–	–	–
Risk margin	R0130	–	–			–			–	–	–	–			–	–	–
Technical provisions – total	**R0200**	–	–			8,778			–	–	8,778	–			–	–	–

Appendix 7 – Quantitative Reporting Templates (31 December 2021) – SLPF continued

Appendix 7.4 – S.23.01.01 Own funds

		Total C0010	Tier 1 – unrestricted C0020	Tier 1 – restricted C0030	Tier 2 C0040	Tier 3 C0050
Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35						
Ordinary share capital (gross of own shares)	R0010	50	50		–	
Share premium account related to ordinary share capital	R0030	–	–		–	
Initial funds, members' contributions or the equivalent basic own – fund item for mutual and mutual-type undertakings	R0040	–	–		–	
Subordinated mutual member accounts	R0050	–		–	–	–
Surplus funds	R0070	–	–			
Preference shares	R0090	–		–	–	–
Share premium account related to preference shares	R0110	–		–	–	–
Reconciliation reserve	R0130	10,449	10,449			
Subordinated liabilities	R0140	–		–	–	–
An amount equal to the value of net deferred tax assets	R0160	–				–
Other own fund items approved by the supervisory authority as basic own funds not specified above	R0180	–	–	–	–	–
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds						
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	R0220	–				
Deductions						
Deductions for participations in financial and credit institutions	R0230	–	–	–	–	–
Total basic own funds after deductions	**R0290**	10,499	10,499	–	–	–
Ancillary own funds						
Unpaid and uncalled ordinary share capital callable on demand	R0300	–			–	
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual – type undertakings, callable on demand	R0310	–			–	
Unpaid and uncalled preference shares callable on demand	R0320	–			–	–
A legally binding commitment to subscribe and pay for subordinated liabilities on demand	R0330	–			–	–
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	R0340	–			–	
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	R0350	–			–	–
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0360	–			–	
Supplementary members calls – other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0370	–			–	–
Other ancillary own funds	R0390	–			–	–
Total ancillary own funds	**R0400**	–			–	–

Appendix 7 – Quantitative Reporting Templates (31 December 2021) – SLPF continued

Appendix 7.4 – S.23.01.01 Own funds continued

		Total C0010	Tier 1 – unrestricted C0020	Tier 1 – restricted C0030	Tier 2 C0040	Tier 3 C0050
Available and eligible own funds						
Total available own funds to meet the SCR	R0500	10,499	10,499	–	–	–
Total available own funds to meet the MCR	R0510	10,499	10,499	–	–	
Total eligible own funds to meet the SCR	R0540	10,499	10,499	–	–	–
Total eligible own funds to meet the MCR	R0550	10,499	10,499	–	–	
SCR	R0580	357				
MCR	R0600	3,126				
Ratio of Eligible own funds to SCR	R0620	2,944%				
Ratio of Eligible own funds to MCR	R0640	336%				

		C0060
Reconciliation reserve		
Excess of assets over liabilities	R0700	10,499
Own shares (held directly and indirectly)	R0710	–
Foreseeable dividends, distributions and charges	R0720	–
Other basic own fund items	R0730	50
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	R0740	–
Reconciliation reserve	R0760	10,449
Expected profits		
Expected profits included in future premiums (EPIFP) – Life Business	R0770	–
Expected profits included in future premiums (EPIFP) – Non-life business	R0780	–
Total Expected profits included in future premiums (EPIFP)	R0790	–

Appendices and additional information
continued

Appendix 7 – Quantitative Reporting Templates (31 December 2021) – SLPF continued

Appendix 7.5 – S.25.03.21 Solvency Capital Requirement – for undertakings on Full Internal Models (Annual Solo)

Unique number of component C0010	Components description C0020	Calculation of the Solvency Capital Requirement C0030
201901	Type 1 Credit Counterparty – Other – Insurance	346
306001	Expense risk – Company specific expense – Insurance	37

Calculation of Solvency Capital Requirement

		C0100
Total undiversified components	R0110	382
Diversification	R0060	(26)
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	R0160	–
Solvency capital requirement excluding capital add-on	**R0200**	**357**
Capital add-ons already set	R0210	–
Solvency capital requirement	**R0220**	**357**
Other information on SCR		
Amount/estimate of the overall loss-absorbing capacity of technical provisions	R0300	–
Amount/estimate of the overall loss-absorbing capacity of deferred taxes	R0310	–
Total amount of Notional Solvency Capital Requirements for remaining part	R0410	–
Total amount of Notional Solvency Capital Requirement for ring fenced funds	R0420	–
Total amount of Notional Solvency Capital Requirement for matching adjustment portfolios	R0430	–
Diversification effects due to RFF nSCR aggregation for article 304	R0440	–

Approach to tax rate

		Yes/No C0109
Approach based on average tax rate	R0590	2 – No

Calculation of loss absorbing capacity of deferred taxes

		LAC DT C0130
Amount/estimate of LAC DT	R0640	–
Amount/estimate of LAC DT justified by reversion of deferred tax liabilities	R0650	–
Amount/estimate of LAC DT justified by reference to probable future taxable economic profit	R0660	–
Amount/estimate of LAC DT justified by carry back, current year	R0670	–
Amount/estimate of LAC DT justified by carry back, future years	R0680	–
Amount/estimate of Maximum LAC DT	R0690	–

Appendices and additional information
continued

Appendix 7 – Quantitative Reporting Templates (31 December 2021) – SLPF continued

Appendix 7.6 – S.28.01.01 Minimum Capital Requirement – Only life or only non-life insurance or reinsurance activity

Linear formula component for life insurance and reinsurance obligations

		Life activities	
MCR calculation Life		Net (of reinsurance/SPV) best estimate and TP calculated as a whole C0050	Net (of reinsurance/SPV) total capital at risk C0060
Obligations with profit participation - guaranteed benefits	R0210	-	
Obligations with profit participation - future discretionary benefits	R0220	-	
Index-linked and unit-linked insurance obligations	R0230	-	
Other life (re)insurance and health (re)insurance obligations	R0240	387	
Total capital at risk for all life (re)insurance obligations	R0250		-

		Non-life activities C0010	Life activities C0040
MCRNL Result	R0010	–	–
MCRL Result	R0200	–	8

Overall MCR calculation

		C0070
Linear MCR	R0300	8
SCR	R0310	357
MCR cap	R0320	160
MCR floor	R0330	89
Combined MCR	R0340	89
Absolute floor of the MCR	R0350	3,126
		C0070
Minimum Capital Requirement	**R0400**	**3,126**

Appendices and additional information
continued

Appendix 8 – Quantitative Reporting Templates (31 December 2021) – PA(GI)
Appendix 8.1 – S.02.01.02 Balance Sheet

		Solvency II value C0010
Assets		
Goodwill	R0010	
Deferred acquisition costs	R0020	
Intangible assets	R0030	–
Deferred tax assets	R0040	–
Pension benefit surplus	R0050	–
Property, plant & equipment held for own use	R0060	–
Investments (other than assets held for index-linked and unit-linked contracts)	**R0070**	**12,247**
Property (other than for own use)	R0080	–
Holdings in related undertakings, including participations	R0090	–
Equities	*R0100*	–
Equities – listed	R0110	–
Equities – unlisted	R0120	–
Bonds	*R0130*	–
Government Bonds	R0140	–
Corporate Bonds	R0150	–
Structured notes	R0160	–
Collateralised securities	R0170	–
Collective Investments Undertakings	R0180	12,247
Derivatives	R0190	–
Deposits other than cash equivalents	R0200	–
Other investments	R0210	–
Assets held for index-linked and unit-linked contracts	R0220	–
Loans and mortgages	**R0230**	**–**
Loans on policies	R0240	–
Loans and mortgages to individuals	R0250	–
Other loans and mortgages	R0260	–
Reinsurance recoverables from:	**R0270**	**–**
Non-life and health similar to non-life	R0280	–
Non-life excluding health	R0290	–
Health similar to non-life	R0300	–
Life and health similar to life, excluding health and index-linked and unit-linked	R0310	–
Health similar to life	R0320	–
Life excluding health and index-linked and unit-linked	R0330	–
Life index-linked and unit-linked	R0340	–
Deposits to cedants	R0350	–
Insurance and intermediaries receivables	R0360	–
Reinsurance receivables	R0370	–
Receivables (trade, not insurance)	R0380	486
Own shares (held directly)	R0390	–
Amounts due in respect of own fund items or initial fund called up but not yet paid in	R0400	–
Cash and cash equivalents	R0410	50
Any other assets, not elsewhere shown	R0420	–
Total assets	**R0500**	**12,783**

Appendices and additional information
continued

Appendix 8 – Quantitative Reporting Templates (31 December 2021) – PA(GI) continued

Appendix 8.1 – S.02.01.02 Balance Sheet continued

		Solvency II value C0010
Liabilities		
Technical provisions – non-life	**R0510**	**–**
Technical provisions – non-life (excluding health)	**R0520**	**–**
Technical provisions calculated as a whole	R0530	–
Best Estimate	R0540	–
Risk margin	R0550	–
Technical provisions – health (similar to non-life)	**R0560**	**–**
Technical provisions calculated as a whole	R0570	–
Best Estimate	R0580	–
Risk margin	R0590	–
Technical provisions – life (excluding index-linked and unit-linked)	**R0600**	**–**
Technical provisions – health (similar to life)	**R0610**	**–**
Technical provisions calculated as a whole	R0620	–
Best estimate	R0630	–
Risk margin	R0640	–
Technical provisions – life (excluding health and index-linked and unit-linked)	**R0650**	**–**
Technical provisions calculated as a whole	R0660	–
Best Estimate	R0670	–
Risk margin	R0680	–
Technical provisions – index-linked and unit-linked	**R0690**	**–**
Technical provisions calculated as a whole	R0700	–
Best Estimate	R0710	–
Risk margin	R0720	–
Other technical provisions	R0730	
Contingent liabilities	R0740	–
Provisions other than technical provisions	R0750	1,900
Pension benefit obligations	R0760	–
Deposits from reinsurers	R0770	–
Deferred tax liabilities	R0780	–
Derivatives	R0790	–
Debts owed to credit institutions	R0800	–
Financial liabilities other than debts owed to credit institutions	R0810	–
Insurance & intermediaries payables	R0820	–
Reinsurance payables	R0830	–
Payables (trade, not insurance)	R0840	7,259
Subordinated liabilities	**R0850**	**–**
Subordinated liabilities not in Basic Own Funds	R0860	–
Subordinated liabilities in Basic Own Funds	R0870	–
Any other liabilities, not elsewhere shown	R0880	–
Total liabilities	**R0900**	**9,159**
Excess of assets over liabilities	**R1000**	**3,624**

Appendices and additional information
continued

Appendix 8 – Quantitative Reporting Templates (31 December 2021) – PA(GI) continued

Appendix 8.2– S.05.01.02 Premiums, claims and expenses by line of business

		Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)												Line of Business for: accepted non-proportional reinsurance				Total
		Medical expense insurance C0010	Income protection insurance C0020	Workers' compensation insurance C0030	Motor vehicle liability insurance C0040	Other motor insurance C0050	Marine, aviation and transport insurance C0060	Fire and other damage to property insurance C0070	General liability insurance C0080	Credit and suretyship insurance C0090	Legal expenses insurance C0100	Assistance C0110	Miscellaneous financial loss C0120	Health C0130	Casualty C0140	Marine, aviation, transport C0150	Property C0160	C0200
Premiums written																		
Gross – Direct Business	R0110	–	–	–	–	–	–	–	–	–	–	–	–					–
Gross – Proportional reinsurance accepted	R0120	–	–	–	–	–	–	–	–	–	–	–	–					–
Gross – Non-proportional reinsurance accepted	R0130													–	–	–	–	–
Reinsurers' share	R0140	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Net	**R0200**	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Premiums earned																		
Gross – Direct Business	R0210	–	–	–	–	–	–	–	–	–	–	–	–					–
Gross – Proportional reinsurance accepted	R0220	–	–	–	–	–	–	–	–	–	–	–	–					–
Gross – Non-proportional reinsurance accepted	R0230													–	–	–	–	–
Reinsurers' share	R0240	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Net	**R0300**	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Claims incurred																		
Gross – Direct Business	R0310	–	–	–	–	–	–	–	–	–	–	–	–					–
Gross – Proportional reinsurance accepted	R0320	–	–	–	–	–	–	–	–	–	–	–	–					–
Gross – Non-proportional reinsurance accepted	R0330													–	–	–	–	–
Reinsurers' share	R0340	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Net	**R0400**	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Changes in other technical provisions																		
Gross – Direct Business	R0410	–	–	–	–	–	–	–	–	–	–	–	–					–
Gross – Proportional reinsurance accepted	R0420	–	–	–	–	–	–	–	–	–	–	–	–					–
Gross – Non-proportional reinsurance accepted	R0430													–	–	–	–	–
Reinsurers' share	R0440	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Net	**R0500**	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Expenses incurred	**R0550**	–	–	–	–	–	–	–	–	–	–	–	1,170	–	–	–	–	1,170
Other expenses	R1200																	–
Total expenses	**R1300**																	1,170

Appendices and additional information
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Appendix 8 – Quantitative Reporting Templates (31 December 2021) – PA(GI) continued

Appendix 8.3 – S.23.01.01 Own funds

		Total C0010	Tier 1 – unrestricted C0020	Tier 1 – restricted C0030	Tier 2 C0040	Tier 3 C0050
Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35						
Ordinary share capital (gross of own shares)	R0010	**3,000**	3,000		–	
Share premium account related to ordinary share capital	R0030	–	–		–	
Initial funds, members' contributions or the equivalent basic own – fund item for mutual and mutual-type undertakings	R0040	–	–		–	
Subordinated mutual member accounts	R0050	–		–	–	–
Surplus funds	R0070	–	–			
Preference shares	R0090	–		–	–	–
Share premium account related to preference shares	R0110	–		–	–	–
Reconciliation reserve	R0130	**624**	624			
Subordinated liabilities	R0140	–		–	–	–
An amount equal to the value of net deferred tax assets	R0160	–				–
Other own fund items approved by the supervisory authority as basic own funds not specified above	R0180	–	–	–	–	–
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds						
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	R0220	–				
Deductions						
Deductions for participations in financial and credit institutions	R0230	–	–	–	–	–
Total basic own funds after deductions	**R0290**	**3,624**	**3,624**	**–**	**–**	**–**
Ancillary own funds						
Unpaid and uncalled ordinary share capital callable on demand	R0300	–			–	
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual – type undertakings, callable on demand	R0310	–			–	
Unpaid and uncalled preference shares callable on demand	R0320	–			–	–
A legally binding commitment to subscribe and pay for subordinated liabilities on demand	R0330	–			–	–
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	R0340	–			–	
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	R0350	–			–	–
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0360	–			–	
Supplementary members calls – other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0370	–			–	–
Other ancillary own funds	R0390	–			–	–
Total ancillary own funds	**R0400**	**–**			**–**	**–**

Appendices and additional information
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Appendix 8 – Quantitative Reporting Templates (31 December 2021) – PA(GI) continued

Appendix 8.3 – S.23.01.01 Own funds continued

		Total C0010	Tier 1 – unrestricted C0020	Tier 1 – restricted C0030	Tier 2 C0040	Tier 3 C0050
Available and eligible own funds						
Total available own funds to meet the SCR	R0500	3,624	3,624	–	–	–
Total available own funds to meet the MCR	R0510	3,624	3,624	–	–	
Total eligible own funds to meet the SCR	R0540	3,624	3,624	–	–	–
Total eligible own funds to meet the MCR	R0550	3,624	3,624	–	–	
SCR	R0580	1,182				
MCR	R0600	3,126				
Ratio of Eligible own funds to SCR	R0620	307%				
Ratio of Eligible own funds to MCR	R0640	116%				

		C0060
Reconciliation reserve		
Excess of assets over liabilities	R0700	3,624
Own shares (held directly and indirectly)	R0710	–
Foreseeable dividends, distributions and charges	R0720	–
Other basic own fund items	R0730	3,000
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	R0740	–
Reconciliation reserve	**R0760**	**624**
Expected profits		
Expected profits included in future premiums (EPIFP) – Life Business	R0770	–
Expected profits included in future premiums (EPIFP) – Non-life business	R0780	–
Total Expected profits included in future premiums (EPIFP)	**R0790**	–

Appendix 8 – Quantitative Reporting Templates (31 December 2021) – PA(GI) continued

Appendix 8.4 – S.25.03.01 Solvency Capital Requirement – for undertakings on Full Internal Models (Annual Solo)

	Unique number of component C0010	Components description C0020	Calculation of the Solvency Capital Requirement C0030
A	701001	Operational	1,182

Calculation of Solvency Capital Requirement

		C0100
Total undiversified components	R0110	1,182
Diversification	R0060	–
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	R0160	–
Solvency capital requirement excluding capital add-on	**R0200**	**1,182**
Capital add-ons already set	R0210	–
Solvency capital requirement	**R0220**	**1,182**
Other information on SCR		
Amount/estimate of the overall loss-absorbing capacity of technical provisions	R0300	–
Amount/estimate of the overall loss-absorbing capacity of deferred taxes	R0310	–
Total amount of Notional Solvency Capital Requirements for remaining part	R0410	–
Total amount of Notional Solvency Capital Requirement for ring fenced funds	R0420	–
Total amount of Notional Solvency Capital Requirement for matching adjustment portfolios	R0430	–
Diversification effects due to RFF nSCR aggregation for article 304	R0440	–

Approach to tax rate

		Yes/No C0109
Approach based on average tax rate	R0590	–

Calculation of loss absorbing capacity of deferred taxes

		LAC DT C0130
Amount/estimate of LAC DT	R0640	–
Amount/estimate of LAC DT justified by reversion of deferred tax liabilities	R0650	–
Amount/estimate of LAC DT justified by reference to probable future taxable economic profit	R0660	–
Amount/estimate of LAC DT justified by carry back, current year	R0670	–
Amount/estimate of LAC DT justified by carry back, future years	R0680	–
Amount/estimate of Maximum LAC DT	R0690	–

Appendices and additional information
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Appendix 8 – Quantitative Reporting Templates (31 December 2021) – PA(GI) continued

Appendix 8.5 – S.28.01.01 Minimum Capital Requirement – Only life or only non-life insurance or reinsurance activity

Linear formula component for life insurance and reinsurance obligations

MCR calculation Life		Life activities Net (of reinsurance/SPV) best estimate and TP calculated as a whole C0050	Life activities Net (of reinsurance/SPV) total capital at risk C0060
Obligations with profit participation – guaranteed benefits	R0210	–	
Obligations with profit participation – future discretionary benefits	R0220	–	
Index-linked and unit-linked insurance obligations	R0230	–	
Other life (re)insurance and health (re)insurance obligations	R0240	–	
Total capital at risk for all life (re)insurance obligations	R0250		–

		Non-life activities C0010	Life activities C0040
MCRNL Result	R0010	–	–
MCRL Result	R0200	–	–

Overall MCR calculation

		C0070
Linear MCR	R0300	–
SCR	R0310	1,182
MCR cap	R0320	532
MCR floor	R0330	296
Combined MCR	R0340	296
Absolute floor of the MCR	R0350	3,126
		C0070
Minimum Capital Requirement	**R0400**	**3,126**

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