

LONDON LIFE LIMITED

Annual FSA Insurance Returns for the year ended

31 December 2011

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

Contents

Balance Sheet and Profit and Loss Account

Form 2	Statement of solvency - long-term insurance business	3
Form 3	Components of capital resources	5
Form 13	Analysis of admissible assets	8
Form 14	Long term insurance business liabilities and margins	23
Form 15	Liabilities (other than long term insurance business)	28
Form 16	Profit and loss account (non-technical account)	29
Form 17	Analysis of derivative contracts	30
Form 18	With-profits insurance capital component for the fund	35
Form 19	Realistic balance sheet	37

Long Term Insurance Business: Revenue Account and Additional Information

Form 40	Revenue account	41
Form 41	Analysis of premiums	46
Form 42	Analysis of claims	51
Form 43	Analysis of expenses	56
Form 44	Linked funds balance sheet	61
Form 45	Revenue account for internal linked funds	62
Form 46	Summary of new business	63
Form 47	Analysis of new business	64
Form 48	Assets not held to match linked liabilities	66
Form 49	Fixed and variable interest assets	70
Form 50	Summary of mathematical reserves	73
Form 51	Valuation summary of non-linked contracts (other than accumulating with-profits contracts)	78
Form 52	Valuation summary of accumulating with-profits contracts	88
Form 53	Valuation summary of property linked contracts	90
Form 54	Valuation summary of index linked contracts	96
Form 55	Unit prices for internal linked funds	99
Form 57	Analysis of valuation interest rate	100
Form 58	Distribution of surplus	103
Form 59	With-profits payouts on maturity (normal retirement)	108
Form 60	Long-term insurance capital requirement	112

Supplementary notes to the return	113
--	-----

Additional information on derivative contracts	130
---	-----

Additional information on controllers	132
--	-----

Abstract of the Valuation Report	137
---	-----

Abstract of the Realistic Report	157
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Statement of information on the with-profits actuary	187
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Directors' Certificate	188
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Auditor's Report	189
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Statement of solvency - long-term insurance businessName of insurer **LONDON LIFE LIMITED**

Global business

Financial year ended **31 December 2011**

Solo solvency calculation

R2	Company registration number	GL/UK/CM	day month year			Units
			31	12	2011	
	1179800	GL				£000
			As at end of this financial year			As at end of the previous year
			1			2

Capital resources

Capital resources arising within the long-term insurance fund	11	137707	167180
Capital resources allocated towards long-term insurance business arising outside the long-term insurance fund	12	239936	170321
Capital resources available to cover long-term insurance business capital resources requirement (11+12)	13	377643	337501

Guarantee fund

Guarantee fund requirement	21	18056	18099
Excess (deficiency) of available capital resources to cover guarantee fund requirement	22	359587	319402

Minimum capital requirement (MCR)

Long-term insurance capital requirement	31	54169	54297
Resilience capital requirement	32		
Base capital resources requirement	33	3056	3040
Individual minimum capital requirement	34	54169	54297
Capital requirements of regulated related undertakings	35		
Minimum capital requirement (34+35)	36	54169	54297
Excess (deficiency) of available capital resources to cover 50% of MCR	37	325592	236464
Excess (deficiency) of available capital resources to cover 75% of MCR	38	337017	296778

Enhanced capital requirement

With-profits insurance capital component	39	86370	37404
Enhanced capital requirement	40	140539	91701

Capital resources requirement (CRR)

Capital resources requirement (greater of 36 and 40)	41	140539	91701
Excess (deficiency) of available capital resources to cover long-term insurance business CRR (13-41)	42	237104	245800

Contingent liabilities

Quantifiable contingent liabilities in respect of long-term insurance business as shown in a supplementary note to Form 14	51		
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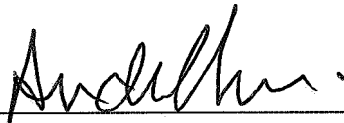
Covering Sheet to Form 2

Name of insurer **LONDON LIFE LIMITED**
Global business
Financial year ended **31 December 2011**



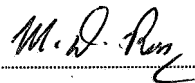
M J Merrick

Chief Executive



A Moss

Director



M D Ross

Director

Date 20 March 2012

Components of capital resources

Name of insurer **LONDON LIFE LIMITED**

Global business

Financial year ended **31 December 2011**

R3	Company registration number 1179800	GL/ UK/ CM GL	day month year			Units £000
			31	12	2011	
		General insurance business 1	Long-term insurance business 2	Total as at the end of this financial year 3	Total as at the end of the previous year 4	

Core tier one capital

Permanent share capital	11		88800	88800	18800
Profit and loss account and other reserves	12		191414	191414	189736
Share premium account	13				
Positive valuation differences	14		74179	74179	56890
Fund for future appropriations	15		6396	6396	6477
Core tier one capital in related undertakings	16				
Core tier one capital (sum of 11 to 16)	19		360789	360789	271903

Tier one waivers

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

Other tier one capital

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

Total tier one capital before deductions (19+24+25+26+27+28)	31		360789	360789	271903
Investments in own shares	32				
Intangible assets	33		8113	8113	8290
Amounts deducted from technical provisions for discounting	34				
Other negative valuation differences	35				
Deductions in related undertakings	36				
Deductions from tier one (32 to 36)	37		8113	8113	8290
Total tier one capital after deductions (31-37)	39		352676	352676	263612

Components of capital resources

Name of insurer **LONDON LIFE LIMITED**

Global business

Financial year ended **31 December 2011**

R3	Company registration number	GL/UK/CM	day month year			Units
			31	12	2011	
	1179800	GL				£000
		General insurance business		Long-term insurance business	Total as at the end of this financial year	Total as at the end of the previous year
		1		2	3	4

Tier two capital

Implicit items, (tier two waivers and amounts excluded from line 22)	41				
Perpetual non-cumulative preference shares excluded from line 25	42				
Innovative tier one capital excluded from line 27	43				
Tier two waivers, innovative tier one capital and perpetual non-cumulative preference shares treated as tier two capital (41 to 43)	44				
Perpetual cumulative preference shares	45				
Perpetual subordinated debt and securities	46		65216	65216	113052
Upper tier two capital in related undertakings	47				
Upper tier two capital (44 to 47)	49		65216	65216	113052

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

Total tier two capital before restrictions (49+59)	61		65216	65216	113052
Excess tier two capital	62				
Further excess lower tier two capital	63				
Total tier two capital after restrictions, before deductions (61-62-63)	69		65216	65216	113052

Components of capital resources

Name of insurer **LONDON LIFE LIMITED**

Global business

Financial year ended **31 December 2011**

R3	Company registration number	GL/UK/CM	day month year			Units
			31	12	2011	
	1179800	GL				£000
		General insurance business 1	Long-term insurance business 2	Total as at the end of this financial year 3	Total as at the end of the previous year 4	

Total capital resources

Positive adjustments for regulated non-insurance related undertakings	71				
Total capital resources before deductions (39+69+71)	72		417892	417892	376664
Inadmissible assets other than intangibles and own shares	73		6508	6508	7426
Assets in excess of market risk and counterparty limits	74		33741	33741	31738
Deductions for related ancillary services undertakings	75				
Deductions for regulated non-insurance related undertakings	76				
Deductions of ineligible surplus capital	77				
Total capital resources after deductions (72-73-74-75-76-77)	79		377643	377643	337501

Available capital resources for GENPRU/INSRU tests

Available capital resources for guarantee fund requirement	81		377643	377643	337501
Available capital resources for 50% MCR requirement	82		352677	352677	263612
Available capital resources for 75% MCR requirement	83		377643	377643	337501

Financial engineering adjustments

Implicit items	91				
Financial reinsurance - ceded	92		14000	14000	16000
Financial reinsurance - accepted	93				
Outstanding contingent loans	94		54990	54990	67071
Any other charges on future profits	95				
Sum of financial engineering adjustments (91+92-93+94+95)	96		68990	68990	83071

Analysis of admissible assetsName of insurer **LONDON LIFE LIMITED**

Global business

Financial year ended **31 December 2011**Category of assets **Total other than long term insurance business assets**

Company registration number	GL/UK/CM	day	month	year	Units	Category of assets	
R13	1179800	GL	31	12	2011	£000	1
					As at end of this financial year	As at end of the previous year	
					1	2	
Land and buildings			11				

Investments in group undertakings and participating interests

UK insurance dependants	Shares	21		
	Debts and loans	22		
Other insurance dependants	Shares	23		
	Debts and loans	24		
Non-insurance dependants	Shares	25	250	250
	Debts and loans	26		
Other group undertakings	Shares	27		
	Debts and loans	28	24748	25412
Participating interests	Shares	29		
	Debts and loans	30		

Other financial investments

Equity shares	41	7405	
Other shares and other variable yield participations	42		
Holdings in collective investment schemes	43	150253	146064
Rights under derivative contracts	44	479	201
Fixed interest securities	Approved	45	
	Other	46	
Variable interest securities	Approved	47	
	Other	48	61076
Participation in investment pools	49		
Loans secured by mortgages	50		
Loans to public or local authorities and nationalised industries or undertakings	51		
Loans secured by policies of insurance issued by the company	52		
Other loans	53		
Bank and approved credit & financial institution deposits	One month or less withdrawal	54	
	More than one month withdrawal	55	
Other financial investments	56		
Deposits with ceding undertakings	57		
Assets held to match linked liabilities	Index linked	58	
	Property linked	59	

Analysis of admissible assetsName of insurer **LONDON LIFE LIMITED**

Global business

Financial year ended **31 December 2011**Category of assets **Total other than long term insurance business assets**

Company registration number	GL/UK/CM	day	month	year	Units	Category of assets	
R13	1179800	GL	31	12	2011	£000	1
					As at end of this financial year	As at end of the previous year	
					1	2	

Reinsurers' share of technical provisions

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

Debtors and salvage

Direct insurance business	Policyholders	71	
	Intermediaries	72	
Salvage and subrogation recoveries		73	
Reinsurance	Accepted	74	
	Ceded	75	
Dependants	due in 12 months or less	76	
	due in more than 12 months	77	
Other	due in 12 months or less	78	37
	due in more than 12 months	79	

Other assets

Tangible assets	80		
Deposits not subject to time restriction on withdrawal with approved institutions	81	15	79
Cash in hand	82		
Other assets (particulars to be specified by way of supplementary note)	83		
Accrued interest and rent	84		
Deferred acquisition costs (general business only)	85		
Other prepayments and accrued income	86	4	41

Deductions from the aggregate value of assets	87		
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Grand total of admissible assets after deduction of admissible assets in excess of market risk and counterparty limits (11 to 86 less 87)	89	244267	172047
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Analysis of admissible assetsName of insurer **LONDON LIFE LIMITED**

Global business

Financial year ended **31 December 2011**Category of assets **Total other than long term insurance business assets**

Company registration number	GL/UK/CM	day	month	year	Units	Category of assets	
R13	1179800	GL	31	12	2011	£000	1
					As at end of this financial year	As at end of the previous year	
					1	2	

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

Total admissible assets after deduction of admissible assets in excess of market risk and counterparty limits (as per line 89 above)	91	244267	172047
Admissible assets in excess of market and counterparty limits	92	33741	31738
Inadmissible assets directly held	93	8113	8290
Capital resources requirement deduction of regulated related undertakings	94		
Ineligible surplus capital and restricted assets in regulated related insurance undertakings	95		
Inadmissible assets of regulated related undertakings	96		
Book value of related ancillary services undertakings	97		
Other differences in the valuation of assets (other than for assets not valued above)	98		
Deferred acquisition costs excluded from line 89	99		
Reinsurers' share of technical provisions excluded from line 89	100		
Other asset adjustments (may be negative)	101		
Total assets determined in accordance with the insurance accounts rules or international accounting standards as applicable to the firm for the purpose of its external financial reporting (91 to 101)	102	286120	212075

Amounts included in line 89 attributable to debts due from related insurers, other than those under contracts of insurance or reinsurance	103		35
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Analysis of admissible assetsName of insurer **LONDON LIFE LIMITED**

Global business

Financial year ended **31 December 2011**Category of assets **Total long term insurance business assets**

Company registration number	GL/UK/CM	day	month	year	Units	Category of assets	
R13	1179800	GL	31	12	2011	£000	10
					As at end of this financial year	As at end of the previous year	
					1	2	
Land and buildings			11				

Investments in group undertakings and participating interests

UK insurance dependants	Shares	21		
	Debts and loans	22		
Other insurance dependants	Shares	23		
	Debts and loans	24		
Non-insurance dependants	Shares	25		
	Debts and loans	26		
Other group undertakings	Shares	27		
	Debts and loans	28		17545
Participating interests	Shares	29		
	Debts and loans	30		

Other financial investments

Equity shares	41		3573	5162
Other shares and other variable yield participations	42			
Holdings in collective investment schemes	43		451673	483802
Rights under derivative contracts	44		273000	99346
Fixed interest securities	Approved	45	646749	700735
	Other	46	535831	354095
Variable interest securities	Approved	47	49568	64669
	Other	48	305194	499785
Participation in investment pools	49			
Loans secured by mortgages	50			
Loans to public or local authorities and nationalised industries or undertakings	51			
Loans secured by policies of insurance issued by the company	52		3873	1718
Other loans	53			
Bank and approved credit & financial institution deposits	One month or less withdrawal	54		20752
	More than one month withdrawal	55		
Other financial investments	56			
Deposits with ceding undertakings	57			
Assets held to match linked liabilities	Index linked	58	3409	3867
	Property linked	59	304491	336156

Analysis of admissible assetsName of insurer **LONDON LIFE LIMITED**

Global business

Financial year ended **31 December 2011**Category of assets **Total long term insurance business assets**

	Company registration number	GL/UK/CM	day	month	year	Units	Category of assets
R13	1179800	GL	31	12	2011	£000	10
						As at end of this financial year	As at end of the previous year
						1	2

Reinsurers' share of technical provisions

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

Debtors and salvage

Direct insurance business	Policyholders	71		1
	Intermediaries	72		
Salvage and subrogation recoveries		73		
Reinsurance	Accepted	74		
	Ceded	75	38	70
Dependants	due in 12 months or less	76		
	due in more than 12 months	77		
Other	due in 12 months or less	78	5044	9291
	due in more than 12 months	79		

Other assets

Tangible assets	80		
Deposits not subject to time restriction on withdrawal with approved institutions	81	15930	8074
Cash in hand	82		
Other assets (particulars to be specified by way of supplementary note)	83		
Accrued interest and rent	84	17463	22634
Deferred acquisition costs (general business only)	85		
Other prepayments and accrued income	86	373	408

Deductions from the aggregate value of assets	87		
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Grand total of admissible assets after deduction of admissible assets in excess of market risk and counterparty limits (11 to 86 less 87)	89	2616209	2628110
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Analysis of admissible assetsName of insurer **LONDON LIFE LIMITED**

Global business

Financial year ended **31 December 2011**Category of assets **Total long term insurance business assets**

Company registration number	GL/UK/CM	day	month	year	Units	Category of assets	
R13	1179800	GL	31	12	2011	£000	10
					As at end of this financial year	As at end of the previous year	
					1	2	

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

Total admissible assets after deduction of admissible assets in excess of market risk and counterparty limits (as per line 89 above)	91	2616209	2628110
Admissible assets in excess of market and counterparty limits	92		
Inadmissible assets directly held	93	6507	7426
Capital resources requirement deduction of regulated related undertakings	94		
Ineligible surplus capital and restricted assets in regulated related insurance undertakings	95		
Inadmissible assets of regulated related undertakings	96		
Book value of related ancillary services undertakings	97		
Other differences in the valuation of assets (other than for assets not valued above)	98		
Deferred acquisition costs excluded from line 89	99		
Reinsurers' share of technical provisions excluded from line 89	100	645182	620408
Other asset adjustments (may be negative)	101	(2972)	(265)
Total assets determined in accordance with the insurance accounts rules or international accounting standards as applicable to the firm for the purpose of its external financial reporting (91 to 101)	102	3264926	3255679

Amounts included in line 89 attributable to debts due from related insurers, other than those under contracts of insurance or reinsurance	103		3588
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Analysis of admissible assetsName of insurer **LONDON LIFE LIMITED**

Global business

Financial year ended **31 December 2011**Category of assets **With Profit Fund**

Company registration number	GL/UK/CM	day	month	year	Units	Category of assets	
R13	1179800	GL	31	12	2011	£000	15
					As at end of this financial year	As at end of the previous year	
					1	2	
Land and buildings			11				

Investments in group undertakings and participating interests

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

Other financial investments

Equity shares	41	3573	5162	
Other shares and other variable yield participations	42			
Holdings in collective investment schemes	43	279210	277291	
Rights under derivative contracts	44	166449	64637	
Fixed interest securities	Approved	45	515789	521076
	Other	46	188808	191837
Variable interest securities	Approved	47	1139	
	Other	48	276581	381493
Participation in investment pools	49			
Loans secured by mortgages	50			
Loans to public or local authorities and nationalised industries or undertakings	51			
Loans secured by policies of insurance issued by the company	52	3873	1718	
Other loans	53			
Bank and approved credit & financial institution deposits	One month or less withdrawal	54		
	More than one month withdrawal	55		
Other financial investments	56			
Deposits with ceding undertakings	57			
Assets held to match linked liabilities	Index linked	58		
	Property linked	59		

Analysis of admissible assetsName of insurer **LONDON LIFE LIMITED**

Global business

Financial year ended **31 December 2011**Category of assets **With Profit Fund**

	Company registration number	GL/UK/CM	day month year			Units	Category of assets	
	R13	1179800	GL	31	12	2011	£000	15
						As at end of this financial year	As at end of the previous year	
						1	2	

Reinsurers' share of technical provisions

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

Debtors and salvage

Direct insurance business	Policyholders	71		
	Intermediaries	72		
Salvage and subrogation recoveries		73		
Reinsurance	Accepted	74		
	Ceded	75	38	70
Dependants	due in 12 months or less	76		
	due in more than 12 months	77		
Other	due in 12 months or less	78	1428	8779
	due in more than 12 months	79		

Other assets

Tangible assets	80		
Deposits not subject to time restriction on withdrawal with approved institutions	81	15080	6578
Cash in hand	82		
Other assets (particulars to be specified by way of supplementary note)	83		
Accrued interest and rent	84	10797	11495
Deferred acquisition costs (general business only)	85		
Other prepayments and accrued income	86	373	408

Deductions from the aggregate value of assets	87		
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Grand total of admissible assets after deduction of admissible assets in excess of market risk and counterparty limits (11 to 86 less 87)	89	1463138	1470544
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Analysis of admissible assetsName of insurer **LONDON LIFE LIMITED**

Global business

Financial year ended **31 December 2011**Category of assets **With Profit Fund**

Company registration number	GL/UK/CM	day	month	year	Units	Category of assets	
R13	1179800	GL	31	12	2011	£000	15
					As at end of this financial year	As at end of the previous year	
					1	2	

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

Total admissible assets after deduction of admissible assets in excess of market risk and counterparty limits (as per line 89 above)	91	1463138	1470544
Admissible assets in excess of market and counterparty limits	92		
Inadmissible assets directly held	93	1080	3699
Capital resources requirement deduction of regulated related undertakings	94		
Ineligible surplus capital and restricted assets in regulated related insurance undertakings	95		
Inadmissible assets of regulated related undertakings	96		
Book value of related ancillary services undertakings	97		
Other differences in the valuation of assets (other than for assets not valued above)	98		
Deferred acquisition costs excluded from line 89	99		
Reinsurers' share of technical provisions excluded from line 89	100	68170	75823
Other asset adjustments (may be negative)	101	(68)	
Total assets determined in accordance with the insurance accounts rules or international accounting standards as applicable to the firm for the purpose of its external financial reporting (91 to 101)	102	1532320	1550066

Amounts included in line 89 attributable to debts due from related insurers, other than those under contracts of insurance or reinsurance	103		2538
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Analysis of admissible assetsName of insurer **LONDON LIFE LIMITED**

Global business

Financial year ended **31 December 2011**Category of assets **Life Non Profit**

R13	Company registration number	GL/UK/CM	day month year			Units	Category of assets
			31	12	2011		
	1179800	GL				£000	12
						As at end of this financial year	As at end of the previous year
						1	2
Land and buildings			11				

Investments in group undertakings and participating interests

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

Other financial investments

Equity shares	41			
Other shares and other variable yield participations	42			
Holdings in collective investment schemes	43	3001	6428	
Rights under derivative contracts	44	333	286	
Fixed interest securities	Approved	45	20714	22434
	Other	46	22474	27676
Variable interest securities	Approved	47	1231	1143
	Other	48	2705	2195
Participation in investment pools	49			
Loans secured by mortgages	50			
Loans to public or local authorities and nationalised industries or undertakings	51			
Loans secured by policies of insurance issued by the company	52			
Other loans	53			
Bank and approved credit & financial institution deposits	One month or less withdrawal	54		2140
	More than one month withdrawal	55		
Other financial investments	56			
Deposits with ceding undertakings	57			
Assets held to match linked liabilities	Index linked	58	96	253
	Property linked	59	9660	11995

Analysis of admissible assetsName of insurer **LONDON LIFE LIMITED**

Global business

Financial year ended **31 December 2011**Category of assets **Life Non Profit**

Company registration number	GL/UK/CM	day	month	year	Units	Category of assets	
R13	1179800	GL	31	12	2011	£000	12
					As at end of this financial year	As at end of the previous year	
					1	2	

Reinsurers' share of technical provisions

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

Debtors and salvage

Direct insurance business	Policyholders	71		
	Intermediaries	72		
Salvage and subrogation recoveries		73		
Reinsurance	Accepted	74		
	Ceded	75		
Dependants	due in 12 months or less	76		
	due in more than 12 months	77		
Other	due in 12 months or less	78	12	6
	due in more than 12 months	79		

Other assets

Tangible assets	80		
Deposits not subject to time restriction on withdrawal with approved institutions	81	32	105
Cash in hand	82		
Other assets (particulars to be specified by way of supplementary note)		83	
Accrued interest and rent	84	1167	1515
Deferred acquisition costs (general business only)	85		
Other prepayments and accrued income	86		

Deductions from the aggregate value of assets	87		
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Grand total of admissible assets after deduction of admissible assets in excess of market risk and counterparty limits (11 to 86 less 87)	89	61425	76176
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Analysis of admissible assetsName of insurer **LONDON LIFE LIMITED**

Global business

Financial year ended **31 December 2011**Category of assets **Life Non Profit**

	Company registration number	GL/ UK/ CM	day	month	year	Units	Category of assets	
	R13	1179800	GL	31	12	2011	£000	12
						As at end of this financial year	As at end of the previous year	
						1	2	

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

Total admissible assets after deduction of admissible assets in excess of market risk and counterparty limits (as per line 89 above)	91	61425	76176
Admissible assets in excess of market and counterparty limits	92		
Inadmissible assets directly held	93	5427	3727
Capital resources requirement deduction of regulated related undertakings	94		
Ineligible surplus capital and restricted assets in regulated related insurance undertakings	95		
Inadmissible assets of regulated related undertakings	96		
Book value of related ancillary services undertakings	97		
Other differences in the valuation of assets (other than for assets not valued above)	98		
Deferred acquisition costs excluded from line 89	99		
Reinsurers' share of technical provisions excluded from line 89	100	12657	13845
Other asset adjustments (may be negative)	101	(101)	(265)
Total assets determined in accordance with the insurance accounts rules or international accounting standards as applicable to the firm for the purpose of its external financial reporting (91 to 101)	102	79408	93483
Amounts included in line 89 attributable to debts due from related insurers, other than those under contracts of insurance or reinsurance	103		1050

Analysis of admissible assetsName of insurer **LONDON LIFE LIMITED**

Global business

Financial year ended **31 December 2011**Category of assets **Pension Non Profit**

Company registration number	GL/UK/CM	day	month	year	Units	Category of assets	
R13	1179800	GL	31	12	2011	£000	13
					As at end of this financial year	As at end of the previous year	
					1	2	
Land and buildings			11				

Investments in group undertakings and participating interests

UK insurance dependants	Shares	21		
	Debts and loans	22		
Other insurance dependants	Shares	23		
	Debts and loans	24		
Non-insurance dependants	Shares	25		
	Debts and loans	26		
Other group undertakings	Shares	27		
	Debts and loans	28		17545
Participating interests	Shares	29		
	Debts and loans	30		

Other financial investments

Equity shares	41			
Other shares and other variable yield participations	42			
Holdings in collective investment schemes	43	169462	200083	
Rights under derivative contracts	44	106218	34423	
Fixed interest securities	Approved	45	110246	157225
	Other	46	324549	134582
Variable interest securities	Approved	47	47198	63526
	Other	48	25908	116097
Participation in investment pools	49			
Loans secured by mortgages	50			
Loans to public or local authorities and nationalised industries or undertakings	51			
Loans secured by policies of insurance issued by the company	52			
Other loans	53			
Bank and approved credit & financial institution deposits	One month or less withdrawal	54		18612
	More than one month withdrawal	55		
Other financial investments	56			
Deposits with ceding undertakings	57			
Assets held to match linked liabilities	Index linked	58	3313	3614
	Property linked	59	294831	324161

Analysis of admissible assetsName of insurer **LONDON LIFE LIMITED**

Global business

Financial year ended **31 December 2011**Category of assets **Pension Non Profit**

Company registration number	GL/UK/CM	day	month	year	Units	Category of assets	
R13	1179800	GL	31	12	2011	£000	13
					As at end of this financial year	As at end of the previous year	
					1	2	

Reinsurers' share of technical provisions

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

Debtors and salvage

Direct insurance business	Policyholders	71		1
	Intermediaries	72		
Salvage and subrogation recoveries		73		
Reinsurance	Accepted	74		
	Ceded	75		
Dependants	due in 12 months or less	76		
	due in more than 12 months	77		
Other	due in 12 months or less	78	3603	506
	due in more than 12 months	79		

Other assets

Tangible assets	80		
Deposits not subject to time restriction on withdrawal with approved institutions	81	818	1391
Cash in hand	82		
Other assets (particulars to be specified by way of supplementary note)	83		
Accrued interest and rent	84	5499	9624
Deferred acquisition costs (general business only)	85		
Other prepayments and accrued income	86		

Deductions from the aggregate value of assets	87		
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Grand total of admissible assets after deduction of admissible assets in excess of market risk and counterparty limits (11 to 86 less 87)	89	1091645	1081390
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Analysis of admissible assetsName of insurer **LONDON LIFE LIMITED**

Global business

Financial year ended **31 December 2011**Category of assets **Pension Non Profit**

	Company registration number	GL/ UK/ CM	day month year			Units	Category of assets
R13	1179800	GL	31	12	2011	£000	13
					As at end of this financial year	As at end of the previous year	
					1	2	

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

Total admissible assets after deduction of admissible assets in excess of market risk and counterparty limits (as per line 89 above)	91	1091645	1081390
Admissible assets in excess of market and counterparty limits	92		
Inadmissible assets directly held	93		
Capital resources requirement deduction of regulated related undertakings	94		
Ineligible surplus capital and restricted assets in regulated related insurance undertakings	95		
Inadmissible assets of regulated related undertakings	96		
Book value of related ancillary services undertakings	97		
Other differences in the valuation of assets (other than for assets not valued above)	98		
Deferred acquisition costs excluded from line 89	99		
Reinsurers' share of technical provisions excluded from line 89	100	564355	530740
Other asset adjustments (may be negative)	101	(2803)	
Total assets determined in accordance with the insurance accounts rules or international accounting standards as applicable to the firm for the purpose of its external financial reporting (91 to 101)	102	1653197	1612130

Amounts included in line 89 attributable to debts due from related insurers, other than those under contracts of insurance or reinsurance	103		
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Long term insurance business liabilities and margins

Name of insurer **LONDON LIFE LIMITED**
 Global business
 Financial year ended **31 December 2011**
 Total business/Sub fund **Summary**
 Units **£000**

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

Mathematical reserves, after distribution of surplus	11	1284678	1388465	
Cash bonuses which had not been paid to policyholders prior to end of the financial year	12	181	191	
Balance of surplus/(valuation deficit)	13	72492	54128	
Long term insurance business fund carried forward (11 to 13)	14	1357351	1442784	
Claims outstanding	Gross	15	6138	6020
	Reinsurers' share	16		
	Net (15-16)	17	6138	6020
Provisions	Taxation	21		
	Other risks and charges	22	3	
Deposits received from reinsurers	23	585693	559583	
Creditors	Direct insurance business	31		15
	Reinsurance accepted	32		
	Reinsurance ceded	33		49
Debenture loans	Secured	34		
	Unsecured	35		
Amounts owed to credit institutions	36			
Creditors	Taxation	37	5337	10853
	Other	38	658696	604179
Accruals and deferred income	39	1463	2229	
Provision for "reasonably foreseeable adverse variations"	41	1527	2398	
Total other insurance and non-insurance liabilities (17 to 41)	49	1258858	1185326	
Excess of the value of net admissible assets	51			
Total liabilities and margins	59	2616209	2628110	

Amounts included in line 59 attributable to liabilities to related companies, other than those under contracts of insurance or reinsurance	61	513	2552
Amounts included in line 59 attributable to liabilities in respect of property linked benefits	62	304491	336156

Total liabilities (11+12+49)	71	2543717	2573982
Increase to liabilities - DAC related	72		
Reinsurers' share of technical provisions	73	645182	620411
Other adjustments to liabilities (may be negative)	74	69631	54809
Capital and reserves and fund for future appropriations	75	6396	6477
Total liabilities under insurance accounts rules or international accounting standards as applicable to the firm for the purpose of its external financial reporting (71 to 75)	76	3264926	3255679

Long term insurance business liabilities and margins

Name of insurer **LONDON LIFE LIMITED**
Global business
Financial year ended **31 December 2011**
Total business/Sub fund **Life With Profit**
Units **£000**

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

Mathematical reserves, after distribution of surplus	11	243354	281685
Cash bonuses which had not been paid to policyholders prior to end of the financial year	12	181	191
Balance of surplus/(valuation deficit)	13	58492	38128
Long term insurance business fund carried forward (11 to 13)	14	302027	320004
Claims outstanding	Gross	15	2039
	Reinsurers' share	16	
	Net (15-16)	17	2039
Provisions	Taxation	21	
	Other risks and charges	22	1
Deposits received from reinsurers	23		
Creditors	Direct insurance business	31	5
	Reinsurance accepted	32	
	Reinsurance ceded	33	18
Debenture loans	Secured	34	
	Unsecured	35	
Amounts owed to credit institutions	36		
Creditors	Taxation	37	2101
	Other	38	123496
Accruals and deferred income	39	291	649
Provision for "reasonably foreseeable adverse variations"	41	357	560
Total other insurance and non-insurance liabilities (17 to 41)	49	128285	139622
Excess of the value of net admissible assets	51		
Total liabilities and margins	59	430312	459626

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

Total liabilities (11+12+49)	71	371820	421498
Increase to liabilities - DAC related	72		
Reinsurers' share of technical provisions	73	9302	9748
Other adjustments to liabilities (may be negative)	74	58621	36794
Capital and reserves and fund for future appropriations	75	3745	3893
Total liabilities under insurance accounts rules or international accounting standards as applicable to the firm for the purpose of its external financial reporting (71 to 75)	76	443488	471933

Long term insurance business liabilities and marginsName of insurer **LONDON LIFE LIMITED**

Global business

Financial year ended **31 December 2011**Total business/Sub fund **Pension With Profit**Units **£000**

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

Mathematical reserves, after distribution of surplus	11	573787	548843	
Cash bonuses which had not been paid to policyholders prior to end of the financial year	12			
Balance of surplus/(valuation deficit)	13	2651	2584	
Long term insurance business fund carried forward (11 to 13)	14	576438	551427	
Claims outstanding	Gross	15	3906	3809
	Reinsurers' share	16		
	Net (15-16)	17	3906	3809
Provisions	Taxation	21		
	Other risks and charges	22	2	
Deposits received from reinsurers	23	24884	25172	
Creditors	Direct insurance business	31		9
	Reinsurance accepted	32		
	Reinsurance ceded	33		31
Debenture loans	Secured	34		
	Unsecured	35		
Amounts owed to credit institutions	36			
Creditors	Taxation	37		
	Other	38	425868	427515
Accruals and deferred income	39	558	1117	
Provision for "reasonably foreseeable adverse variations"	41	1170	1838	
Total other insurance and non-insurance liabilities (17 to 41)	49	456388	459491	
Excess of the value of net admissible assets	51			
Total liabilities and margins	59	1032826	1010918	

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

Total liabilities (11+12+49)	71	1030175	1008334
Increase to liabilities - DAC related	72		
Reinsurers' share of technical provisions	73	58868	66078
Other adjustments to liabilities (may be negative)	74	(2862)	1137
Capital and reserves and fund for future appropriations	75	2651	2584
Total liabilities under insurance accounts rules or international accounting standards as applicable to the firm for the purpose of its external financial reporting (71 to 75)	76	1088832	1078133

Long term insurance business liabilities and margins

Name of insurer **LONDON LIFE LIMITED**
 Global business
 Financial year ended **31 December 2011**
 Total business/Sub fund **Life Non Profit**
 Units **£000**

As at end of this financial year 1	As at end of the previous year 2
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Mathematical reserves, after distribution of surplus	11	38275	62014
Cash bonuses which had not been paid to policyholders prior to end of the financial year	12		
Balance of surplus/(valuation deficit)	13	2498	4000
Long term insurance business fund carried forward (11 to 13)	14	40774	66014
Claims outstanding	Gross	15	78
	Reinsurers' share	16	
	Net (15-16)	17	78
Provisions	Taxation	21	
	Other risks and charges	22	
Deposits received from reinsurers	23		
Creditors	Direct insurance business	31	
	Reinsurance accepted	32	
	Reinsurance ceded	33	
Debenture loans	Secured	34	
	Unsecured	35	
Amounts owed to credit institutions	36		
Creditors	Taxation	37	3236
	Other	38	17241
Accruals and deferred income	39	97	76
Provision for "reasonably foreseeable adverse variations"	41		
Total other insurance and non-insurance liabilities (17 to 41)	49	20651	10162
Excess of the value of net admissible assets	51		
Total liabilities and margins	59	61425	76176

Amounts included in line 59 attributable to liabilities to related companies, other than those under contracts of insurance or reinsurance	61		420
Amounts included in line 59 attributable to liabilities in respect of property linked benefits	62	9660	11995

Total liabilities (11+12+49)	71	58927	72176
Increase to liabilities - DAC related	72		
Reinsurers' share of technical provisions	73	12657	13845
Other adjustments to liabilities (may be negative)	74	7824	7462
Capital and reserves and fund for future appropriations	75		
Total liabilities under insurance accounts rules or international accounting standards as applicable to the firm for the purpose of its external financial reporting (71 to 75)	76	79408	93483

Long term insurance business liabilities and marginsName of insurer **LONDON LIFE LIMITED**

Global business

Financial year ended **31 December 2011**Total business/Sub fund **Pension Non Profit**Units **£000**

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

Mathematical reserves, after distribution of surplus	11	429262	495923
Cash bonuses which had not been paid to policyholders prior to end of the financial year	12		
Balance of surplus/(valuation deficit)	13	8850	9416
Long term insurance business fund carried forward (11 to 13)	14	438113	505339
Claims outstanding	Gross	15	115
	Reinsurers' share	16	
	Net (15-16)	17	115
Provisions	Taxation	21	
	Other risks and charges	22	
Deposits received from reinsurers	23	560809	534411
Creditors	Direct insurance business	31	1
	Reinsurance accepted	32	
	Reinsurance ceded	33	
Debenture loans	Secured	34	
	Unsecured	35	
Amounts owed to credit institutions	36		
Creditors	Taxation	37	2974
	Other	38	92091
Accruals and deferred income	39	517	387
Provision for "reasonably foreseeable adverse variations"	41		
Total other insurance and non-insurance liabilities (17 to 41)	49	653532	576051
Excess of the value of net admissible assets	51		
Total liabilities and margins	59	1091645	1081390

Amounts included in line 59 attributable to liabilities to related companies, other than those under contracts of insurance or reinsurance	61	513	2132
Amounts included in line 59 attributable to liabilities in respect of property linked benefits	62	294831	324161

Total liabilities (11+12+49)	71	1082795	1071974
Increase to liabilities - DAC related	72		
Reinsurers' share of technical provisions	73	564355	530740
Other adjustments to liabilities (may be negative)	74	6048	9416
Capital and reserves and fund for future appropriations	75		
Total liabilities under insurance accounts rules or international accounting standards as applicable to the firm for the purpose of its external financial reporting (71 to 75)	76	1653197	1612130

Liabilities (other than long term insurance business)Name of insurer **LONDON LIFE LIMITED**

Global business

Financial year ended **31 December 2011**

	Company registration number	GL/UK/CM	day	month	year	Units
R15	1179800	GL	31	12	2011	£000
			As at end of this financial year			As at end of the previous year
			1			2

Technical provisions (gross amount)

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

Provisions and creditors

Provisions	Taxation	21		
	Other risks and charges	22		
Deposits received from reinsurers		31		
Creditors	Direct insurance business	41		
	Reinsurance accepted	42		
	Reinsurance ceded	43		
Debenture loans	Secured	44		
	Unsecured	45		
Amounts owed to credit institutions		46		
Creditors	Taxation	47	1225	938
	Foreseeable dividend	48		
	Other	49	2132	781
Accruals and deferred income		51	833	7
Total (19 to 51)		59	4190	1726
Provision for "reasonably foreseeable adverse variations"		61	141	
Cumulative preference share capital		62		
Subordinated loan capital		63		
Total (59 to 63)		69	4331	1726

Amounts included in line 69 attributable to liabilities to related insurers, other than those under contracts of insurance or reinsurance	71		
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Amounts deducted from technical provisions for discounting	82		
Other adjustments (may be negative)	83	1575	
Capital and reserves	84	280214	210349
Total liabilities under insurance accounts rules or international accounting standards as applicable to the firm for the purpose of its external financial reporting (69-82+83+84)	85	286120	212075

Profit and loss account (non-technical account)Name of insurer **LONDON LIFE LIMITED**

Global business

Financial year ended **31 December 2011**

		Company registration number	GL/ UK/ CM	day	month	year	Units
R16		1179800	GL	31	12	2011	£000
			This financial year			Previous year	
			1			2	
Transfer (to)/from the general insurance business technical account	From Form 20	11					
	Equalisation provisions	12					
Transfer from the long term insurance business revenue account		13				499	503
Investment income	Income	14				3462	6774
	Value re-adjustments on investments	15				(3782)	158
	Gains on the realisation of investments	16				3580	860
Investment charges	Investment management charges, including interest	17				914	11
	Value re-adjustments on investments	18					
	Loss on the realisation of investments	19					
Allocated investment return transferred to the general insurance business technical account		20					
Other income and charges (particulars to be specified by way of supplementary note)		21				(3)	(2)
Profit or loss on ordinary activities before tax (11+12+13+14+15+16-17-18-19-20+21)		29				2842	8282
Tax on profit or loss on ordinary activities		31				1225	2175
Profit or loss on ordinary activities after tax (29-31)		39				1617	6107
Extraordinary profit or loss (particulars to be specified by way of supplementary note)		41					
Tax on extraordinary profit or loss		42					
Other taxes not shown under the preceding items		43					
Profit or loss for the financial year (39+41-(42+43))		49				1617	6107
Dividends (paid or foreseeable)		51					
Profit or loss retained for the financial year (49-51)		59				1617	6107

Analysis of derivative contractsName of insurer **LONDON LIFE LIMITED**

Global business

Financial year ended **31 December 2011**Category of assets **Total other than long term insurance business assets**

		Company registration number	GL/ UK/ CM	day month year			Units	Category of assets	
		R17	1179800	GL	31	12	2011	£000	1
Derivative contracts		Value as at the end of this financial year			Notional amount as at the end of this financial year				
		Assets 1	Liabilities 2	Bought / Long 3	Sold / Short 4				
Futures and contracts for differences	Fixed-interest securities	11							
	Interest rates	12							
	Inflation	13							
	Credit index / basket	14							
	Credit single name	15							
	Equity index	16							
	Equity stock	17							
	Land	18							
	Currencies	19		479		312	834	110736	
	Mortality	20							
	Other	21				1623	50000		
In the money options	Swaptions	31							
	Equity index calls	32							
	Equity stock calls	33							
	Equity index puts	34							
	Equity stock puts	35							
	Other	36							
Out of the money options	Swaptions	41							
	Equity index calls	42							
	Equity stock calls	43							
	Equity index puts	44							
	Equity stock puts	45							
	Other	46							
Total (11 to 46)		51		479		1935	50834	110736	
Adjustment for variation margin		52							
Total (51 + 52)		53		479		1935			

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

Analysis of derivative contractsName of insurer **LONDON LIFE LIMITED**

Global business

Financial year ended **31 December 2011**Category of assets **Total long term insurance business assets**

		Company registration number	GL/ UK/ CM	day month year			Units	Category of assets	
		R17	1179800	GL	31	12	2011	£000	10
Derivative contracts					Value as at the end of this financial year			Notional amount as at the end of this financial year	
					Assets 1	Liabilities 2		Bought / Long 3	Sold / Short 4
Futures and contracts for differences	Fixed-interest securities	11	1922				29121		
	Interest rates	12	260708			193450	1678453	510961	
	Inflation	13	644					18750	
	Credit index / basket	14							
	Credit single name	15	815				12869		
	Equity index	16	431			191	12899	5702	
	Equity stock	17							
	Land	18							
	Currencies	19	2287			1517	146134	377273	
	Mortality	20							
	Other	21	6062				28500		
In the money options	Swaptions	31							
	Equity index calls	32							
	Equity stock calls	33							
	Equity index puts	34							
	Equity stock puts	35							
	Other	36							
Out of the money options	Swaptions	41	1308				491960		
	Equity index calls	42							
	Equity stock calls	43							
	Equity index puts	44							
	Equity stock puts	45							
	Other	46							
Total (11 to 46)		51	274178			195158	2399936	912686	
Adjustment for variation margin		52	(1177)			(95)			
Total (51 + 52)		53	273000			195063			

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

Analysis of derivative contractsName of insurer **LONDON LIFE LIMITED**

Global business

Financial year ended **31 December 2011**Category of assets **Life Non Profit**

		Company registration number	GL/ UK/ CM	day month year			Units	Category of assets	
		R17	1179800	GL	31	12	2011	£000	12
Derivative contracts		Value as at the end of this financial year				Notional amount as at the end of this financial year			
		Assets 1		Liabilities 2		Bought / Long 3		Sold / Short 4	
Futures and contracts for differences	Fixed-interest securities	11							
	Interest rates	12				2914			19341
	Inflation	13		179					4420
	Credit index / basket	14							
	Credit single name	15							
	Equity index	16							
	Equity stock	17							
	Land	18							
	Currencies	19		154				42	4739
	Mortality	20							
	Other	21							
In the money options	Swaptions	31							
	Equity index calls	32							
	Equity stock calls	33							
	Equity index puts	34							
	Equity stock puts	35							
	Other	36							
Out of the money options	Swaptions	41							
	Equity index calls	42							
	Equity stock calls	43							
	Equity index puts	44							
	Equity stock puts	45							
	Other	46							
Total (11 to 46)		51		333		2914		42	28500
Adjustment for variation margin		52							
Total (51 + 52)		53		333		2914			

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

Analysis of derivative contractsName of insurer **LONDON LIFE LIMITED**

Global business

Financial year ended **31 December 2011**Category of assets **Pension Non Profit**

		Company registration number	GL/ UK/ CM	day month year			Units	Category of assets	
		R17	1179800	GL	31	12	2011	£000	13
Derivative contracts		Value as at the end of this financial year			Notional amount as at the end of this financial year				
		Assets 1		Liabilities 2		Bought / Long 3		Sold / Short 4	
Futures and contracts for differences	Fixed-interest securities	11	1922				29121		
	Interest rates	12	102988		57271		550900	264427	
	Inflation	13							
	Credit index / basket	14							
	Credit single name	15	815				12869		
	Equity index	16							
	Equity stock	17							
	Land	18							
	Currencies	19	1454		865		8464	322568	
	Mortality	20							
	Other	21							
In the money options	Swaptions	31							
	Equity index calls	32							
	Equity stock calls	33							
	Equity index puts	34							
	Equity stock puts	35							
	Other	36							
Out of the money options	Swaptions	41							
	Equity index calls	42							
	Equity stock calls	43							
	Equity index puts	44							
	Equity stock puts	45							
	Other	46							
Total (11 to 46)		51	107179		58136		601354	586996	
Adjustment for variation margin		52	(961)						
Total (51 + 52)		53	106218		58136				

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

Analysis of derivative contractsName of insurer **LONDON LIFE LIMITED**

Global business

Financial year ended **31 December 2011**Category of assets **With Profit Fund**

		Company registration number	GL/ UK/ CM	day month year			Units	Category of assets	
		R17	1179800	GL	31	12	2011	£000	15
Derivative contracts		Value as at the end of this financial year				Notional amount as at the end of this financial year			
		Assets 1		Liabilities 2		Bought / Long 3		Sold / Short 4	
Futures and contracts for differences	Fixed-interest securities	11							
	Interest rates	12	157720		133265		1127553		227193
	Inflation	13	465						14330
	Credit index / basket	14							
	Credit single name	15							
	Equity index	16	431		191		12899		5702
	Equity stock	17							
	Land	18							
	Currencies	19	679		652		137628		49966
	Mortality	20							
	Other	21	6062				28500		
In the money options	Swaptions	31							
	Equity index calls	32							
	Equity stock calls	33							
	Equity index puts	34							
	Equity stock puts	35							
	Other	36							
Out of the money options	Swaptions	41	1308				491960		
	Equity index calls	42							
	Equity stock calls	43							
	Equity index puts	44							
	Equity stock puts	45							
	Other	46							
Total (11 to 46)		51	166665		134108		1798540		297191
Adjustment for variation margin		52	(216)		(95)				
Total (51 + 52)		53	166449		134013				

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

With-profits insurance capital component for the fundName of insurer **LONDON LIFE LIMITED**With-profits fund **Life With Profit**Financial year ended **31 December 2011**Units **£000**

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

Regulatory value of assets	Long-term admissible assets of the fund	11	430312	459626
	Implicit items allocated to the fund	12		
	Mathematical reserves in respect of the fund's non-profit insurance contracts	13		
	Long-term admissible assets of the fund covering the LTICR of the fund's non-profit insurance contracts	14		
	Long-term admissible assets of the fund covering the RCR of the fund's non-profit insurance contracts	15		
	Total (11+12-(13+14+15))	19	430312	459626
Regulatory value of liabilities	Mathematical reserves (after distribution of surplus) in respect of the fund's with-profits insurance contracts	21	243534	281876
	Regulatory current liabilities of the fund	22	128285	139622
	Total (21+22)	29	371819	421498
Long-term insurance capital requirement in respect of the fund's with-profits insurance contracts		31	10067	11643
Resilience capital requirement in respect of the fund's with-profits insurance contracts		32		
Sum of regulatory value of liabilities, LTICR and RCR (29+31+32)		39	381886	433141
Regulatory excess capital (19-39)		49	48426	26485

Realistic excess capital

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

Excess (deficiency) of assets allocated to with-profits insurance business in fund (49-51)	61	48426	26485
Face amount of capital instruments attributed to the fund and included in capital resources (unstressed)	62		
Realistic amount of capital instruments attributed to the fund and included in capital resources (stressed)	63		
Present value of future shareholder transfers arising from distribution of surplus	64	3176	3432
Present value of other future internal transfers not already taken into account	65		
With-profits insurance capital component for fund (if 62 exceeds 63, greater of 61+62-63-64-65 and zero, else greater of 61-64-65 and zero)	66	45250	23053

With-profits insurance capital component for the fundName of insurer **LONDON LIFE LIMITED**With-profits fund **Pension With Profit**Financial year ended **31 December 2011**Units **£000**

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

Regulatory value of assets	Long-term admissible assets of the fund	11	1032826	1010918
	Implicit items allocated to the fund	12		
	Mathematical reserves in respect of the fund's non-profit insurance contracts	13		
	Long-term admissible assets of the fund covering the LTICR of the fund's non-profit insurance contracts	14		
	Long-term admissible assets of the fund covering the RCR of the fund's non-profit insurance contracts	15		
	Total (11+12-(13+14+15))	19	1032826	1010918
Regulatory value of liabilities	Mathematical reserves (after distribution of surplus) in respect of the fund's with-profits insurance contracts	21	573787	548843
	Regulatory current liabilities of the fund	22	456388	459491
	Total (21+22)	29	1030175	1008334
Long-term insurance capital requirement in respect of the fund's with-profits insurance contracts		31	20546	20642
Resilience capital requirement in respect of the fund's with-profits insurance contracts		32		
Sum of regulatory value of liabilities, LTICR and RCR (29+31+32)		39	1050721	1028976
Regulatory excess capital (19-39)		49	(17895)	(18058)

Realistic excess capital

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

Excess (deficiency) of assets allocated to with-profits insurance business in fund (49-51)	61	(17895)	(18058)
Face amount of capital instruments attributed to the fund and included in capital resources (unstressed)	62	61258	34558
Realistic amount of capital instruments attributed to the fund and included in capital resources (stressed)	63		
Present value of future shareholder transfers arising from distribution of surplus	64	2243	2149
Present value of other future internal transfers not already taken into account	65		
With-profits insurance capital component for fund (if 62 exceeds 63, greater of 61+62-63-64-65 and zero, else greater of 61-64-65 and zero)	66	41120	14351

Realistic balance sheet

Name of insurer **LONDON LIFE LIMITED**
 With-profits fund **Life With Profit**
 Financial year ended **31 December 2011**
 Units **£000**

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

Regulatory value of assets	11	430312	459626
Implicit items allocated to the fund	12		
Value of shares in subsidiaries held in fund (regulatory)	13		
Excess admissible assets	21		
Present value of future profits (or losses) on non-profit insurance contracts written in the fund	22		
Value of derivatives and quasi-derivatives not already reflected in lines 11 to 22	23		
Value of shares in subsidiaries held in fund (realistic)	24		
Prepayments made from the fund	25		
Realistic value of assets of fund (11+21+22+23+24+25-(12+13))	26	430312	459626
Support arrangement assets	27		
Assets available to the fund (26+27)	29	430312	459626

Realistic value of liabilities of fund

With-profits benefit reserve	31	239904	260103	
Future policy related liabilities	Past miscellaneous surplus attributed to with-profits benefits reserve	32		
	Past miscellaneous deficit attributed to with-profits benefits reserve	33		
	Planned enhancements to with-profits benefits reserve	34		
	Planned deductions for the costs of guarantees, options and smoothing from with-profits benefits reserve	35		
	Planned deductions for other costs deemed chargeable to with-profits benefits reserve	36		
	Future costs of contractual guarantees (other than financial options)	41	11658	13901
	Future costs of non-contractual commitments	42	6833	8591
	Future costs of financial options	43		
	Future costs of smoothing (possibly negative)	44	266	(1008)
	Financing costs	45		
	Any other liabilities related to regulatory duty to treat customers fairly	46		
	Other long-term insurance liabilities	47	43722	38978
Total (32+34+41+42+43+44+45+46+47-(33+35+36))	49	62479	60462	
Realistic current liabilities of the fund	51	127929	139061	
Realistic value of liabilities of fund (31+49+51)	59	430312	459626	

Realistic balance sheetName of insurer **LONDON LIFE LIMITED**With-profits fund **Life With Profit**Financial year ended **31 December 2011**Units **£000**

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

Value of relevant assets before applying the most adverse scenario other than the present value of future profits arising from business outside with-profits funds	62	430312	459626
Amount of present value of future profits (or losses) on long-term insurance contracts written outside the fund included in the value of relevant assets before applying most adverse scenario	63		
Value of relevant assets before applying the most adverse scenario (62+63)	64	430312	459626
Risk capital margin for fund (62-59)	65		
Realistic excess capital for fund (26-(59+65))	66		
Realistic excess available capital for fund (29-(59+65))	67		
Working capital for fund (29-59)	68		
Working capital ratio for fund (68/29)	69		

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

Additional amount potentially available for inclusion in line 62	81	59918	63677
Additional amount potentially available for inclusion in line 63	82		

Realistic balance sheetName of insurer **LONDON LIFE LIMITED**With-profits fund **Pension With Profit**Financial year ended **31 December 2011**Units **£000**

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

Regulatory value of assets	11	1032826	1010918
Implicit items allocated to the fund	12		
Value of shares in subsidiaries held in fund (regulatory)	13		
Excess admissible assets	21		
Present value of future profits (or losses) on non-profit insurance contracts written in the fund	22		
Value of derivatives and quasi-derivatives not already reflected in lines 11 to 22	23		
Value of shares in subsidiaries held in fund (realistic)	24		
Prepayments made from the fund	25		
Realistic value of assets of fund (11+21+22+23+24+25-(12+13))	26	1032826	1010918
Support arrangement assets	27		
Assets available to the fund (26+27)	29	1032826	1010918

Realistic value of liabilities of fund

With-profits benefit reserve	31	366814	386301	
Future policy related liabilities	Past miscellaneous surplus attributed to with-profits benefits reserve	32		
	Past miscellaneous deficit attributed to with-profits benefits reserve	33		
	Planned enhancements to with-profits benefits reserve	34		
	Planned deductions for the costs of guarantees, options and smoothing from with-profits benefits reserve	35		
	Planned deductions for other costs deemed chargeable to with-profits benefits reserve	36		
	Future costs of contractual guarantees (other than financial options)	41	137567	110923
	Future costs of non-contractual commitments	42		
	Future costs of financial options	43	15927	12345
	Future costs of smoothing (possibly negative)	44	(6751)	(6046)
	Financing costs	45	57732	45052
	Any other liabilities related to regulatory duty to treat customers fairly	46		
	Other long-term insurance liabilities	47	6319	4689
Total (32+34+41+42+43+44+45+46+47-(33+35+36))	49	210794	166963	
Realistic current liabilities of the fund	51	455218	457654	
Realistic value of liabilities of fund (31+49+51)	59	1032826	1010918	

Realistic balance sheetName of insurer **LONDON LIFE LIMITED**With-profits fund **Pension With Profit**Financial year ended **31 December 2011**Units **£000**

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

Value of relevant assets before applying the most adverse scenario other than the present value of future profits arising from business outside with-profits funds	62	1032826	1010918
Amount of present value of future profits (or losses) on long-term insurance contracts written outside the fund included in the value of relevant assets before applying most adverse scenario	63		
Value of relevant assets before applying the most adverse scenario (62+63)	64	1032826	1010918
Risk capital margin for fund (62-59)	65		
Realistic excess capital for fund (26-(59+65))	66		
Realistic excess available capital for fund (29-(59+65))	67		
Working capital for fund (29-59)	68		
Working capital ratio for fund (68/29)	69		

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

Additional amount potentially available for inclusion in line 62	81	143814	140054
Additional amount potentially available for inclusion in line 63	82		

Long-term insurance business : Revenue account

Name of insurer **LONDON LIFE LIMITED**
 Total business / subfund **Summary**
 Financial year ended **31 December 2011**
 Units **£000**

Financial year	Previous year
1	2

Income

Earned premiums	11	6756	11371
Investment income receivable before deduction of tax	12	87727	81085
Increase (decrease) in the value of non-linked assets brought into account	13	22179	113013
Increase (decrease) in the value of linked assets	14	(15954)	29784
Other income	15		
Total income	19	100708	235253

Expenditure

Claims incurred	21	85990	92509
Expenses payable	22	7558	8891
Interest payable before the deduction of tax	23	3890	3087
Taxation	24	16020	4932
Other expenditure	25	46159	67252
Transfer to (from) non technical account	26	499	503
Total expenditure	29	160117	177174

Business transfers - in	31	9952	7532
Business transfers - out	32	35976	34162
Increase (decrease) in fund in financial year (19-29+31-32)	39	(85433)	31449
Fund brought forward	49	1442784	1411335
Fund carried forward (39+49)	59	1357351	1442784

Long-term insurance business : Revenue account

Name of insurer **LONDON LIFE LIMITED**
 Total business / subfund **Life With Profit**
 Financial year ended **31 December 2011**
 Units **£000**

Financial year	Previous year
1	2

Income

Earned premiums	11	4272	5809
Investment income receivable before deduction of tax	12	10029	14262
Increase (decrease) in the value of non-linked assets brought into account	13	12257	20145
Increase (decrease) in the value of linked assets	14		
Other income	15		
Total income	19	26559	40216

Expenditure

Claims incurred	21	35219	37590
Expenses payable	22	1538	2419
Interest payable before the deduction of tax	23	783	1018
Taxation	24	6193	8307
Other expenditure	25		
Transfer to (from) non technical account	26	194	137
Total expenditure	29	43927	49471

Business transfers - in	31		
Business transfers - out	32	609	595
Increase (decrease) in fund in financial year (19-29+31-32)	39	(17977)	(9850)
Fund brought forward	49	320004	329854
Fund carried forward (39+49)	59	302027	320004

Long-term insurance business : Revenue account

Name of insurer **LONDON LIFE LIMITED**
 Total business / subfund **Pension With Profit**
 Financial year ended **31 December 2011**
 Units **£000**

Financial year	Previous year
1	2

Income

Earned premiums	11	163	2592
Investment income receivable before deduction of tax	12	38631	29443
Increase (decrease) in the value of non-linked assets brought into account	13	47544	41587
Increase (decrease) in the value of linked assets	14		
Other income	15		
Total income	19	86337	73622

Expenditure

Claims incurred	21	21493	24040
Expenses payable	22	3080	4944
Interest payable before the deduction of tax	23	3037	2102
Taxation	24		
Other expenditure	25		
Transfer to (from) non technical account	26	305	366
Total expenditure	29	27915	31452

Business transfers - in	31	269	
Business transfers - out	32	33680	33567
Increase (decrease) in fund in financial year (19-29+31-32)	39	25011	8603
Fund brought forward	49	551427	542824
Fund carried forward (39+49)	59	576438	551427

Long-term insurance business : Revenue account

Name of insurer **LONDON LIFE LIMITED**
 Total business / subfund **Life Non Profit**
 Financial year ended **31 December 2011**
 Units **£000**

Financial year	Previous year
1	2

Income

Earned premiums	11	820	1074
Investment income receivable before deduction of tax	12	2453	3140
Increase (decrease) in the value of non-linked assets brought into account	13	(17890)	(416)
Increase (decrease) in the value of linked assets	14	(324)	1175
Other income	15		
Total income	19	(14941)	4973

Expenditure

Claims incurred	21	5272	5583
Expenses payable	22	318	175
Interest payable before the deduction of tax	23		1
Taxation	24	5320	454
Other expenditure	25		
Transfer to (from) non technical account	26		
Total expenditure	29	10909	6213

Business transfers - in	31	609	595
Business transfers - out	32		
Increase (decrease) in fund in financial year (19-29+31-32)	39	(25240)	(645)
Fund brought forward	49	66014	66659
Fund carried forward (39+49)	59	40774	66014

Long-term insurance business : Revenue account

Name of insurer **LONDON LIFE LIMITED**
 Total business / subfund **Pension Non Profit**
 Financial year ended **31 December 2011**
 Units **£000**

Financial year	Previous year
1	2

Income

Earned premiums	11	1501	1896
Investment income receivable before deduction of tax	12	36614	34240
Increase (decrease) in the value of non-linked assets brought into account	13	(19732)	51697
Increase (decrease) in the value of linked assets	14	(15629)	28609
Other income	15		
Total income	19	2753	116442

Expenditure

Claims incurred	21	24006	25296
Expenses payable	22	2623	1353
Interest payable before the deduction of tax	23	71	(34)
Taxation	24	4507	(3829)
Other expenditure	25	46159	67252
Transfer to (from) non technical account	26		
Total expenditure	29	77366	90038

Business transfers - in	31	9074	6937
Business transfers - out	32	1687	
Increase (decrease) in fund in financial year (19-29+31-32)	39	(67226)	33341
Fund brought forward	49	505339	471998
Fund carried forward (39+49)	59	438113	505339

Long-term insurance business : Analysis of premiums

Name of insurer **LONDON LIFE LIMITED**
 Total business / subfund **Summary**
 Financial year ended **31 December 2011**
 Units **£000**

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

Gross

Regular premiums	11	5309	2827		8136	10098
Single premiums	12	1	218		219	872

Reinsurance - external

Regular premiums	13	204	47		251	69
Single premiums	14					

Reinsurance - intra-group

Regular premiums	15	13			13	
Single premiums	16		1335		1335	(470)

Net of reinsurance

Regular premiums	17	5092	2780		7872	10029
Single premiums	18	1	(1117)		(1116)	1342

Total

Gross	19	5310	3045		8355	10970
Reinsurance	20	217	1382		1599	(401)
Net	21	5093	1663		6756	11371

Long-term insurance business : Analysis of premiums

Name of insurer **LONDON LIFE LIMITED**
 Total business / subfund **Life With Profit**
 Financial year ended **31 December 2011**
 Units **£000**

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

Gross

Regular premiums	11	4445			4445	5860
Single premiums	12	1			1	

Reinsurance - external

Regular premiums	13	160			160	51
Single premiums	14					

Reinsurance - intra-group

Regular premiums	15	13			13	
Single premiums	16					

Net of reinsurance

Regular premiums	17	4272			4272	5809
Single premiums	18	1			1	

Total

Gross	19	4445			4446	5860
Reinsurance	20	173			173	51
Net	21	4272			4272	5809

Long-term insurance business : Analysis of premiums

Name of insurer **LONDON LIFE LIMITED**
 Total business / subfund **Pension With Profit**
 Financial year ended **31 December 2011**
 Units **£000**

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

Gross

Regular premiums	11		1510		1510	1550
Single premiums	12		4		4	589

Reinsurance - external

Regular premiums	13		16		16	17
Single premiums	14					

Reinsurance - intra-group

Regular premiums	15					
Single premiums	16		1335		1335	(470)

Net of reinsurance

Regular premiums	17		1494		1494	1533
Single premiums	18		(1331)		(1331)	1059

Total

Gross	19		1514		1514	2140
Reinsurance	20		1351		1351	(453)
Net	21		163		163	2592

Long-term insurance business : Analysis of premiums

Name of insurer **LONDON LIFE LIMITED**
 Total business / subfund **Life Non Profit**
 Financial year ended **31 December 2011**
 Units **£000**

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

Gross

Regular premiums	11	865			865	1098
Single premiums	12					

Reinsurance - external

Regular premiums	13	44			44	24
Single premiums	14					

Reinsurance - intra-group

Regular premiums	15					
Single premiums	16					

Net of reinsurance

Regular premiums	17	820			820	1074
Single premiums	18					

Total

Gross	19	865			865	1098
Reinsurance	20	44			44	24
Net	21	820			820	1074

Long-term insurance business : Analysis of premiums

Name of insurer **LONDON LIFE LIMITED**
 Total business / subfund **Pension Non Profit**
 Financial year ended **31 December 2011**
 Units **£000**

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

Gross

Regular premiums	11		1317		1317	1590
Single premiums	12		214		214	283

Reinsurance - external

Regular premiums	13		31		31	(23)
Single premiums	14					

Reinsurance - intra-group

Regular premiums	15					
Single premiums	16					

Net of reinsurance

Regular premiums	17		1286		1286	1613
Single premiums	18		214		214	283

Total

Gross	19		1531		1531	1873
Reinsurance	20		31		31	(23)
Net	21		1501		1501	1896

Long-term insurance business : Analysis of claims

Name of insurer **LONDON LIFE LIMITED**
 Total business / subfund **Summary**
 Financial year ended **31 December 2011**
 Units **£000**

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

Gross

Death or disability lump sums	11	5648	3229		8877	9076
Disability periodic payments	12	38			38	310
Surrender or partial surrender	13	5321	26532		31853	34467
Annuity payments	14	1403	53034		54437	55835
Lump sums on maturity	15	28669	6290		34959	36500
Total	16	41079	89085		130164	136188

Reinsurance - external

Death or disability lump sums	21	135			135	235
Disability periodic payments	22					
Surrender or partial surrender	23	181			181	(760)
Annuity payments	24					
Lump sums on maturity	25	145			145	37
Total	26	461			461	(488)

Reinsurance - intra-group

Death or disability lump sums	31	84			84	
Disability periodic payments	32					
Surrender or partial surrender	33	43			43	
Annuity payments	34		43585		43585	44167
Lump sums on maturity	35					
Total	36	127	43585		43713	44167

Net of reinsurance

Death or disability lump sums	41	5429	3229		8658	8841
Disability periodic payments	42	38			38	310
Surrender or partial surrender	43	5097	26532		31629	35227
Annuity payments	44	1403	9448		10851	11668
Lump sums on maturity	45	28525	6290		34815	36463
Total	46	40491	45500		85990	92509

Long-term insurance business : Analysis of claims

Name of insurer **LONDON LIFE LIMITED**
 Total business / subfund **Life With Profit**
 Financial year ended **31 December 2011**
 Units **£000**

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

Gross

Death or disability lump sums	11	5384		5384	6366
Disability periodic payments	12				
Surrender or partial surrender	13	4371		4371	5927
Annuity payments	14				
Lump sums on maturity	15	26035		26035	24794
Total	16	35790		35790	37087

Reinsurance - external

Death or disability lump sums	21	135		135	235
Disability periodic payments	22				
Surrender or partial surrender	23	164		164	(775)
Annuity payments	24				
Lump sums on maturity	25	145		145	37
Total	26	444		444	(503)

Reinsurance - intra-group

Death or disability lump sums	31	84		84	
Disability periodic payments	32				
Surrender or partial surrender	33	43		43	
Annuity payments	34				
Lump sums on maturity	35				
Total	36	127		127	

Net of reinsurance

Death or disability lump sums	41	5165		5165	6131
Disability periodic payments	42				
Surrender or partial surrender	43	4164		4164	6702
Annuity payments	44				
Lump sums on maturity	45	25890		25890	24756
Total	46	35219		35219	37590

Long-term insurance business : Analysis of claims

Name of insurer **LONDON LIFE LIMITED**
 Total business / subfund **Pension With Profit**
 Financial year ended **31 December 2011**
 Units **£000**

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

Gross

Death or disability lump sums	11		1721		1721	1117
Disability periodic payments	12					
Surrender or partial surrender	13		12856		12856	14749
Annuity payments	14		10640		10640	11140
Lump sums on maturity	15		523		523	2318
Total	16		25740		25740	29324

Reinsurance - external

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

Reinsurance - intra-group

Death or disability lump sums	31					
Disability periodic payments	32					
Surrender or partial surrender	33					
Annuity payments	34		4247		4247	5284
Lump sums on maturity	35					
Total	36		4247		4247	5284

Net of reinsurance

Death or disability lump sums	41		1721		1721	1117
Disability periodic payments	42					
Surrender or partial surrender	43		12856		12856	14749
Annuity payments	44		6393		6393	5856
Lump sums on maturity	45		523		523	2318
Total	46		21493		21493	24040

Long-term insurance business : Analysis of claims

Name of insurer **LONDON LIFE LIMITED**
 Total business / subfund **Life Non Profit**
 Financial year ended **31 December 2011**
 Units **£000**

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

Gross

Death or disability lump sums	11	264		264	603
Disability periodic payments	12	38		38	310
Surrender or partial surrender	13	950		950	1006
Annuity payments	14	1403		1403	1338
Lump sums on maturity	15	2635		2635	2341
Total	16	5289		5289	5598

Reinsurance - external

Death or disability lump sums	21				
Disability periodic payments	22				
Surrender or partial surrender	23	17		17	15
Annuity payments	24				
Lump sums on maturity	25				
Total	26	17		17	15

Reinsurance - intra-group

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

Net of reinsurance

Death or disability lump sums	41	264		264	603
Disability periodic payments	42	38		38	310
Surrender or partial surrender	43	933		933	991
Annuity payments	44	1403		1403	1338
Lump sums on maturity	45	2635		2635	2341
Total	46	5272		5272	5583

Long-term insurance business : Analysis of claims

Name of insurer **LONDON LIFE LIMITED**
 Total business / subfund **Pension Non Profit**
 Financial year ended **31 December 2011**
 Units **£000**

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

Gross

Death or disability lump sums	11		1508		1508	990
Disability periodic payments	12					
Surrender or partial surrender	13		13677		13677	12785
Annuity payments	14		42393		42393	43357
Lump sums on maturity	15		5767		5767	7047
Total	16		63345		63345	64179

Reinsurance - external

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

Reinsurance - intra-group

Death or disability lump sums	31					
Disability periodic payments	32					
Surrender or partial surrender	33					
Annuity payments	34		39338		39338	38883
Lump sums on maturity	35					
Total	36		39338		39338	38883

Net of reinsurance

Death or disability lump sums	41		1508		1508	990
Disability periodic payments	42					
Surrender or partial surrender	43		13677		13677	12785
Annuity payments	44		3055		3055	4474
Lump sums on maturity	45		5767		5767	7047
Total	46		24006		24006	25296

Long-term insurance business : Analysis of expenses

Name of insurer **LONDON LIFE LIMITED**
 Total business / subfund **Summary**
 Financial year ended **31 December 2011**
 Units **£000**

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

Gross

Commission - acquisition	11				
Commission - other	12				
Management - acquisition	13				
Management - maintenance	14	1855	5703	7558	8891
Management - other	15				
Total	16	1855	5703	7558	8891

Reinsurance - external

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

Reinsurance - intra-group

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

Net of reinsurance

Commission - acquisition	41				
Commission - other	42				
Management - acquisition	43				
Management - maintenance	44	1855	5703	7558	8891
Management - other	45				
Total	46	1855	5703	7558	8891

Long-term insurance business : Analysis of expenses

Name of insurer **LONDON LIFE LIMITED**
 Total business / subfund **Life With Profit**
 Financial year ended **31 December 2011**
 Units **£000**

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

Gross

Commission - acquisition	11				
Commission - other	12				
Management - acquisition	13				
Management - maintenance	14	1538		1538	2419
Management - other	15				
Total	16	1538		1538	2419

Reinsurance - external

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

Reinsurance - intra-group

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

Net of reinsurance

Commission - acquisition	41				
Commission - other	42				
Management - acquisition	43				
Management - maintenance	44	1538		1538	2419
Management - other	45				
Total	46	1538		1538	2419

Long-term insurance business : Analysis of expenses

Name of insurer **LONDON LIFE LIMITED**
 Total business / subfund **Pension With Profit**
 Financial year ended **31 December 2011**
 Units **£000**

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

Gross

Commission - acquisition	11				
Commission - other	12				
Management - acquisition	13				
Management - maintenance	14		3080	3080	4944
Management - other	15				
Total	16		3080	3080	4944

Reinsurance - external

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

Reinsurance - intra-group

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

Net of reinsurance

Commission - acquisition	41				
Commission - other	42				
Management - acquisition	43				
Management - maintenance	44		3080	3080	4944
Management - other	45				
Total	46		3080	3080	4944

Long-term insurance business : Analysis of expenses

Name of insurer **LONDON LIFE LIMITED**
 Total business / subfund **Life Non Profit**
 Financial year ended **31 December 2011**
 Units **£000**

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

Gross

Commission - acquisition	11				
Commission - other	12				
Management - acquisition	13				
Management - maintenance	14	318		318	175
Management - other	15				
Total	16	318		318	175

Reinsurance - external

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

Reinsurance - intra-group

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

Net of reinsurance

Commission - acquisition	41				
Commission - other	42				
Management - acquisition	43				
Management - maintenance	44	318		318	175
Management - other	45				
Total	46	318		318	175

Long-term insurance business : Analysis of expenses

Name of insurer **LONDON LIFE LIMITED**
 Total business / subfund **Pension Non Profit**
 Financial year ended **31 December 2011**
 Units **£000**

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

Gross

Commission - acquisition	11				
Commission - other	12				
Management - acquisition	13				
Management - maintenance	14		2623	2623	1353
Management - other	15				
Total	16		2623	2623	1353

Reinsurance - external

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

Reinsurance - intra-group

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

Net of reinsurance

Commission - acquisition	41				
Commission - other	42				
Management - acquisition	43				
Management - maintenance	44		2623	2623	1353
Management - other	45				
Total	46		2623	2623	1353

Long-term insurance business : Linked funds balance sheet

Name of insurer **LONDON LIFE LIMITED**
 Total business
 Financial year ended **31 December 2011**
 Units **£000**

Financial year	Previous year
1	2

Internal linked funds (excluding cross investment)

Directly held assets (excluding collective investment schemes)	11	2385	35462
Directly held assets in collective investment schemes of connected companies	12		
Directly held assets in other collective investment schemes	13	302058	300454
Total assets (excluding cross investment) (11+12+13)	14	304443	335916
Provision for tax on unrealised capital gains	15	(99)	(286)
Secured and unsecured loans	16		
Other liabilities	17	51	46
Total net assets (14-15-16-17)	18	304491	336156

Directly held linked assets

Value of directly held linked assets	21		
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Total

Value of directly held linked assets and units held (18+21)	31	304491	336156
Surplus units	32		
Deficit units	33		
Net unit liability (31-32+33)	34	304491	336156

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

Name of insurer **LONDON LIFE LIMITED**
 Total business
 Financial year ended **31 December 2011**
 Units **£000**

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

Income

Value of total creation of units	11	229909	2211
Investment income attributable to the funds before deduction of tax	12	9955	10038
Increase (decrease) in the value of investments in the financial year	13	(15953)	29622
Other income	14		31
Total income	19	223911	41902

Expenditure

Value of total cancellation of units	21	253726	23798
Charges for management	22	1075	736
Charges in respect of tax on investment income	23	878	862
Taxation on realised capital gains	24	(11)	10
Increase (decrease) in amount set aside for tax on capital gains not yet realised	25	(92)	111
Other expenditure	26		
Total expenditure	29	255576	25517

Increase (decrease) in funds in financial year (19-29)	39	(31665)	16385
Internal linked fund brought forward	49	336156	319771
Internal linked funds carried forward (39+49)	59	304491	336156

Long-term insurance business : Summary of new business

Name of insurer **LONDON LIFE LIMITED**
 Total business
 Financial year ended **31 December 2011**
 Units **£000**

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

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

Regular premium business	11					
Single premium business	12					
Total	13					

**Amount of new regular
premiums**

Direct insurance business	21	1	31		31	34
External reinsurance	22					
Intra-group reinsurance	23					
Total	24	1	31		31	34

**Amount of new single
premiums**

Direct insurance business	25	1	218		219	657
External reinsurance	26					
Intra-group reinsurance	27					
Total	28	1	218		219	657

Long-term insurance business : Analysis of new business

LONDON LIFE LIMITED

Name of insurer

Total business

Financial year ended

31 December 2011

Units

£000

UK Life / Direct Insurance Business

Product code number	Product description	Regular premium business		Single premium business	
		Number of policyholders / scheme members	Amount of premiums	Number of policyholders / scheme members	Amount of premiums
1	2	3	4	5	6
505	Life UWP whole life regular premium	1			1

Long-term insurance business : Analysis of new business

LONDON LIFE LIMITED

Name of insurer

Total business

Financial year ended

31 December 2011

Units

£000

UK Pension / Direct Insurance Business

Product code number 1	Product description 2	Regular premium business		Single premium business	
		Number of policyholders / scheme members 3	Amount of premiums 4	Number of policyholders / scheme members 5	Amount of premiums 6
155	Conventional pensions endowment with-profits			5	
435	Miscellaneous non-profit			12	
525	Individual pensions UWP			6	4
725	Individual pensions property linked			8	195
745	DWP National Insurance rebates property linked				20

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

Name of insurer **LONDON LIFE LIMITED**
 Category of assets **Total long term insurance business assets**
 Financial year ended **31 December 2011**
 Units **£000**

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

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

Land and buildings	11					
Approved fixed interest securities	12	133310	133310	5710	3.39	
Other fixed interest securities	13	350712	350712	16731	7.82	
Variable interest securities	14	77645	77645	1752	4.23	
UK listed equity shares	15		150	6	6.32	
Non-UK listed equity shares	16					
Unlisted equity shares	17					
Other assets	18	283502	283352	467	0.16	
Total	19	845169	845169	24665	4.22	

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

Land and buildings	21		29247	609	2.08	(8.62)
Approved fixed interest securities	22	521074	525311	20810	1.58	10.61
Other fixed interest securities	23	193034	195402	11222	4.91	9.91
Variable interest securities	24	278977	257824	18560	9.57	9.91
UK listed equity shares	25		14088	417	2.96	(2.18)
Non-UK listed equity shares	26		1596	21	1.31	(2.18)
Unlisted equity shares	27	3573	3519	59	1.68	1.58
Other assets	28	466481	436151	1646	1.37	0.63
Total	29	1463138	1463138	53343	3.40	6.88

Overall return on with-profits assets

Post investment costs but pre-tax	31					8.59
Return allocated to non taxable 'asset shares'	32					9.90
Return allocated to taxable 'asset shares'	33					6.62

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

Name of insurer **LONDON LIFE LIMITED**
 Category of assets **Life Non Profit**
 Financial year ended **31 December 2011**
 Units **£000**

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

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

Land and buildings	11					
Approved fixed interest securities	12	21157	21157	915	2.98	
Other fixed interest securities	13	23139	23139	1276	3.96	
Variable interest securities	14	4001	4001	163	4.38	
UK listed equity shares	15		150	6	6.32	
Non-UK listed equity shares	16					
Unlisted equity shares	17					
Other assets	18	3372	3222	24	0.75	
Total	19	51668	51668	2384	3.40	

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

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

Overall return on with-profits assets

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

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

Name of insurer **LONDON LIFE LIMITED**
 Category of assets **Pension Non Profit**
 Financial year ended **31 December 2011**
 Units **£000**

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

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

Land and buildings	11					
Approved fixed interest securities	12	112153	112153	4795	3.47	
Other fixed interest securities	13	327573	327573	15454	8.09	
Variable interest securities	14	73645	73645	1589	4.22	
UK listed equity shares	15					
Non-UK listed equity shares	16					
Unlisted equity shares	17					
Other assets	18	280130	280130	442	0.16	
Total	19	793501	793501	22281	4.28	

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

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

Overall return on with-profits assets

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

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

Name of insurer **LONDON LIFE LIMITED**
 Category of assets **With Profit Fund**
 Financial year ended **31 December 2011**
 Units **£000**

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

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

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

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

Land and buildings	21		29247	609	2.08	(8.62)
Approved fixed interest securities	22	521074	525311	20810	1.58	10.61
Other fixed interest securities	23	193034	195402	11222	4.91	9.91
Variable interest securities	24	278977	257824	18560	9.57	9.91
UK listed equity shares	25		14088	417	2.96	(2.18)
Non-UK listed equity shares	26		1596	21	1.31	(2.18)
Unlisted equity shares	27	3573	3519	59	1.68	1.58
Other assets	28	466481	436151	1646	1.37	0.63
Total	29	1463138	1463138	53343	3.40	6.88

Overall return on with-profits assets

Post investment costs but pre-tax	31					8.59
Return allocated to non taxable 'asset shares'	32					9.90
Return allocated to taxable 'asset shares'	33					6.62

Long-term insurance business : Fixed and variable interest assets

Name of insurer **LONDON LIFE LIMITED**
 Category of assets **Total long term insurance business assets**
 Financial year ended **31 December 2011**
 Units **£000**

		Value of assets 1	Mean term 2	Yield before adjustment 3	Yield after adjustment 4
UK Government approved fixed interest securities	11	481329	7.11	1.42	1.42

Other approved fixed interest securities	21	156135	11.36	3.45	3.28
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Other fixed interest securities

AAA/Aaa	31	27940	10.62	3.71	3.36
AA/Aa	32	59476	9.30	4.48	3.90
A/A	33	134440	8.93	4.87	4.24
BBB/Baa	34	68224	8.61	5.03	3.82
BB/Ba	35	17639	4.53	7.58	4.86
B/B	36				
CCC/Caa	37				
Other (including unrated)	38	215256	1.59	9.79	5.92
Total other fixed interest securities	39	522975	5.85	6.90	4.81

Approved variable interest securities	41	47554	13.23	3.27	3.21
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Other variable interest securities	51	283915	3.18	9.24	6.98
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Total (11+21+39+41+51)	61	1491908	6.56	5.10	3.92
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Long-term insurance business : Fixed and variable interest assets

Name of insurer **LONDON LIFE LIMITED**
 Category of assets **Pension Non Profit**
 Financial year ended **31 December 2011**
 Units **£000**

		Value of assets 1	Mean term 2	Yield before adjustment 3	Yield after adjustment 4
UK Government approved fixed interest securities	11	1932	22.78	3.09	3.09

Other approved fixed interest securities	21	110221	12.17	3.48	3.40
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Other fixed interest securities

AAA/Aaa	31	6132	16.17	3.66	3.21
AA/Aa	32	21836	9.76	4.58	4.14
A/A	33	47596	10.56	4.79	4.17
BBB/Baa	34	23915	8.99	4.72	3.57
BB/Ba	35	13099	4.01	6.10	3.33
B/B	36				
CCC/Caa	37				
Other (including unrated)	38	214995	1.57	9.80	5.92
Total other fixed interest securities	39	327573	4.34	8.09	5.22

Approved variable interest securities	41	47554	13.23	3.27	3.21
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Other variable interest securities	51	26091	5.65	5.96	5.32
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Total (11+21+39+41+51)	61	513371	6.98	6.53	4.64
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Long-term insurance business : Fixed and variable interest assets

Name of insurer **LONDON LIFE LIMITED**
 Category of assets **With Profit Fund**
 Financial year ended **31 December 2011**
 Units **£000**

		Value of assets 1	Mean term 2	Yield before adjustment 3	Yield after adjustment 4
UK Government approved fixed interest securities	11	479397	7.04	1.41	1.41

Other approved fixed interest securities	21	45914	9.40	3.39	2.99
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Other fixed interest securities

AAA/Aaa	31	21808	9.06	3.72	3.40
AA/Aa	32	37639	9.04	4.42	3.76
A/A	33	86844	8.04	4.92	4.28
BBB/Baa	34	44310	8.40	5.20	3.96
BB/Ba	35	4541	6.03	11.83	9.28
B/B	36				
CCC/Caa	37				
Other (including unrated)	38	260	14.82	4.07	
Total other fixed interest securities	39	195402	8.39	4.91	4.12

Approved variable interest securities	41				
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Other variable interest securities	51	257824	2.93	9.57	7.15
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Total (11+21+39+41+51)	61	978537	6.34	4.35	3.54
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Long-term insurance business : Summary of mathematical reserves

Name of insurer **LONDON LIFE LIMITED**
 Total business / subfund **Summary**
 Financial year ended **31 December 2011**
 Units **£000**

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

Gross

Form 51 - with-profits	11	246108	616646	862753	884646
Form 51 - non-profit	12	31520	650650	682171	710264
Form 52	13	6340	9239	15579	16220
Form 53 - linked	14	21493	294831	316324	349166
Form 53 - non-linked	15	349	5395	5743	5481
Form 54 - linked	16	96	54385	54481	58594
Form 54 - non-linked	17	1	330	331	
Total	18	305907	1631476	1937383	2024370

Reinsurance - external

Form 51 - with-profits	21	9242		9242	9725
Form 51 - non-profit	22	824	83	907	936
Form 52	23				
Form 53 - linked	24				
Form 53 - non-linked	25				
Form 54 - linked	26				
Form 54 - non-linked	27				
Total	28	10066	83	10149	10661

Reinsurance - intra-group

Form 51 - with-profits	31		61519	61519	69716
Form 51 - non-profit	32	2498	517051	519549	489327
Form 52	33				
Form 53 - linked	34	11833		11833	13010
Form 53 - non-linked	35	29		29	30
Form 54 - linked	36		51072	51072	54727
Form 54 - non-linked	37				
Total	38	14360	629642	644002	626810

Net of reinsurance

Form 51 - with-profits	41	236866	555126	791992	805204
Form 51 - non-profit	42	28198	133517	161715	220001
Form 52	43	6340	9239	15579	16220
Form 53 - linked	44	9660	294831	304491	336156
Form 53 - non-linked	45	320	5395	5715	5450
Form 54 - linked	46	96	3313	3409	3867
Form 54 - non-linked	47	1	330	331	
Total	48	281481	1001751	1283232	1386899

Long-term insurance business : Summary of mathematical reserves

Name of insurer **LONDON LIFE LIMITED**
 Total business / subfund **Life With Profit**
 Financial year ended **31 December 2011**
 Units **£000**

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

Gross

Form 51 - with-profits	11	246108		246108	284635
Form 51 - non-profit	12				
Form 52	13	6340		6340	6612
Form 53 - linked	14				
Form 53 - non-linked	15	29		29	30
Form 54 - linked	16				
Form 54 - non-linked	17				
Total	18	252477		252477	291278

Reinsurance - external

Form 51 - with-profits	21	9242		9242	9717
Form 51 - non-profit	22				
Form 52	23				
Form 53 - linked	24				
Form 53 - non-linked	25				
Form 54 - linked	26				
Form 54 - non-linked	27				
Total	28	9242		9242	9717

Reinsurance - intra-group

Form 51 - with-profits	31				
Form 51 - non-profit	32				
Form 52	33				
Form 53 - linked	34				
Form 53 - non-linked	35	29		29	30
Form 54 - linked	36				
Form 54 - non-linked	37				
Total	38	29		29	30

Net of reinsurance

Form 51 - with-profits	41	236866		236866	274918
Form 51 - non-profit	42				
Form 52	43	6340		6340	6612
Form 53 - linked	44				
Form 53 - non-linked	45				
Form 54 - linked	46				
Form 54 - non-linked	47				
Total	48	243206		243206	281530

Long-term insurance business : Summary of mathematical reserves

Name of insurer **LONDON LIFE LIMITED**
 Total business / subfund **Pension With Profit**
 Financial year ended **31 December 2011**
 Units **£000**

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

Gross

Form 51 - with-profits	11		616646		616646	600010
Form 51 - non-profit	12		3726		3726	2809
Form 52	13		9239		9239	9608
Form 53 - linked	14					
Form 53 - non-linked	15		4398		4398	4729
Form 54 - linked	16					
Form 54 - non-linked	17					
Total	18		634008		634008	617156

Reinsurance - external

Form 51 - with-profits	21					8
Form 51 - non-profit	22					
Form 52	23					
Form 53 - linked	24					
Form 53 - non-linked	25					
Form 54 - linked	26					
Form 54 - non-linked	27					
Total	28					8

Reinsurance - intra-group

Form 51 - with-profits	31		61519		61519	69716
Form 51 - non-profit	32					
Form 52	33					
Form 53 - linked	34					
Form 53 - non-linked	35					
Form 54 - linked	36					
Form 54 - non-linked	37					
Total	38		61519		61519	69716

Net of reinsurance

Form 51 - with-profits	41		555126		555126	530286
Form 51 - non-profit	42		3726		3726	2809
Form 52	43		9239		9239	9608
Form 53 - linked	44					
Form 53 - non-linked	45		4398		4398	4729
Form 54 - linked	46					
Form 54 - non-linked	47					
Total	48		572489		572489	547432

Long-term insurance business : Summary of mathematical reserves

Name of insurer **LONDON LIFE LIMITED**
 Total business / subfund **Life Non Profit**
 Financial year ended **31 December 2011**
 Units **£000**

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

Gross

Form 51 - with-profits	11				
Form 51 - non-profit	12	31520		31520	54350
Form 52	13				
Form 53 - linked	14	21493		21493	25006
Form 53 - non-linked	15	320		320	251
Form 54 - linked	16	96		96	253
Form 54 - non-linked	17	1		1	
Total	18	53430		53430	79859

Reinsurance - external

Form 51 - with-profits	21				
Form 51 - non-profit	22	824		824	835
Form 52	23				
Form 53 - linked	24				
Form 53 - non-linked	25				
Form 54 - linked	26				
Form 54 - non-linked	27				
Total	28	824		824	835

Reinsurance - intra-group

Form 51 - with-profits	31				
Form 51 - non-profit	32	2498		2498	4000
Form 52	33				
Form 53 - linked	34	11833		11833	13010
Form 53 - non-linked	35				
Form 54 - linked	36				
Form 54 - non-linked	37				
Total	38	14331		14331	17010

Net of reinsurance

Form 51 - with-profits	41				
Form 51 - non-profit	42	28198		28198	49515
Form 52	43				
Form 53 - linked	44	9660		9660	11995
Form 53 - non-linked	45	320		320	251
Form 54 - linked	46	96		96	253
Form 54 - non-linked	47	1		1	
Total	48	38275		38275	62014

Long-term insurance business : Summary of mathematical reserves

Name of insurer **LONDON LIFE LIMITED**
 Total business / subfund **Pension Non Profit**
 Financial year ended **31 December 2011**
 Units **£000**

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

Gross

Form 51 - with-profits	11				
Form 51 - non-profit	12		646925	646925	653105
Form 52	13				
Form 53 - linked	14		294831	294831	324161
Form 53 - non-linked	15		997	997	471
Form 54 - linked	16		54385	54385	58341
Form 54 - non-linked	17		330	330	
Total	18		997467	997467	1036078

Reinsurance - external

Form 51 - with-profits	21				
Form 51 - non-profit	22		83	83	101
Form 52	23				
Form 53 - linked	24				
Form 53 - non-linked	25				
Form 54 - linked	26				
Form 54 - non-linked	27				
Total	28		83	83	101

Reinsurance - intra-group

Form 51 - with-profits	31				
Form 51 - non-profit	32		517051	517051	485327
Form 52	33				
Form 53 - linked	34				
Form 53 - non-linked	35				
Form 54 - linked	36		51072	51072	54727
Form 54 - non-linked	37				
Total	38		568123	568123	540054

Net of reinsurance

Form 51 - with-profits	41				
Form 51 - non-profit	42		129791	129791	167677
Form 52	43				
Form 53 - linked	44		294831	294831	324161
Form 53 - non-linked	45		997	997	471
Form 54 - linked	46		3313	3313	3614
Form 54 - non-linked	47		330	330	
Total	48		429262	429262	495923

Long-term insurance business : Valuation summary of non-linked contracts (other than accumulating with-profits contracts)Name of insurer **LONDON LIFE LIMITED**Total business / subfund **Life With Profit**Financial year ended **31 December 2011**Units **£000**

UK Life / Gross

1 Product code number	2 Product description	3 Number of policyholders / scheme members	4 Amount of benefit	5 Amount of annual office premiums	6 Nominal value of units	7 Discounted value of units	8 Other liabilities	9 Amount of mathematical reserves
100	Conventional whole life with-profits OB	15498	240462	2509				153018
120	Conventional endowment with-profits OB savings	9643	97430	1890				87302
165	Conventional deferred annuity with-profits	226	3652	9				5788

Long-term insurance business : Valuation summary of non-linked contracts (other than accumulating with-profits contracts)

Name of insurer **LONDON LIFE LIMITED**

Total business / subfund **Life With Profit**

Financial year ended **31 December 2011**

Units **£000**

UK Life / Reinsurance ceded external

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
100	Conventional whole life with-profits OB		15183	179				8033
120	Conventional endowment with-profits OB savings		1246	30				1209

Long-term insurance business : Valuation summary of non-linked contracts (other than accumulating with-profits contracts)

Name of insurer **LONDON LIFE LIMITED**

Total business / subfund **Pension With Profit**

Financial year ended **31 December 2011**

Units **£000**

UK Pension / Gross

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
155	Conventional pensions endowment with-profits	16794	334828	445				368215
165	Conventional deferred annuity with-profits	258	2794	13				33716
175	Group conventional deferred annuity with-profits		3073					3044
185	Group conventional pensions endowment with-profits	1	4					4
200	Annuity with-profits (CPA)	3897	13064					147157
205	Miscellaneous conventional with-profits	106	871					(16748)
210	Additional reserves with-profits OB							61258
400	Annuity non-profit (CPA)		293					3725
435	Miscellaneous non-profit							1

Long-term insurance business : Valuation summary of non-linked contracts (other than accumulating with-profits contracts)

Name of insurer **LONDON LIFE LIMITED**

Total business / subfund **Pension With Profit**

Financial year ended **31 December 2011**

Units **£000**

UK Pension / Reinsurance ceded intra-group

1 Product code number	2 Product description	3 Number of policyholders / scheme members	4 Amount of benefit	5 Amount of annual office premiums	6 Nominal value of units	7 Discounted value of units	8 Other liabilities	9 Amount of mathematical reserves
200	Annuity with-profits (CPA)		4306					58868
205	Miscellaneous conventional with-profits							2651

Long-term insurance business : Valuation summary of non-linked contracts (other than accumulating with-profits contracts)Name of insurer **LONDON LIFE LIMITED**Total business / subfund **Life Non Profit**Financial year ended **31 December 2011**Units **£000**

UK Life / Gross

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
300	Regular premium non-profit WL/EA OB	2064	3489	32				2903
325	Level term assurance	2268	149311	1035				562
330	Decreasing term assurance	20	221	2				410
350	Stand-alone critical illness (guaranteed premiums)	82	2925	25				(15)
360	Income protection non-profit (guaranteed premiums)	516	6402	32				1288
385	Income protection claims in payment	23	205					1454
390	Deferred annuity non-profit	542	6832	3				8409
395	Annuity non-profit (PLA)	831	1189					14011
440	Additional reserves non-profit OB							2498

Long-term insurance business : Valuation summary of non-linked contracts (other than accumulating with-profits contracts)

Name of insurer **LONDON LIFE LIMITED**

Total business / subfund **Life Non Profit**

Financial year ended **31 December 2011**

Units **£000**

UK Life / Reinsurance ceded external

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
300	Regular premium non-profit WL/EA OB		100	2				52
325	Level term assurance		9375	105				109
330	Decreasing term assurance		2					
350	Stand-alone critical illness (guaranteed premiums)		1525	11				(6)
360	Income protection non-profit (guaranteed premiums)		1776	32				395
385	Income protection claims in payment		6					146
395	Annuity non-profit (PLA)		31					128

Long-term insurance business : Valuation summary of non-linked contracts (other than accumulating with-profits contracts)

Name of insurer **LONDON LIFE LIMITED**
 Total business / subfund **Life Non Profit**
 Financial year ended **31 December 2011**
 Units **£000**
 UK Life / Reinsurance ceded intra-group

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
440	Additional reserves non-profit OB							2498

Long-term insurance business : Valuation summary of non-linked contracts (other than accumulating with-profits contracts)Name of insurer **LONDON LIFE LIMITED**Total business / subfund **Pension Non Profit**Financial year ended **31 December 2011**Units **£000**

UK Pension / Gross

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
300	Regular premium non-profit WL/EA OB	488	552					560
325	Level term assurance	951	53124	181				1171
330	Decreasing term assurance	53	721	5				21
390	Deferred annuity non-profit	933	4171					21188
400	Annuity non-profit (CPA)	20592	39594					601727
410	Group life	33	24011	465				40
440	Additional reserves non-profit OB							22218

Long-term insurance business : Valuation summary of non-linked contracts (other than accumulating with-profits contracts)

Name of insurer **LONDON LIFE LIMITED**

Total business / subfund **Pension Non Profit**

Financial year ended **31 December 2011**

Units **£000**

UK Pension / Reinsurance ceded external

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
325	Level term assurance		5062	19				81
330	Decreasing term assurance		416	279				
410	Group life		3755	19				2

Long-term insurance business : Valuation summary of non-linked contracts (other than accumulating with-profits contracts)

Name of insurer **LONDON LIFE LIMITED**

Total business / subfund **Pension Non Profit**

Financial year ended **31 December 2011**

Units **£000**

UK Pension / Reinsurance ceded intra-group

1 Product code number	2 Product description	3 Number of policyholders / scheme members	4 Amount of benefit	5 Amount of annual office premiums	6 Nominal value of units	7 Discounted value of units	8 Other liabilities	9 Amount of mathematical reserves
400	Annuity non-profit (CPA)		34909					508200
440	Additional reserves non-profit OB							8850

Long-term insurance business : Valuation summary of accumulating with-profits contracts

Name of insurer **LONDON LIFE LIMITED**

Total business / subfund **Life With Profit**

Financial year ended **31 December 2011**

Units

£000

UK Life / Gross

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
505	Life UWP whole life regular premium	540		100	5909	5909	431	6340

Long-term insurance business : Valuation summary of accumulating with-profits contracts

Name of insurer LONDON LIFE LIMITED

Total business / subfund Pension With Profit

Financial year ended 31 December 2011

Units £000

UK Pension / Gross

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
525	Individual pensions UWP	1023		137	8741	8741	498	9239

Long-term insurance business : Valuation summary of property linked contracts

Name of insurer

LONDON LIFE LIMITED

Total business / subfund

Life With Profit

Financial year ended

31 December 2011

Units

£000

UK Life / Gross

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
700	Life property linked single premium						29	29

Long-term insurance business : Valuation summary of property linked contracts

Name of insurer **LONDON LIFE LIMITED**

Total business / subfund **Pension With Profit**

Financial year ended **31 December 2011**

Units **£000**

UK Pension / Gross

Product code number	1	2	Product description	3	Number of policyholders / scheme members	4	Amount of benefit	5	Amount of annual office premiums	6	Nominal value of units	7	Discounted value of units	8	Other liabilities	9	Amount of mathematical reserves	
725		Individual pensions property linked		534					4398							4398	9	4398

Long-term insurance business : Valuation summary of property linked contracts

Name of insurer LONDON LIFE LIMITED
Total business / subfund Life Non Profit
Financial year ended 31 December 2011
Units £000
UK Life / Gross

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
700	Life property linked single premium	169	13115		13043	13043	194	13237
710	Life property linked whole life regular premium	183	7942	157	1545	1386	36	1422
715	Life property linked endowment regular premium - savings	683	17144	315	7128	7063	90	7153

Long-term insurance business : Valuation summary of property linked contracts

Name of insurer **LONDON LIFE LIMITED**
 Total business / subfund **Life Non Profit**
 Financial year ended **31 December 2011**
 Units **£000**

UK Life / Reinsurance ceded intra-group

Product code number	1	2	Product description	3	4	5	6	7	8	9
				Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
700			Life property linked single premium		11365		11365	11365		11365
710			Life property linked whole life regular premium		468	71	468	468		468

Long-term insurance business : Valuation summary of property linked contracts

Name of insurer LONDON LIFE LIMITED
Total business / subfund Pension Non Profit
Financial year ended 31 December 2011
Units £000
UK Pension / Gross

1	2	3	4	5	6	7	8	9
Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
725	Individual pensions property linked	3721	105938	423	105938	105744	23	105767
745	DWP National Insurance rebates property linked	1834	190275		190275	189087	973	190060

Long-term insurance business : Valuation summary of index linked contracts

Name of insurer **LONDON LIFE LIMITED**

Total business / subfund **Life Non Profit**

Financial year ended **31 December 2011**

Units **£000**

UK Life / Gross

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
905	Index linked annuity(CPA)	2	6			96	1	97

Long-term insurance business : Valuation summary of index linked contracts

Name of insurer LONDON LIFE LIMITED

Total business / subfund Pension Non Profit

Financial year ended 31 December 2011

Units £000

UK Pension / Gross

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
905	Index linked annuity(CPA)	664	4326			54385	330	54715

Long-term insurance business : Valuation summary of index linked contracts

Name of insurer **LONDON LIFE LIMITED**
 Total business / subfund **Pension Non Profit**
 Financial year ended **31 December 2011**
 Units **£000**

UK Pension / Reinsurance ceded intra-group

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
905	Index linked annuity(CPA)		4137			51072		51072

Long-term insurance business : Unit prices for internal linked funds

Name of insurer LONDON LIFE LIMITED

Total business

Financial year ended 31 December 2011

Units £000

Fund name 1	Type of fund 2	Net assets 3	Main series 4	Unit management charge 5	Price at previous valuation date 6	Price at current valuation date 7	Change in price during year 8
Pensions Mixed	12 - Individual Pension - Balanced Managed Fund	40436	Series S	0.75	3.8917	3.7167	(4.50)
AMP Pensions Managed	12 - Individual Pension - Balanced Managed Fund	202044	Accumulation	0.75	8.2450	7.9882	(3.11)

Long-term insurance business: Analysis of valuation interest rateName of insurer **LONDON LIFE LIMITED**Subfund **Life With Profit**Financial year ended **31 December 2011**Units **£000**

Product group	Net mathematical reserves	Net valuation interest rate	Gross valuation interest rate	Risk adjusted yield on matching assets
1	2	3	4	5
UKL WP code 100 / 120 / 505	76923	1.37	1.71	2.08
UKL WP code 100 / 120	58710	1.61	2.01	2.60
UKL WP code 100 / 120	101258	4.54	5.68	7.55
UKL WP code 120 / 165	3560	0.88	1.10	1.43
UKL WP code 120 / 120 / 165	3084	2.48	3.10	3.42
Total	243535			

Long-term insurance business: Analysis of valuation interest rateName of insurer **LONDON LIFE LIMITED**Subfund **Pension With Profit**Financial year ended **31 December 2011**Units **£000**

Product group 1	Net mathematical reserves 2	Net valuation interest rate 3	Gross valuation interest rate 4	Risk adjusted yield on matching assets 5
UKP WP code 165	10100	5.72	5.72	7.18
UKP WP code 200	469	1.32	1.32	1.63
UKP WP code 200	66250	4.37	4.37	5.49
UKP WP code 155 / 165 / 175 / 200 / 205 / 155	234705	3.95	3.95	4.32
UKP WP code 155 / 185	62140	4.41	4.41	5.79
UKP WP code 725 / 210	65656	2.00	2.00	2.62
UKP WP code 525 / 525	9497	1.54	1.54	1.91
UKP WP code 155 / 155 / 155 / 165 / 205	121244	3.10	3.10	3.34
UKP NP code 400 / 435	3726	3.95	3.95	4.32
Total	573787			

Long-term insurance business: Analysis of valuation interest rateName of insurer **LONDON LIFE LIMITED**Subfund **Pension Non Profit**Financial year ended **31 December 2011**Units **£000**

Product group	Net mathematical reserves	Net valuation interest rate	Gross valuation interest rate	Risk adjusted yield on matching assets
1	2	3	4	5
UKP NP code 300/325/330/390/410	19276	3.22	3.22	3.30
UKP NP code 440	9410	2.84	2.84	2.91
UKP NP code 390	3621	2.30	2.30	2.36
UKP NP code 725/745	997	0.70	0.70	0.72
UKP NP code 400	86133	3.59	3.59	3.68
UKP NP code 400/440	11351	0.67	0.67	0.69
UKP NP code 905	330	2.79	2.79	2.86
Total	131119			

Long-term insurance business : Distribution of surplus

Name of insurer **LONDON LIFE LIMITED**
 Total business / subfund **Summary**
 Financial year ended **31 December 2011**
 Units **£000**

Financial year	Previous year
1	2

Valuation result

Fund carried forward	11	1357351	1442784
Bonus payments in anticipation of a surplus	12	2867	2774
Transfer to non-technical account	13	499	503
Transfer to other funds / parts of funds	14		
Subtotal (11 to 14)	15	1360717	1446061
Mathematical reserves	21	1283234	1386901
Surplus including contingency and other reserves held towards the capital requirements (deficiency) (15-21)	29	77483	59160

Composition of surplus

Balance brought forward	31	54128	59259
Transfer from non-technical account	32		
Transfer from other funds / parts of fund	33		
Surplus arising since the last valuation	34	23355	(99)
Total	39	77483	59160

Distribution of surplus

Bonus paid in anticipation of a surplus	41	2867	2774
Cash bonuses	42	181	191
Reversionary bonuses	43	1444	1564
Other bonuses	44		
Premium reductions	45		
Total allocated to policyholders (41 to 45)	46	4492	4529
Net transfer out of fund / part of fund	47	499	503
Total distributed surplus (46+47)	48	4991	5032
Surplus carried forward	49	72492	54128
Total (48+49)	59	77483	59160

Percentage of distributed surplus allocated to policyholders

Current year	61		
Current year - 1	62		
Current year - 2	63		
Current year - 3	64		

Long-term insurance business : Distribution of surplus

Name of insurer **LONDON LIFE LIMITED**
 Total business / subfund **Life With Profit**
 Financial year ended **31 December 2011**
 Units **£000**

Financial year	Previous year
1	2

Valuation result

Fund carried forward	11	302027	320004
Bonus payments in anticipation of a surplus	12	1421	884
Transfer to non-technical account	13	194	137
Transfer to other funds / parts of funds	14		
Subtotal (11 to 14)	15	303642	321025
Mathematical reserves	21	243206	281531
Surplus including contingency and other reserves held towards the capital requirements (deficiency) (15-21)	29	60436	39494

Composition of surplus

Balance brought forward	31	38128	40259
Transfer from non-technical account	32		
Transfer from other funds / parts of fund	33		
Surplus arising since the last valuation	34	22307	(765)
Total	39	60436	39494

Distribution of surplus

Bonus paid in anticipation of a surplus	41	1421	884
Cash bonuses	42	181	191
Reversionary bonuses	43	147	154
Other bonuses	44		
Premium reductions	45		
Total allocated to policyholders (41 to 45)	46	1749	1229
Net transfer out of fund / part of fund	47	194	137
Total distributed surplus (46+47)	48	1943	1366
Surplus carried forward	49	58492	38128
Total (48+49)	59	60436	39494

Percentage of distributed surplus allocated to policyholders

Current year	61	90.00	90.00
Current year - 1	62	90.00	90.00
Current year - 2	63	90.00	90.00
Current year - 3	64	90.00	90.00

Long-term insurance business : Distribution of surplus

Name of insurer **LONDON LIFE LIMITED**
 Total business / subfund **Pension With Profit**
 Financial year ended **31 December 2011**
 Units **£000**

Financial year	Previous year
1	2

Valuation result

Fund carried forward	11	576438	551427
Bonus payments in anticipation of a surplus	12	1446	1890
Transfer to non-technical account	13	305	366
Transfer to other funds / parts of funds	14		
Subtotal (11 to 14)	15	578189	553683
Mathematical reserves	21	572490	547433
Surplus including contingency and other reserves held towards the capital requirements (deficiency) (15-21)	29	5699	6250

Composition of surplus

Balance brought forward	31	2584	3050
Transfer from non-technical account	32		
Transfer from other funds / parts of fund	33		
Surplus arising since the last valuation	34	3115	3200
Total	39	5699	6250

Distribution of surplus

Bonus paid in anticipation of a surplus	41	1446	1890
Cash bonuses	42		
Reversionary bonuses	43	1297	1410
Other bonuses	44		
Premium reductions	45		
Total allocated to policyholders (41 to 45)	46	2743	3300
Net transfer out of fund / part of fund	47	305	366
Total distributed surplus (46+47)	48	3048	3666
Surplus carried forward	49	2651	2584
Total (48+49)	59	5699	6250

Percentage of distributed surplus allocated to policyholders

Current year	61	90.00	90.00
Current year - 1	62	90.00	90.00
Current year - 2	63	90.00	90.00
Current year - 3	64	90.00	90.00

Long-term insurance business : Distribution of surplus

Name of insurer **LONDON LIFE LIMITED**
 Total business / subfund **Life Non Profit**
 Financial year ended **31 December 2011**
 Units **£000**

Financial year	Previous year
1	2

Valuation result

Fund carried forward	11	40774	66014
Bonus payments in anticipation of a surplus	12		
Transfer to non-technical account	13		
Transfer to other funds / parts of funds	14		
Subtotal (11 to 14)	15	40774	66014
Mathematical reserves	21	38275	62014
Surplus including contingency and other reserves held towards the capital requirements (deficiency) (15-21)	29	2498	4000

Composition of surplus

Balance brought forward	31	4000	4000
Transfer from non-technical account	32		
Transfer from other funds / parts of fund	33		
Surplus arising since the last valuation	34	(1502)	
Total	39	2498	4000

Distribution of surplus

Bonus paid in anticipation of a surplus	41		
Cash bonuses	42		
Reversionary bonuses	43		
Other bonuses	44		
Premium reductions	45		
Total allocated to policyholders (41 to 45)	46		
Net transfer out of fund / part of fund	47		
Total distributed surplus (46+47)	48		
Surplus carried forward	49	2498	4000
Total (48+49)	59	2498	4000

Percentage of distributed surplus allocated to policyholders

Current year	61		
Current year - 1	62		
Current year - 2	63		
Current year - 3	64		

Long-term insurance business : Distribution of surplus

Name of insurer **LONDON LIFE LIMITED**
 Total business / subfund **Pension Non Profit**
 Financial year ended **31 December 2011**
 Units **£000**

Financial year	Previous year
1	2

Valuation result

Fund carried forward	11	438113	505339
Bonus payments in anticipation of a surplus	12		
Transfer to non-technical account	13		
Transfer to other funds / parts of funds	14		
Subtotal (11 to 14)	15	438113	505339
Mathematical reserves	21	429262	495923
Surplus including contingency and other reserves held towards the capital requirements (deficiency) (15-21)	29	8850	9416

Composition of surplus

Balance brought forward	31	9416	11950
Transfer from non-technical account	32		
Transfer from other funds / parts of fund	33		
Surplus arising since the last valuation	34	(565)	(2534)
Total	39	8850	9416

Distribution of surplus

Bonus paid in anticipation of a surplus	41		
Cash bonuses	42		
Reversionary bonuses	43		
Other bonuses	44		
Premium reductions	45		
Total allocated to policyholders (41 to 45)	46		
Net transfer out of fund / part of fund	47		
Total distributed surplus (46+47)	48		
Surplus carried forward	49	8850	9416
Total (48+49)	59	8850	9416

Percentage of distributed surplus allocated to policyholders

Current year	61		
Current year - 1	62		
Current year - 2	63		
Current year - 3	64		

Long-term insurance business : With-profits payouts on maturity (normal retirement)

Name of insurer LONDON LIFE LIMITED
 Original insurer LONDON LIFE LIMITED
 Date of maturity value / open market option 01 March 2012

1	2	3	4	5	6	7	8
Category of with-profits policy	Original term (years)	Maturity value / open market option	Terminal bonus	MVA	CWP / UWP	MVA permitted?	Death benefit
Endowment assurance	10	5079	100	n/a	CWP	No	5079
Endowment assurance	15	9025	177	n/a	CWP	No	9025
Endowment assurance	20	14679	288	n/a	CWP	No	14679
Endowment assurance	25	24659	484	n/a	CWP	No	24659
Regular premium pension	5	n/a	n/a	n/a	n/a	n/a	n/a
Regular premium pension	10	29517	2130	n/a	UWP	No	29517
Regular premium pension	15	45798	2422	n/a	UWP	No	45798
Regular premium pension	20	70299	7362	n/a	CWP	No	70299
Single premium pension	5	n/a	n/a	n/a	n/a	n/a	n/a
Single premium pension	10	14356	1245	n/a	UWP	No	14356
Single premium pension	15	17532	1402	n/a	UWP	No	17532
Single premium pension	20	28115	6976	n/a	CWP	No	28115

Long-term insurance business : With-profits payouts on surrender

Name of insurer LONDON LIFE LIMITED
 Original insurer LONDON LIFE LIMITED
 Date of surrender value 01 March 2012

Category of with-profits policy	Duration at surrender (years)	Surrender value	Terminal bonus	MVA	CWP / UWP	MVA permitted?	Death benefit
1	2	3	4	5	6	7	8
Endowment assurance	5	n/a	n/a	n/a	n/a	n/a	n/a
Endowment assurance	10	4901	0	n/a	CWP	No	13319
Endowment assurance	15	7216	0	n/a	CWP	No	15286
Endowment assurance	20	13852	55	n/a	CWP	No	18014
With-profits bond	2	n/a	n/a	n/a	n/a	n/a	n/a
With-profits bond	3	n/a	n/a	n/a	n/a	n/a	n/a
With-profits bond	5	n/a	n/a	n/a	n/a	n/a	n/a
With-profits bond	10	13022	920	0	UWP	Yes	13022
Single premium pension	2	n/a	n/a	n/a	n/a	n/a	n/a
Single premium pension	3	n/a	n/a	n/a	n/a	n/a	n/a
Single premium pension	5	n/a	n/a	n/a	n/a	n/a	n/a
Single premium pension	10	13584	1168	0	UWP	Yes	13584

Long-term insurance business : With-profits payouts on maturity (normal retirement)

Name of insurer LONDON LIFE LIMITED
 Original insurer AMP UK
 Date of maturity value / open market option 01 March 2012

Category of with-profits policy	Original term (years)	Maturity value / open market option	Terminal bonus	MVA	CWP / UWP	MVA permitted?	Death benefit
1	2	3	4	5	6	7	8
Endowment assurance	10	n/a	n/a	n/a	n/a	n/a	n/a
Endowment assurance	15	n/a	n/a	n/a	n/a	n/a	n/a
Endowment assurance	20	16956	0	n/a	CWP	No	16956
Endowment assurance	25	27653	0	n/a	CWP	No	27653
Regular premium pension	5	n/a	n/a	n/a	n/a	n/a	n/a
Regular premium pension	10	n/a	n/a	n/a	n/a	n/a	n/a
Regular premium pension	15	n/a	n/a	n/a	n/a	n/a	n/a
Regular premium pension	20	74273	0	n/a	CWP	No	74273
Single premium pension	5	n/a	n/a	n/a	n/a	n/a	n/a
Single premium pension	10	n/a	n/a	n/a	n/a	n/a	n/a
Single premium pension	15	n/a	n/a	n/a	n/a	n/a	n/a
Single premium pension	20	31962	0	n/a	CWP	No	31962

Long-term insurance business : With-profits payouts on surrender

Name of insurer LONDON LIFE LIMITED
 Original insurer AMP UK
 Date of surrender value 01 March 2012

1	2	3	4	5	6	7	8
Category of with-profits policy	Duration at surrender (years)	Surrender value	Terminal bonus	MVA	CWP / UWP	MVA permitted?	Death benefit
Endowment assurance	5	n/a	n/a	n/a	n/a	n/a	n/a
Endowment assurance	10	n/a	n/a	n/a	n/a	n/a	n/a
Endowment assurance	15	n/a	n/a	n/a	n/a	n/a	n/a
Endowment assurance	20	16556	0	n/a	CWP	No	21743
With-profits bond	2	n/a	n/a	n/a	n/a	n/a	n/a
With-profits bond	3	n/a	n/a	n/a	n/a	n/a	n/a
With-profits bond	5	n/a	n/a	n/a	n/a	n/a	n/a
With-profits bond	10	n/a	n/a	n/a	n/a	n/a	n/a
Single premium pension	2	n/a	n/a	n/a	n/a	n/a	n/a
Single premium pension	3	n/a	n/a	n/a	n/a	n/a	n/a
Single premium pension	5	n/a	n/a	n/a	n/a	n/a	n/a
Single premium pension	10	n/a	n/a	n/a	n/a	n/a	n/a

Long-term insurance capital requirementName of insurer **LONDON LIFE LIMITED**

Global business

Financial year ended **31 December 2011**Units **£000**

LTICR factor	Gross reserves / capital at risk	Net reserves / capital at risk	Reinsurance factor	LTICR Financial year	LTICR Previous year
1	2	3	4	5	6

Insurance death risk capital component

Life protection reinsurance	11	0.0%				
Classes I (other), II and IX	12	0.1%	100760		93	69
Classes I (other), II and IX	13	0.15%			0.93	1
Classes I (other), II and IX	14	0.3%	253163	327633	703	761
Classes III, VII and VIII	15	0.3%				
Total	16		353923	327633	796	832

Insurance health risk and life protection reinsurance capital component

Class IV supplementary classes 1 and 2 and life protection reinsurance	21				38	48
--	----	--	--	--	----	----

Insurance expense risk capital component

Life protection and permanent health reinsurance	31	0%				
Classes I (other), II and IX	32	1%	1534984	907236	0.85	13047
Classes III, VII and VIII (investment risk)	33	1%	18084	17526	0.97	175
Classes III, VII and VIII (expenses fixed 5 yrs +)	34	1%	26289	23260	0.88	233
Classes III, VII and VIII (other)	35	25%				119
Class IV (other)	36	1%	2742	2201	0.85	23
Class V	37	1%				
Class VI	38	1%				
Total	39					13597

Insurance market risk capital component

Life protection and permanent health reinsurance	41	0%				
Classes I (other), II and IX	42	3%	1534984	907236	0.85	39142
Classes III, VII and VIII (investment risk)	43	3%	18084	17526	0.97	526
Classes III, VII and VIII (expenses fixed 5 yrs +)	44	0%	26289	23260		
Classes III, VII and VIII (other)	45	0%	277697	269420		
Class IV (other)	46	3%	2742	2201	0.85	70
Class V	47	0%				
Class VI	48	3%				
Total	49		1859796	1219643		39738

Long term insurance capital requirement	51					54169
						54297

Returns under the Accounts and Statements Rules

Supplementary Notes

London Life Limited

Global business

Financial year ended 31 December 2011

Appendix 9.1

0000 Scheme of transfer

On 3 September 1997 the High Court sanctioned a scheme of transfer under Schedule 2C and section 49 of the Insurance Companies Act 1982. This had the effect of transferring the assets and liabilities of the United Kingdom business of Australian Mutual Provident Society to London Life Limited (formerly London Life Managed Funds Limited). The transfer date was 1.01pm on 31 December 1997.

Associated with the scheme of transfer was the provision of a contingent loan from London Life Holdings Limited to the Life Non-Profit Fund (£16,000,000), the Pension Non-Profit Fund (£69,000,000) and the Pension With-Profits Fund (£114,000,000). On 23 December 2004, the contingent loan advanced on 31 December 1997 was terminated by repayment of the outstanding principal of £199m together with capitalised interest of £87m. At the same time a new contingent loan was advanced of £286m.

On 24 November 2006 the rights and benefits under the contingent loan agreement between the Company and London Life Holdings Limited were assigned to Pearl Group Holdings (No. 2) Limited (formerly Pearl Group Limited). On 31 December 2006, the contingent loan was repaid to Pearl Group Holdings (No. 2) Limited and on the same date Pearl Group Holdings (No. 2) Limited advanced a new contingent loan on identical terms, except for the extension to the interest moratorium for a further three years to cover the period 1 January 2007 to 31 December 2009. During 2010, the moratorium was further extended until 31 December 2013. No interest is due during this period.

On 21 June 2011, there was a £70,000,000 repayment of the contingent loan, £17,500,000 from the Life Non-Profit Fund and £52,500,000 from the Pension Non-Profit Fund.

The contingent loan is only repayable if there are sufficient assets to cover policyholders' reasonable benefit expectations, inter-fund loan amounts and solvency requirements. The contingency was not satisfied at 31 December 2011. No interest has been accrued on the current loan for the period 1 January 2007 to 31 December 2011.

0201 Modification to the Return

The FSA, on the application of the firm, made a direction under section 148 of the Financial Services and Markets Act 2000 in November 2007. The effect of the direction is to modify the provisions of INSPRU 3.1.35R and IPRU (INS) Appendix 9.3 so that a more appropriate rate of interest is used for assets taken in combination.

The FSA, on the application of the firm, made a direction under section 148 of the Financial Services and Markets Act 2000 in April 2009. The effect of the direction is to modify the provisions of INSPRU 2.1.22R so that a group of persons is not closely related by reason of the relationship described in INSPRU 2.1.40R (1) if control is exercised by, or on behalf of, HM Treasury.

Returns under the Accounts and Statements Rules

Supplementary Notes

London Life Limited

Global business

Financial year ended 31 December 2011

Appendix 9.1 (continued)

***0301* Reconciliation of net admissible assets to total capital resources after deduction**

	2011	2010
	£'000	£'000
Net admissible assets		
Form 13 line 89 (other than long term business)	244,267	172,047
Form 13 line 89 (long term business)	2,616,209	2,628,110
Less Form 14 Line 71	(2,543,717)	(2,573,982)
Less Form 15 Line 69	(4,331)	(1,726)
	<hr/>	<hr/>
Net admissible assets	312,427	224,449
Contingent loan included in Form 3 Line 46 and Form 14 Line 11	65,216	113,052
	<hr/>	<hr/>
Total capital resources after deductions	377,643	337,501
	<hr/>	<hr/>

***0302* Instruments issued by the long term insurance fund included in capital resources**

Included within capital resources is £65,216,000 (2010: £113,052,000) of contingent loan from Pearl Group Holdings (No. 2) Limited.

***0306* Financial reinsurance - ceded**

The insurer has entered into a Surplus Relief Reassurance Agreement with Pearl Assurance Limited. Under this arrangement Pearl Assurance Limited agreed to accept risk in respect of all the long-term business other than business of the "Life With-Profits Fund".

The maximum liability reinsured is the lower of an amount specified in the Agreement and the outstanding amount of the contingent loan (but only to the extent that the contingent loan has not been written down in the accounts of London Life Limited).

The amount of the financial reinsurance ceded is £14,000,000 (2010: £16,000,000), against contingent liability recognised in Form 14 of £65,216,000 (2010: £113,052,000). Consequently Form 3 line 92 reports a balance of £14,000,000 (2010: £16,000,000).

Further details are disclosed in paragraph 9 of the "Abstract of valuation report".

Returns under the Accounts and Statements Rules

Supplementary Notes

London Life Limited

Global business

Financial year ended 31 December 2011

Appendix 9.1 (continued)

***0308* Adjustment for Contingent loans**

At the end of the financial year, the total amount of contingent loan drawn down from the immediate parent undertaking was £216,088,000 (being the balance drawn down at 31 December 2010 of £286,088,000 less a repayment during the year of £70,000,000).

As disclosed in note 0302, £65,216,000 (2010: £113,052,000) represents the amount which could be available to repay the contingent loan on a Pillar One basis. On an IFRS basis, due to the release of prudence and other valuation changes, the value of contingent loan liability that could be repaid is £120,206,000 (2010: £180,123,000). The amount of £54,990,000 (2010: £67,071,000) represents the difference in value between the two reporting bases.

***0310* Net Valuation differences shown in Form 3 Line 14**

	2011	2010
	£'000	£'000
Positive valuation differences in respect of liabilities		
Contingent loan valuation difference	54,990	67,071
Onerous contracts provision	-	-
Loss making contracts provision	-	50
Actuarial valuation difference:		
With Profits – IFRS to Peak 1 liabilities	25,959	-
Deferred tax liability	1,716	1,813
	<u>82,665</u>	<u>68,934</u>
Negative valuation differences in respect of liabilities		
Actuarial valuation difference:		
With Profits – IFRS to Peak 1 liabilities	-	(3,529)
Pension Non Profit – IFRS to Peak 1 liabilities	(6,481)	(5,865)
Life Non Profit – IFRS to Peak 1 liabilities	(337)	(252)
Provision for reasonably foreseeable adverse variations	(1,668)	(2,398)
	<u>(8,486)</u>	<u>(12,044)</u>
Net valuation difference	<u>74,179</u>	<u>56,890</u>

Returns under the Accounts and Statements Rules

Supplementary Notes

London Life Limited

Global business

Financial year ended 31 December 2011

Appendix 9.1 (continued)

***0313* Reconciliation of profit and loss account and other reserves**

	2011	2010
	£'000	£'000
Profit and loss account and other reserves at 1 January - Form 3 line 12	189,736	184,396
Profit retained for the financial year - Form 16 line 59	1,617	6,107
	<hr/>	<hr/>
	191,353	190,503
PVIF Revaluation	(80)	(767)
Provision for adverse changes	141	-
	<hr/>	<hr/>
Profit and loss account and other reserves at 31 December - Form 3 line 12	191,414	189,736
	<hr/>	<hr/>

***1100* Calculation of Long-term insurance capital requirement – premiums amount and brought forward amount**

Form 11, calculation of long-term insurance business capital requirement – premiums amount and brought forward amount, has not been included in the return as the Company satisfies the de-minimis limit.

***1200* Calculation of Long-term insurance capital requirement – claims amount and result**

Form 12, calculation of long-term insurance business capital requirement – claims amount and result, has not been included in the return as the Company satisfies the de-minimis limit.

***1301* Unlisted and listed investments**

	2011	2010
	£'000	£'000
Unlisted Investments valued in accordance with the rules in GENPRU 1.3	7,405	-
Listed investments valued in accordance with the rules in GENPRU 1.3 which are not readily realisable	61,076	-
Units or other beneficial interests in collective investment schemes, as specified	40,272	-
	<hr/>	<hr/>
	108,753	-
	<hr/>	<hr/>

The above amounts in respect of unlisted investments and listed investments that are not readily realisable fall within lines 41, 43, 46 or 48 of Form 13 Total other than long term business insurance assets.

Returns under the Accounts and Statements Rules

Supplementary Notes

London Life Limited

Global business

Financial year ended 31 December 2011

Appendix 9.1 (continued)

1304 & *1310* Set off

In accordance with Appendix 9.1 paragraph 8 of the Interim Prudential Sourcebook for Insurers, amounts shown in Forms 13, 14 and 15 have been calculated by netting amounts due to any one person against amounts due from that person.

Interfund balances, which exist between the shareholders' fund and life funds, have been adjusted by allocating appropriate collective investment scheme balances.

1308 Unlisted and listed investments

	2011 £'000	2010 £'000
Unlisted Investments valued in accordance with the rules in GENPRU 1.3	5,673	91,639
Listed investments valued in accordance with the rules in GENPRU 1.3 which are not readily realisable	18,353	60,763
Units or other beneficial interests in collective investment schemes, as specified	106,890	81,223
	<hr/> 130,916	<hr/> 233,625

The above amounts in respect of unlisted investments and listed investments that are not readily realisable fall within lines 41, 43, 46 or 48 of Form 13 Total long term business insurance assets. Units or other beneficial interests in collective investment schemes are as specified in instruction 5 to Form 13.

1309 Hybrid securities

The aggregate value of these investments falling within lines 46 or 48 of Form 13 Total long term business insurance assets which are hybrid securities is £115.7 million (2010: £142.7 million).

Returns under the Accounts and Statements Rules

Supplementary Notes

London Life Limited

Global business

Financial year ended 31 December 2011

Appendix 9.1 (continued)

***1318* Other asset adjustments**

Included within line 101 of Form 13 for each sub fund are:

<u>2011</u>	Total	Other than long term	Life non Profit	Pension non profit	With profits
	£'000	£'000	£'000	£'000	£'000
Debtor / creditor gross up	(2,903)	-	(32)	(2,803)	(68)
Assets backing linked liabilities	(69)	-	(69)	-	-
	<u>(2,972)</u>	<u>-</u>	<u>(101)</u>	<u>(2,803)</u>	<u>(68)</u>

<u>2010</u>	Total	Other than long term	Life non Profit	Pension non profit	With profits
	£'000	£'000	£'000	£'000	£'000
Assets backing linked liabilities	(265)	-	(265)	-	-

***1305* & *1319* Counterparty limits**

- a) The investment guidelines operated by the Company limit exposure to any one counterparty by establishing limits for each type. These limits are set by reference to the individual and aggregated limits are set out in the market and counterparty limits in Chapter 2.1 of the Prudential Sourcebook for Insurers.
- b) The maximum permitted exposure to a counterparty other than an approved counterparty during the year was 5% of the business amount, calculated in accordance with Chapter 2.1 of the Prudential Sourcebook for Insurers. The exceptions to this are in respect of:
 - Strategic investment opportunities, where, in order to achieve target asset mix or diversification, excess exposures may be permitted for the short duration. Where these exposures persist for longer term, modifications may be sought.
 - Loans to other companies in the same group, where the application of these guidelines is just one of the factors considered in determining the most appropriate allocation of capital within the group.
- c) There were no breaches of these limits during the financial year.

Returns under the Accounts and Statements Rules

Supplementary Notes

London Life Limited

Global business

Financial year ended 31 December 2011

Appendix 9.1 (continued)

***1401* & *1501* Provision for reasonably foreseeable adverse variations**

The assets of the insurer are valued at fair value. Consideration is given to any assets where the valuation requires judgement or where the asset is considered to be illiquid (with a lock up period of greater than one year) or is valued using an internal model.

These assets are subject to the rules set out in GENPR 1.3.30R and GENPRU 1.3.33R. In assessing the need for a provision the following assumptions have been made:

- The insurer, as part of its asset allocation strategy, invests in assets which are less liquid or where judgement is required within the valuation. The asset liability management process monitors liquidity on a monthly basis and ensures that there is sufficient liquidity at all times. A provision is established for less liquid positions.
- Opal assets are collateralised and the assets and liabilities are matched. Opal assets are regularly assessed to ensure that there is sufficient liquidity within the funds to meet its obligations therefore no further adjustments are considered necessary for Opal assets.

A provision of £1.7m (2010: £2.4m) has been established in relation to the insurers Stock Lending activities where there is an identified difference in the maturity profile of the collateral liabilities and the reinvested collateral assets. The provision on this activity is based on the probability of not being able to renegotiate 10% of the collateral liabilities when they become due and is calculated as the cost of borrowing to cover the 10% shortfall at the Groups cost of borrowing rate.

Returns under the Accounts and Statements Rules

Supplementary Notes

London Life Limited

Global business

Financial year ended 31 December 2011

Appendix 9.1 (continued)

1402 Liabilities

- a) Effective from 1 January 2007, the pension annuity in payment liabilities of the Company were reassured to Opal Reassurance Ltd. A premium of £559m was payable by the Company but has been withheld and placed in a collateral account in order to mitigate counterparty exposure. The Company has therefore retained legal ownership of all assets and will continue to hold these assets on its balance sheet. Opal Reassurance Ltd has a fixed charge over the assets.

The aggregate value of assets subject to the charge Form 13 Total long term insurance business assets and Summary Form 14 are:

	2011 £000	2010 £000
<u>Form 13</u>		
Line 28 – Other group undertakings - Debts and loans	-	17,545
Line 43 – Holdings in collective investment schemes	143,724	194,245
Line 44 – Rights under derivative contracts	97,248	33,004
Line 45 – Approved fixed interest securities	43,844	55,890
Line 46 – Other fixed interest securities	283,165	84,432
Line 47 – Approved variable interest securities	37,707	56,418
Line 48 – Other variable interest securities	24,488	115,176
Line 78 – Other debtors – due in 12 months or less	1,900	2,608
Line 81 – Cash in hand	803	1,287
Line 84 – Accrued interest and rent	3,840	6,416
<u>Less Form 14</u>		
Line 38 – Creditors – Other	75,910	32,610
Total	560,809	534,411

- b) There is no potential liability to taxation on capital gains for the long term insurance business fund and the other than long term insurance business fund if the insurer disposed of its assets.

Returns under the Accounts and Statements Rules

Supplementary Notes

London Life Limited

Global business

Financial year ended 31 December 2011

Appendix 9.1 (continued)

***1402* Liabilities (continued)**

c) (i) Pensions Transfer and Opt-Outs

In common with other life insurers in the United Kingdom that have written pension transfer and opt out business, the insurer has set up provisions for the review and possible redress relating to personal pension policies. These provisions, which have been calculated using data derived both from detailed file reviews of specific cases and from a statistical review of other outstanding cases, are included in the Pension Non-Profit Fund of the long term insurance business fund. The insurer has used the guidelines referred to in the paragraph below to determine reasonable estimates on information available to date.

The Personal Investment Authority (PIA) issued guidelines in 1995 on the analysis of cases by priority and the method of calculation of compensation. There is no provision for possible redress included in the mathematical reserves for Phase 1 cases (2010: £nil).

In addition, in 1999 the Financial Services Authority (FSA) and PIA issued guidelines on the next phase of the review and redress programme dealing with Phase 2 cases. In June 2000 the guidance on phase 2 transfers, less loss calculations was finalised. This guidance has been used to set the 2006 provision. The provision for possible redress included in the mathematical reserves for Phase 2 cases is £9.4 million (2010: £8.7 million).

(ii) Contingent Liabilities

There are no other contingent liabilities not included in Form 14 or Form 15 apart from the contingent loans referred to in supplementary note 0308.

- d) There are no guarantees, indemnities or other contractual commitments, other than in the ordinary course of its insurance business, in respect of the existing or future liabilities of any related companies.
- e) In the opinion of the directors, there are no other fundamental uncertainties affecting the financial position of the Company.

Returns under the Accounts and Statements Rules
Supplementary Notes
London Life Limited
Global business
Financial year ended 31 December 2011

Appendix 9.1 (continued)

***1405* Other adjustments to liabilities**

Included within line 74 of Form 14 are:

<u>2011</u>	Total long term	Life with profits	Pension with profits	Life non profit	Pension non profit
	£'000	£'000	£'000	£'000	£'000
Difference between mathematical reserves and long term business provision	(52,583)	15,195	(51,574)	(5,765)	(10,439)
Contingent loan	120,206	42,699	49,954	8,263	19,290
Assets backing linked liabilities	(69)	-	-	(69)	-
Tax gross up	(2,903)	(24)	(44)	(32)	(2,803)
Inadmissible premiums	1,094	1,108	(28)	14	-
Deferred tax	5,413	-	-	5,413	-
Stock lending provision for reasonably foreseeable adverse variations	(1,527)	(357)	(1,170)	-	-
	69,631	58,621	(2,862)	7,824	6,048

Returns under the Accounts and Statements Rules
Supplementary Notes
London Life Limited
Global business
Financial year ended 31 December 2011

Appendix 9.1 (continued)

***1405* Other adjustments to liabilities (continued)**

Included within line 74 of Form 14 are:

<u>2010</u>	Total long term	Life with profits	Pension with profits	Life non profit	Pension non profit
	£'000	£'000	£'000	£'000	£'000
Difference between mathematical reserve and long term business provision	(122,701)	5,123	(43,213)	(19,871)	(64,740)
Contingent loan	180,123	32,231	46,188	27,598	74,106
Assets backing linked liabilities	(265)	-	-	(265)	-
Provision for loss making contracts	50	-	-	-	50
Stock lending provision for reasonably foreseeable adverse variations	(2,398)	(561)	(1,837)	-	-
	54,809	36,793	1,138	7,462	9,416

1407 Separate Forms 14 for the with-profit sub-funds have been presented.

***1507* Other adjustments to liabilities**

Included within line 83 of Form 15 are:

	2011 £'000	2010 £'000
Deferred tax on PVIF asset	1,716	-
Provision for adverse changes	(141)	-
	<u>1,575</u>	<u>-</u>

Returns under the Accounts and Statements Rules

Supplementary Notes

London Life Limited

Global business

Financial year ended 31 December 2011

Appendix 9.1 (continued)

***1601* Basis of conversion of foreign currency**

Assets and liabilities denominated in a foreign currency are translated using the closing rate method. Exchange differences on opening net assets are dealt with in the profit and loss account.

***1603* Other income and charges**

A charge of £3k (2010: £2k) in respect of customer compensation has been incurred during 2011.

***1701* Variation margin**

Our practice is to seek collateral for derivative asset positions from our counterparties as part of our overall credit risk.

Credit risk on exchange traded derivatives is managed through initial and variation margin. The insurer has a liability to repay "excess" variation margin received at the end of the financial year of £1,177k included in Form 13 Line 81 and has been reflected as "variation margin" in form 17 Line 52.

Credit risk on over the counter derivatives is managed through collateralisation and is received on the basis of "net" exposure from derivative assets and liabilities from each counterparty. Collateral is received in the form of cash or approved fixed interest securities.

Where cash is held as collateral, in line with IFRS accounting standards, it is reported in Form 13 Line 43 with an equal liability to repay the collateral in Form 14 Line 38 rather than reducing the value shown in form 13 Line 44. This balance of £46m has in consequence not been reflected as "variation margin" in Form 17 Line 52. Where collateral is received in the form of approved fixed interest securities, in line with IFRS accounting standards, such collateral is not reported as an asset in Form 13 or a liability in Form 14. This balance of £87m has not been reported in Form 13 line 45 and Form 17 Line 52.

Returns under the Accounts and Statements Rules

Supplementary Notes

London Life Limited

Global business

Financial year ended 31 December 2011

Appendix 9.3

4002 Other income and expenditure

Other expenditure in line 25 of £46,159,000 (2010: £67,252,000) represents the change in the collateral value of the assets of the deposit received under the reinsurance agreement with Opal Reassurance Ltd.

4004 Transfers of contracts

	2011 £'000	2010 £'000
<u>Business transfers into Revenue account</u>		
Pensions Non Profit	9,074	6,937
Life Non Profit	609	595
Pensions With Profit	269	-
	<hr/> 9,952	<hr/> 7,532
<u>Business transfers out of Revenue account</u>		
Pensions Non Profit	(1,687)	-
Pensions With Profits	(33,680)	(33,567)
Life With Profits	(609)	(595)
	<hr/> (35,976)	<hr/> (34,162)

The business transfers between the funds consist of vesting annuities only. Included within business transfers out of the Pension With Profits fund are £24,606k of claims vesting in annuities written by Pearl Assurance Limited. The vesting annuities have not been recognised as part of premiums and claims on Form 41 and Form 42 respectively, but in business transfers in and business transfers out instead. As these amounts are not single premiums on Form 41 they have not been included in the new business Form 46 and Form 47.

Returns under the Accounts and Statements Rules

Supplementary Notes

London Life Limited

Global business

Financial year ended 31 December 2011

Appendix 9.3 (continued)

***4006* Apportionment to the long-term business funds**

The insurer maintains a Life Non-Profit Fund, a Pension Non-Profit Fund, a Life With-Profits Fund and a Pension With-Profits Fund. Separate portfolios of investments are maintained for each non-profit fund and the combined with-profits fund. So, for the non-profit funds, the investment income and the increase or decrease in the value of the amounts brought directly into account are directly attributable to each fund. Assets and investment returns are allocated between the with-profits funds as determined by the actuarial function holder in accordance with the Principles of Financial Management which form Schedule 3 to the scheme of transfer which was approved by the High Court under Schedule 2C and section 49 of the Insurance Companies Act 1982.

Actual policyholder expenses are borne by the non-profit funds on a basis determined by the actuarial function holder after allowing for a proportion to be recovered from the with-profits fund. The administration expenses to be recovered from the with-profits funds are determined by a formula and other expenses, including investment management costs, are allocated to the with-profits funds on a basis approved by the actuarial function holder.

The with-profits funds are taxed as if each constituted the whole of the long term insurance business funds of a mutual life assurance company. The non-profit funds bear the whole of the charge for policyholders' taxation less amounts borne by the with-profits funds. The tax is apportioned between the two non-profit funds on a basis approved by the actuarial function holder.

***4008* Provision of management services**

Pearl Group Services Limited has provided management services to the insurer. Ignis Investment Management Limited, Ignis Asset Management Limited and Henderson Global Investors Limited have provided investment services during the financial year to the insurer.

State Street Bank and Trust Company have provided custody and accounting, securities lending, transition management and associated services for the Ignis managed assets of the insurer for the whole of the financial year.

***4009* Material connected-party transactions**

A number of reinsurance contracts are in place between the Company and other group companies. All these contracts are entered into on "arms length" basis, details of which are listed in Appendix 9.4 Paragraph 9 of the Return.

During the year there was a £70,000,000 part repayment of the contingent loan to Pearl Group Holdings (No. 2).

Returns under the Accounts and Statements Rules

Supplementary Notes

London Life Limited

Global business

Financial year ended 31 December 2011

Appendix 9.3 (continued)

4401 Valuation of assets

Investments are stated at current value at the end of the financial year, calculated as follows:

- listed investments are stated at the bid market value
- short term deposits are included at cost
- other investments are shown at directors' estimates of market value

4502 Other income and expenditure

The 2010 other income consists of management fee rebates. There is no other expenditure for 2011 or 2010.

4801 Asset share

For the five separate blocks of business shown in the table below, the asset share mix is 5% more or less than the mix shown in Form 48 for at least one of the lines 21 to 28 of column 2. The bonus series are all those detailed in paragraph 10 of Appendix 9.4.

Asset	Active Block		Passive Block		UWP Block
	Excluding AMP	AMP	Cash Bonus	Pensions	
Gilts	43%	44%	34%	71%	24%
Corporates	18%	18%	16%	27%	13%
Property	15%	15%	0%	0%	5%
Equity	24%	0%	0%	0%	50%
Cash	0%	23%	50%	2%	3%
Other	0%	0%	0%	0%	5%
Total	100%	100%	100%	100%	100%

4802 Defaulted assets

The following assets have defaulted payments of interest and are included in the Pension Non-Profit Fund Form 48. Values are in £.

Asset	Market Value	Expected Income
Pinton Estates 11.25%	43,050	0

4803 Assumed maturity dates

For assets that may be redeemed over a period at the option of the guarantor or the issuer, the investment manager has provided an appropriate redemption date. The value of these assets at the valuation date was £8m for the with-profit funds and £221m for the non profit funds.

Returns under the Accounts and Statements Rules

Supplementary Notes

London Life Limited

Global business

Financial year ended 31 December 2011

Appendix 9.3 (continued)

***4804* Asset yields**

The yields for the assets contained within lines 18 of Form 48 are as follows:

Asset	Yield
Other assets with income	0.80%
Other assets no income	0.00%

The yields for the assets contained within lines 28 of Form 48 are as follows:

Asset	Yield
Swaps	0.00%
Other assets with income	1.93%
Other assets no income	0.00%

***4806* Assets used to calculate investment returns in column 5 Form 48**

The assets used to calculate column 5 of Form 48 are those shown for the passive (pensions) block of assets. The asset mix for these assets is shown in Note 4801.

***4900* Long-term insurance business: Fixed and variable interest assets**

Form 49 Life Non Profit has not been included in the return as the Company satisfies the de-minimis limit as the fixed and variable interest securities do not exceed £100m.

***4901* Credit rating agency**

The credit ratings used are those supplied by Ignis, based on SnP and Moody ratings.

***5101* Group scheme business**

The following group schemes exist on Form 51:

Number of schemes	Product Code
0	175
1	185
33	410
0	420

***5103* Miscellaneous product codes**

Policies assigned to product codes 205 and 435 do not meet the definitions of any other product codes.

Returns under the Accounts and Statements Rules

Supplementary Notes

London Life Limited

Global business

Financial year ended 31 December 2011

Appendix 9.3 (continued)

5700 Long-term insurance business: analysis of valuation interest rate

Form 57 Life Non Profit has not been included in the return as the Company satisfies the de-minimis limit as the mathematical reserves for non-linked business do not exceed £100m.

5702 Risk adjusted yield

The yields to which a risk adjustment was applied in accordance with INSPRU 3.1.35R as modified (supplementary note 0201) in order to arrive at column 5 of Form 57 are:

Product Group	Risk adjusted yield on matching assets	Adjustment	Risk adjusted yield on matching assets as per direction
UKP NP code 300/325/330 /390/410	3.49	-0.19	3.30
UKP NP code 440	2.82	0.09	2.91
UKP NP code 390	2.36	0.00	2.36
UKP NP code 725/745	0.72	0.00	0.72
UKP NP code 400	3.98	-0.30	3.68
UKP NP code 400/440	0.69	0.00	0.69
UKP NP code 905	2.58	0.28	2.86

6001 Insurance health risk and life protection reinsurance capital component

The Company has not provided Forms 11 and 12 as it has taken advantage of the de-minimis limits available (refer to supplementary notes 1100 and 1200). The value in Form 60 line 21 has therefore used the 2007 Form 60 line 21 value with an adjustment for lower PHI premiums and claims in 2011 compared to 2007.

The gross annual office premium in force at the valuation date in respect of class IV business (permanent health) or supplementary accident and sickness insurance is £82,000 (2010: £107,000).

6002 Net reserves

The amount of £65.2m included in Form 14 in respect of the outstanding contingent loan, is excluded from net reserves on Form 60 since these represent reserves available to repay financing arrangements rather than policyholder liabilities and a long-term insurance capital requirement is not calculated for such reserves.

Returns under the Accounts and Statements Rules

Statement of additional information on derivative contracts required by rule 9.29

London Life Limited

Global Business

Financial year ended 31 December 2011

- (a) During the financial year the insurer operated an investment policy for the use and control of derivatives. This policy lists the approved derivative contracts and the approved uses of derivatives, establishes procedures for introducing new contracts or uses, identifies areas of risk, and establishes a control framework for dealing, settlement and independent monitoring and reporting of derivatives.

The insurer uses derivatives in its portfolio management to hedge against market movements in the values of assets in the portfolio (reduction of investment risks), and as a means of effecting a change in exposure to different asset classes without disturbing underlying physical holdings (efficient portfolio management). In addition, the insurer uses derivatives to match liabilities to mitigate the effect of changes in market variables on its capital position.

It is the insurer's policy that all obligations to transfer assets or pay monetary amounts arising under derivative contracts are covered by cash, physical securities or other specific commitments. Consequently the insurer does not trade derivative contracts against uncovered positions, and portfolios may not be geared by means of derivatives.

The insurer controls market risks through the setting of exposure limits which are subject to detailed monitoring and review. Sophisticated risk management systems are employed to enable exposures, risks and sensitivities to be analysed on a total portfolio basis, providing for greater control. Market and liquidity risks are reduced by requiring all futures and options positions to be backed by cash or securities.

The insurer permits the purchase of partly paid shares, subject to the unpaid capital being covered by cash, and also convertible bonds as alternatives to investment in the underlying equities.

- (b) Subject to the investment principles described above, the investment policy permits the writing of contracts, under which the insurer has a right or an obligation to acquire or dispose of assets. The portfolio manager must be satisfied that the strike price is reasonable in terms of the current portfolio and market conditions at outset, in case the contract is subsequently exercised.

The investment policy for the use and control of derivatives imposes overriding provisions that the investment rationale for their use is clearly understood; that each contract is admissible in terms of the Prudential Sourcebook for Insurers (INSPRU) and that derivatives may not be used to gear a portfolio. The policy specifically excludes the use of derivatives that cannot be sufficiently well modelled using the Investment Manager's internal risk management systems without the prior approval of the senior management of the Investment Manager.

- (c) The company was not party to any such contracts of the kind described in (b) at any time during the financial year.

Returns under the Accounts and Statements Rules

Statement of additional information on derivative contracts required by rule 9.29

London Life Limited

Global Business

Financial year ended 31 December 2011

(continued)

- (d) The insurer has not made use of any derivative contract at any time during the financial year which required a significant provision to be made under INSPRU 3.2.17R or did not fall within the definition of a permitted derivative contract per INSPRU 3.2.5R, other than the internal derivative noted below.

During December 2011 an equity total return swap was traded between Pearl Assurance Limited other than long-term business and London Life Limited other than long-term business with a nominal value of £50m. The valuation of this derivative as at 31 December 2011 was £1.6m, and the asset was removed from Pearl Assurance Limited other than long-term business for FSA reporting purposes, but the corresponding derivative liability remains in the London Life SHF returns. The derivative asset is considered to be inadmissible according to the rules of INSPRU 3.2.5R regarding trading with approved counterparties.

- (e) The total value of fixed considerations received during the financial year in return for granting rights under derivative contracts was £nil.

Returns under the Accounts and Statements Rules

Statement of additional information on controllers required by rule 9.30

London Life Limited

Global Business

Financial year ended 31 December 2011

The persons who, to the knowledge of the insurer, were controllers at any time during the financial year were:

- a) Pearl Group Holdings (No. 2) Limited;
- b) Phoenix Life Holdings Limited;
- c) PGH (LCA) Limited;
- d) PGH (LCB) Limited;
- e) Phoenix Group Holdings;
- f) Xercise Limited;
- g) Alpha-Gamma Shares Limited*;
- h) Alphabet Shares Limited*;
- i) Delta Shares Limited*;
- j) Zeta Shares Limited*;
- k) Eta Shares Limited*;
- l) Theta Shares Limited*;
- m) Iota Shares Limited*;
- n) Kappa Shares Limited*;
- o) TDR Shares Limited*;
- p) Lambda Shares Limited*;
- q) Xercise 2 Limited*;
- r) Jambright Limited;
- s) TDR Capital Nominees Limited; and
- t) TDR Capital LLP

* approved as a controller on 6 April 2011

The persons who, to the knowledge of the insurer, were controllers at the end of the financial year were:

1. Pearl Group Holdings (No. 2) Limited

As at 31 December 2011, Pearl Group Holdings (No. 2) Limited owned 100% of the issued share capital of London Life Limited and was able to exercise 100% of the voting power at any general meeting.

2. Phoenix Life Holdings Limited

As at 31 December 2011, Phoenix Life Holdings Limited owned 100% of the issued share capital of Pearl Group Holdings (No. 2) Limited, a company of which London Life Limited is a subsidiary undertaking, and was able to exercise 100% of the voting power at any general meeting.

3. PGH (LCA) Limited

As at 31 December 2011, PGH (LCA) Limited owned 50% of the issued share capital of Phoenix Life Holdings Limited, a company of which London Life Limited is a subsidiary undertaking, and was able to exercise 50% of the voting power at any general meeting.

Returns under the Accounts and Statements Rules

Statement of additional information on controllers required by rule 9.30

London Life Limited

Global Business

Financial year ended 31 December 2011

(continued)

4. PGH (LCB) Limited

As at 31 December 2011, PGH (LCB) Limited owned 50% of the issued share capital of Phoenix Life Holdings Limited, a company of which London Life Limited is a subsidiary undertaking, and was able to exercise 50% of the voting power at any general meeting.

5. Phoenix Group Holdings

As at 31 December 2011, Phoenix Group Holdings owned 100% of the issued share capital of PGH (LCA) Limited and PGH (LCB) Limited, which between them owned 100% of the ordinary shares of Phoenix Life Holdings Limited, a company of which London Life Limited is a subsidiary undertaking, and was able to exercise 100% of the voting power of PGH (LCA) Limited and PGH (LCB) Limited at any general meeting.

6. Xercise Limited

As at 31 December 2011, Xercise Limited owned one share in Phoenix Group Holdings (equivalent to 0.00000057%), a company of which London Life Limited is a subsidiary undertaking, and was able to exercise its voting rights in respect of the one share (equivalent to 0.00000057%) at any general meeting of Phoenix Group Holdings.

7. Alpha-Gamma Shares Limited

As at 31 December 2011, Alpha-Gamma Shares Limited, which is an associate of Xercise2 Limited within the meaning of the Financial Services and Markets Act 2000 by virtue of being a subsidiary undertaking, owned 3.89% of the share capital of Phoenix Group Holdings, a company of which London Life Limited is a subsidiary undertaking, and was able to exercise 3.89% of the voting power at any general meeting.

8. Alphabet Shares Limited

As at 31 December 2011, Alphabet Shares Limited, which is an associate of Xercise2 Limited within the meaning of the Financial Services and Markets Act 2000 by virtue of being a subsidiary undertaking, owned 0.43% of the share capital of Phoenix Group Holdings, a company of which London Life Limited is a subsidiary undertaking, and was able to exercise 0.43% of the voting power at any general meeting.

9. Delta Shares Limited

As at 31 December 2011, Delta Shares Limited, which is an associate of Xercise2 Limited within the meaning of the Financial Services and Markets Act 2000 by virtue of being a subsidiary undertaking, owned 0.34% of the share capital of Phoenix Group Holdings, a company of which London Life Limited is a subsidiary undertaking, and was able to exercise 0.34% of the voting power at any general meeting.

Returns under the Accounts and Statements Rules

Statement of additional information on controllers required by rule 9.30

London Life Limited

Global Business

Financial year ended 31 December 2011

(continued)

10. Zeta Shares Limited

As at 31 December 2011, Zeta Shares Limited, which is an associate of Xercise2 Limited within the meaning of the Financial Services and Markets Act 2000 by virtue of being a subsidiary undertaking, owned 1.14% of the share capital of Phoenix Group Holdings, a company of which London Life Limited is a subsidiary undertaking, and was able to exercise 1.14% of the voting power at any general meeting.

11. Eta Shares Limited

As at 31 December 2011, Eta Shares Limited, which is an associate of Xercise2 Limited within the meaning of the Financial Services and Markets Act 2000 by virtue of being a subsidiary undertaking, owned 1.32% of the share capital of Phoenix Group Holdings, a company of which London Life Limited is a subsidiary undertaking, and was able to exercise 1.32% of the voting power at any general meeting.

12. Theta Shares Limited

As at 31 December 2011, Theta Shares Limited, which is an associate of Xercise2 Limited within the meaning of the Financial Services and Markets Act 2000 by virtue of being a subsidiary undertaking, owned 0.41% of the share capital of Phoenix Group Holdings, a company of which London Life Limited is a subsidiary undertaking, and was able to exercise 0.41% of the voting power at any general meeting.

13. Iota Shares Limited

As at 31 December 2011, Iota Shares Limited, which is an associate of Xercise2 Limited within the meaning of the Financial Services and Markets Act 2000 by virtue of being a subsidiary undertaking, owned 0.57% of the share capital of Phoenix Group Holdings, a company of which London Life Limited is a subsidiary undertaking, and was able to exercise 0.57% of the voting power at any general meeting.

14. Kappa Shares Limited

As at 31 December 2011, Kappa Shares Limited, which is an associate of Xercise2 Limited within the meaning of the Financial Services and Markets Act 2000 by virtue of being a subsidiary undertaking, owned 0.06% of the share capital of Phoenix Group Holdings, a company of which London Life Limited is a subsidiary undertaking, and was able to exercise 0.06% of the voting power at any general meeting.

15. TDR Shares Limited

As at 31 December 2011, TDR Shares Limited, which is an associate of Xercise2 Limited within the meaning of the Financial Services and Markets Act 2000 by virtue of being a subsidiary undertaking, owned 0.44% of the share capital of Phoenix Group Holdings, a company of which London Life Limited is a subsidiary undertaking, and was able to exercise 0.44% of the voting power at any general meeting.

Returns under the Accounts and Statements Rules

Statement of additional information on controllers required by rule 9.30

London Life Limited

Global Business

Financial year ended 31 December 2011

(continued)

16. Lamda Shares Limited

As at 31 December 2011, Lamda Shares Limited, which is an associate of Xercise2 Limited within the meaning of the Financial Services and Markets Act 2000 by virtue of being a subsidiary undertaking, owned 0.01% of the share capital of Phoenix Group Holdings, a company of which London Life Limited is a subsidiary undertaking, and was able to exercise 0.01% of the voting power at any general meeting.

17. Xercise2 Limited

As at 31 December 2011, Xercise2 Limited directly owned 4.7% of the share capital of Phoenix Group Holdings, a company of which London Life Limited is a subsidiary undertaking, and was able to directly exercise 4.7% of the voting power at any general meeting.

As at 31 December 2011, Xercise2 Limited and its subsidiary undertakings, which are associates within the meaning of the Financial Services and Markets Act 2000, in aggregate owned 13.3% of the share capital of Phoenix Group Holdings, a company of which London Life Limited is a subsidiary undertaking, and were able to exercise 13.3% of the voting power at any general meeting.

18. Jambright Limited

As at 31 December 2011, Jambright Limited, which is an associate of TDR Capital LLP within the meaning of the Financial Services and Markets Act 2000 by virtue of being a subsidiary undertaking, owned 2.6% of the share capital of Phoenix Group Holdings, a company of which London Life Limited is a subsidiary undertaking, and was able to exercise 2.6% of the voting power at any general meeting.

19. TDR Capital Nominees Limited

As at 31 December 2011, TDR Capital Nominees Limited, which is an associate of TDR Capital LLP within the meaning of the Financial Services and Markets Act 2000 by virtue of being a subsidiary undertaking, owned 13.7% of the share capital of Phoenix Group Holdings, a company of which London Life Limited is a subsidiary undertaking, and was able to exercise 13.7% of the voting power at any general meeting.

In addition, TDR Capital Nominees Limited's ownership of 100% of the B Ordinary class of shares in Xercise2 Limited, ultimately entitles them to the 0.44% interest in the share capital of Phoenix Group Holdings owned by TDR Shares Limited.

Returns under the Accounts and Statements Rules

Statement of additional information on controllers required by rule 9.30

London Life Limited

Global Business

Financial year ended 31 December 2011

(continued)

20. TDR Capital LLP

As at 31 December 2011, TDR Capital LLP and its subsidiary undertakings, which are associates within the meaning of the Financial Services and Markets Act 2000, in aggregate owned 16.7% of the share capital of Phoenix Group Holdings, a company of which London Life Limited is a subsidiary undertaking, and were able to exercise 16.7% of the voting power at any general meeting.

LONDON LIFE LIMITED
APPENDIX 9.4
ABSTRACT OF VALUATION REPORT

Changes in Methods and Assumptions underlying the Regulatory Valuation

Introduction

1. (1) The date to which the investigation relates is 31st December 2011.
- (2) The date to which the previous investigation under IPRU(INS) rule 9.4 related was 31st December 2010.
- (3) Since the previous valuation date, there have been no interim valuations (for the purposes of IPRU(INS) rule 9.4).

Product range

2. There have been no significant changes to products during the financial year.

Discretionary charges and benefits

3. (1) Market Value Adjustments (MVAs) were applied as follows:

Product	Policy Year of Entry	Period Applied
Unitised With Profit Life	1999-2001 2007	Throughout 2011
Unitised With Profit Pension	1999-2001 2007	Throughout 2011

- (2) There have been no changes to premiums on reviewable protection policies during the financial year.
- (3) No policies have been sold in this category.
- (4) Policy fees on linked policies increased on 1 January 2011, in line with the Retail Price Index increases from September 2009 to September 2010, an increase of 4.6%.
- (5) During the financial year, benefit charges remained unchanged on linked policies.
- (6) During the financial year, unit management charges for unitised accumulating with-profit and linked policies remained unchanged.
- (7) (a) Units are of two types – net capital and net accumulation. The following method is applied to both types of units.
 - (i) The creation or cancellation of units in the internal linked funds is performed at unrounded bid price values. This ensures that unit prices are unaffected by the creation or cancellation of units and that the interests of unit-holders not taking part in a unit transaction are unaffected by that transaction.

- (ii) Base prices are derived from the internal fund valuations, which are adjusted for fund specific charges. Increasing the base price by the bid-offer spread and rounding to the higher tenth of a penny gives the “offer price”. The “bid price” is the base price rounded to the lower tenth of a penny, except for the former AMP (UK) business, on which the “bid price” is rounded to the higher tenth of a penny.
 - (iii) The asset values of the internal linked funds are calculated on a “bid” basis as the expected cash flows are negative for all asset categories. The valuation includes the income since the last valuation and, in Life funds, allowances for tax on income and realised and unrealised capital gains.
 - (iv) The assets of the internal linked funds are valued at noon on each working day. If markets move significantly between noon and 4 pm, allowance for this market movement is made. This market adjustment is made automatically every day for business other than the former AMP (UK) business.
- (b) During the financial year there was no time at which different pricing bases applied to different policies.
- (c) A mid-market price applies to the collective investment schemes, although this price may swing up or down if the net transactions on any trading day exceed a set threshold. The time on each working day at which the assets in the internal linked funds are valued is the same as that at which the units in the underlying collective investment schemes are valued.
- (8) Tax on realised and unrealised gains and losses is accrued daily in the internal linked Life funds. Gains in equity funds are index-adjusted. There is no allowance for tax in the internal linked Pension funds.

The table below summarises the current tax rates used in the Life funds and the times at which the accruals are cleared.

Fund Type	Realised Gains	Unrealised Gains	Realised Losses	Unrealised Losses
Fixed Interest	20%	20%	20%	20%
Fixed Interest tax accruals are cleared at the end of each month.				
Equity (Direct Holdings)	20%	19.80%	20%	19.80%
Equity (Direct Holdings) accruals for realised gains and losses are cleared at the end of each month. Accruals for unrealised gains and losses are not cleared until the end of the month in which they become realised.				
Equity (Collective Investment Scheme Holdings)	20%	19.80%	20%	19.80%
Equity (Collective Investment Scheme Holdings) accruals for realised gains and losses are cleared at the end of each month. Accruals for unrealised gains and losses are cleared at the end of each financial year under the “deemed disposal” regime. The tax rate used for this purpose at the end of 2011 was 19.8%.				

The tax treatment of Life unit linked funds reinsured to the London Life Linked Assurances (LLA) “sub-fund” of NPI Limited follows the tax treatment in that company.

(9) See (8) above

(10) The allowances made to the insurer on the holding of such units are not significant. The extent to which the policyholder benefits from them is such that the charges made to the policyholder are no greater than if the underlying investments were directly held.

Valuation basis (other than for special reserves)

4. (1) The general principles and methods adopted in the valuation are:

NON-LINKED BUSINESS

Mathematical reserves have been determined using a gross premium method, or a method at least as strong as a gross premium method, except for the classes of business mentioned below. Where it has been considered appropriate to do so, the mathematical reserves include additional amounts for future expenses and options and guarantees.

A prospective method of valuation has not been used for the following non-linked contracts:

- For Group Life and Group Reversionary Assurance business, the liability was determined as the unexpired risk at the valuation date plus an allowance for expenses.
- For Deposit Administration business, the liability was determined as the accumulation, with earned interest, of the premiums, after providing for expense charges and the cost of any group life benefits.
- Certain miscellaneous policies for which approximate mathematical reserves of adequate amount have been made.

Specific modification has been made to the gross premium method for:

- Policies issued with an addition to the age for extra risks are valued at the increased age.

For conventional with-profits business, the amounts of benefit valued includes bonuses declared on or before 31 December 2011, which apply during the period 1st July 2011 to 30th June 2012 for traditional London Life Business and during the period 1st May 2011 to 31st April 2012 for former AMP(UK) Business.

For the Cash Bonus (Reduction of Premium) product group, the value of office premiums is decreased by the value of reductions, or cash allocations, on the assumption that the rates declared for the current bonus year will remain the same throughout the duration of the policies.

For unitised with-profits contracts a prospective valuation method is used. The liability is calculated as the capitalised value of benefits purchased to date, including existing annual bonuses. The valuation reserve is subject to a minimum of the bid value of the units in force at the valuation date.

Contingent Loan and Surplus Relief Reinsurance Agreement

The Contingent Loans have been valued at the amounts shown on Form 51. The nature of the contingency is such as to ensure that the payment of interest or the repayment of principal beyond that shown in Form 51 will not give rise to any future valuation strain.

The value of the claims payable under the Surplus Relief Reinsurance Agreement has been determined for each sub-fund as the value of the liabilities (determined in accordance with the Prudential Sourcebook for Insurers) less the value of the realistic liabilities, subject to a maximum of the cover provided by the Agreement.

This has been shown in respect of sample individual policy calculations to yield the same results as valuing the claims directly. The value of premiums has been determined as zero. This reflects the inter-linking of the Contingent Loan and the Surplus Relief Reinsurance Agreement whereby premiums are only payable if the Contingent Loan is written down. The Contingent Loan has not been written down but is recognised at less than full face value on Form 51 as a consequence of the contingency. Therefore no value of premiums is necessary.

INDEX LINKED BUSINESS

Mathematical reserves have been determined using a gross premium method.

LINKED BUSINESS

Mathematical reserves have been determined by valuing the units allocated to policies and adding a non-unit reserve for mortality and expenses.

The non-unit reserve is obtained on a discounted cashflow method. The amount of the non-unit reserve is the net present value of any yearly deficiencies of income over outgo less yearly surpluses of income over outgo, making no allowance for surrender/lapse but allowing for policies being made paid up. The net present value is calculated over the number of years from the valuation date that gives the maximum value.

Modifications to the Valuation Method

For policies in which the benefits are expressed in terms of the values of Capital Units and Accumulation Units, sufficient Asset Units are held to ensure that their value is at least equal to the surrender Cash Value (or Early Retirement Benefit Value) of the Units allocated to the contract at the valuation date.

The London Life Pension Unit Linked product group is written in the with profit fund and the unit reserve is reinsured into the Pension Non Profit Fund, where the funds' management charge arises and which prudently more than covers the related investment fees. The per-policy expenses arise in the with profit fund and there is no income to offset against these costs, thus the non-unit reserve is calculated without allowance for management fee income on the funds under management or for investment management fees on those funds.

For Investment Linked Managed Fund, Investment Linked Managed Pension Fund, and Investment Linked Guaranteed Pension Fund business, for which the contributions are applied in the purchase of units in an internal linked fund, the following method was used:

- For Capital and Accumulation Units, sufficient Asset Units are held to ensure that their value is at least equal to the surrender Cash Value (or Early Retirement Benefit Value) of the Units allocated to the contract at the valuation date.

(2) The following table sets out the rates of interest rate used for all product groups representing a significant amount of business:

Sub Fund	Product Group	2011	2010	Product Code
90:10 Life	Cash Bonus	1.61%	1.85%	100, 120
90:10 Life	Fund R Compound Bonus	1.37%	1.95%	100, 120, 335
90:10 Life	Unitised With Profit Life	1.37%	2.40%	505
90:10 Life	Fund T Compound Bonus	0.88%	1.65%	120, 165
90:10 Life	AMPUK Business	4.54%	3.90%	100, 120, 205
90:10 Pension	Pension Compound Bonus	3.95%	4.60%	155, 165
90:10 Pension	Unitised With Profit Pension	1.54%	2.95%	155
90:10 Pension	Fund W Deferred Simple Bonus	5.72%	4.85%	165
90:10 Pension	Fund W In Payment Simple Bonus	4.37%	5.65%	200
90:10 Pension	AMPUK Business	4.41%	1.90%	155
90:10 Pension	London Life Pension unit linked	2.00%	3.40%	725, 745
90:10 Pension	SPP With Profit Immediate Annuity	1.32%	4.50%	200
0:100 Life	Immediate annuities	2.70%	3.20%	395, 905
0:100 Life	Deferred annuities	2.49%	3.09%	390
0:100 Life	AMPUK Life unit linked	0.50%	3.40%	700, 715, 795
0:100 Pension	Level immediate annuities	3.59%	4.32%	400
0:100 Pension	Index-linked immediate annuities	2.79%	3.84%	905
0:100 Pension	AMPUK Pension unit linked	0.70%	3.40%	725, 745
0:100 Pension	Policies on maturity	2.30%	4.10%	390
0:100 Pension	Deferred Annuities	3.22%	4.10%	390

(3) Approved Securities

No reduction was applied other than a yield deduction on sovereign debt rated below AAA, or sovereign debt rated AAA but notched downwards to below AAA in line with the description for other securities below.

Other securities

A deduction was applied to the yield on an individual stock by stock basis to allow for the risk of default. The individual stock risk margins were calculated as a long term average default rate plus an additional allowance for short-term factors and expected deviations from the historic average.

The long term average default rates (in basis points), net of an allowance for recovery on default, were:

Credit Rating	Standard (non-subordinated) Debt		
	Term (bps)		
	5 year	10 year	20 year
AAA	4.3	12.3	15.2
AA	19.0	32.1	48.2
A	33.2	47.7	65.3
BBB	82.8	104.1	122.4
BB	261.3	277.3	287.2
B	591.7	524.7	442.5

A number of different techniques were then employed to arrive at an additional haircut, namely:

- Stocks were 'notched' downwards where the credit rating was considered to be inappropriate (after analysis of the current market spread and other factors).
- For bank subordinated debt the haircut was based on the rating of senior debt issued by the borrowing company, with an assumption of nil recovery on default. If a materially more onerous result was obtained by the standard approach described above then the standard approach was adopted for bank subordinated debt. This assessment was performed at an aggregated portfolio level; for this fund, bank subordinated debt adopted the standard approach.
- For corporate bonds rated below B no value was taken for the yield.
- An additional reserve of £3.8m is held to allow for higher levels of default in the medium term. This is not reflected in the default rates in the table above.

For sovereign debt, the above principles were also applied. Where a sovereign debt holding was rated A or below, or where notching was applied to treat the holding as being rated A or below, default allowances were as per the table above. For sovereign debt holdings rated AA, or notched to AA, default allowances were one-third of those indicated in the above table. For sovereign debt holdings rated AAA no default allowance was made.

(4) Products representing a significant amount of business used the following mortality bases:

Sub Fund	Product Group	2011		2010		Product Code
		Male	Female	Male	Female	
90:10 Life	Cash Bonus	42% AM80	68% AF80	42% AM80	68% AF80	100, 120
90:10 Life	Fund R Compound Bonus	51% AM80	84% AF80	51% AM80	84% AF80	100, 120, 335
90:10 Life	Fund T Compound Bonus	70% AMC00	70% AFC00	70% AMC00	70% AFC00	120, 165
90:10 Life	AMPUK Business	116% AMC00	107% AFC00	116% AMC00	107% AFC00	100, 120, 205
90:10 Pensions	Pension Compound Bonus	70% AMC00	70% AFC00	70% AMC00	70% AFC00	155, 165
90:10 Pensions	AMPUK Business	95% AMC00	95% AFC00	95% AMC00	95% AFC00	155
90:10 Pensions	Fund W Deferred (pre-vesting)	70% AMC00	70% AFC00	70% AMC00	70% AFC00	165
90:10 Pensions	Fund W Deferred (post-vesting)	92.6% PCMA00 CMI_2009_M at C=2032 [3.25% to age 60, reducing linearly to 0% from age 120]	83.1% PCFA00 CMI_2009_F at C=2036 [3.25% to age 60, reducing linearly to 0% from age 120]	90% PCMA00 CMI_2009_M at C=2031 [3.25% to age 60, reducing linearly to 0% from age 120]	83% PCFA00 CMI_2009_F at C=2035 [3.25% to age 60, reducing linearly to 0% from age 120]	165
90:10 Pensions	Fund W In Payment Simple Bonus	92.6% PCMA00 CMI_2009_M [3.25% to age 60, reducing linearly to 0% from age 120]	83.1% PCFA00 CMI_2009_F at [3.25% to age 60, reducing linearly to 0% from age 120]	90% PCMA00 CMI_2009_M [3.25% to age 60, reducing linearly to 0% from age 120]	83% PCFA00 CMI_2009_F [3.25% to age 60, reducing linearly to 0% from age 120]	200
90:10 Pensions	SPP With Profit Immediate Annuity	92.6% PCMA00 CMI_2009_M [3.25% to age 60, reducing linearly to 0% from age 120]	83.1% PCFA00 CMI_2009_F [3.25% to age 60, reducing linearly to 0% from age 120]	90% PCMA00 CMI_2009_M [3.25% to age 60, reducing linearly to 0% from age 120]	83% PCFA00 CMI_2009_F [3.25% to age 60, reducing linearly to 0% from age 120]	200
90:10 Pensions	Unitised With Profit Pension	70% AMC00	70% AFC00	70% AMC00	70% AFC00	155
90:10 Pensions	London Life Pension unit linked	100% A67/70 Ult	100% A67/70 Ult minus 4 yrs	100% A67/70 Ult	100% A67/70 Ult minus 4 yrs	725, 745

Sub Fund	Product Group	2011		2010		Product Code
		Male	Female	Male	Female	
0:100 Life	AMPUK Life unit linked	100% A67-70 Ult	100% A67-70 Ult - 4 yrs	100% A67-70 Ult	100% A67-70 Ult - 4 yrs	700, 715, 795
0:100 Life	Immediate Annuities	92.6% PMA00 CMI_2009_M [3.25% for ages up to age 60, reducing linearly down to 0% from age 120]	83.1% PFA00 CMI_2009_F [3.25% for ages up to age 60, reducing linearly down to 0% from age 120]	90% PMA00 CMI_2009_M [3.25% for ages up to age 60, reducing linearly down to 0% from age 120]	83% PFA00 CMI_2009_F [3.25% for ages up to age 60, reducing linearly down to 0% from age 120]	395
0:100 Life	Deferred Annuities (pre-vesting)	100% A67-70 Ult - 4 yrs	100% A67-70 Ult - 8 yrs	100% A67-70 Ult - 4 yrs	100% A67-70 Ult - 8 yrs	390
0:100 Life	Deferred Annuities (post-vesting)	92.6% PMA00 CMI_2009_M C2032 [3.25% for ages up to age 60, reducing linearly down to 0% from age 120]	83.1% PFA00 CMI_2009_F C2036 [3.25% for ages up to age 60, reducing linearly down to 0% from age 120]	90% PMA00 CMI_2009_M C2031 [3.25% for ages up to age 60, reducing linearly down to 0% from age 120]	83% PFA00 CMI_2009_F C2035 [3.25% for ages up to age 60, reducing linearly down to 0% from age 120]	390
0:100 Pensions	Immediate Annuities	92.6% PMA00 CMI_2009_M [3.25% for ages up to age 60, reducing linearly down to 0% from age 120]	83.1% PFA00 CMI_2009_F [3.25% for ages up to age 60, reducing linearly down to 0% from age 120]	90% PMA00 CMI_2009_M [3.25% for ages up to age 60, reducing linearly down to 0% from age 120]	83% PFA00 CMI_2009_F [3.25% for ages up to age 60, reducing linearly down to 0% from age 120]	400
0:100 Pensions	Deferred Annuities (pre-vesting)	100% A67-70 Ult - 4 yrs	100% A67-70 Ult - 8 yrs	100% A67-70 Ult - 4 yrs	100% A67-70 Ult - 8 yrs	390
0:100 Pensions	Deferred Annuities (post-vesting)	92.6% PMA00 CMI_2009_M C2032 [3.25% for ages up to age 60, reducing linearly down to 0% from age 120]	83.1% PFA00 CMI_2009_F C2036 [3.25% for ages up to age 60, reducing linearly down to 0% from age 120]	90% PMA00 CMI_2009_M C2031 [3.25% for ages up to age 60, reducing linearly down to 0% from age 120]	83% PFA00 CMI_2009_F C2035 [3.25% for ages up to age 60, reducing linearly down to 0% from age 120]	390
0:100 Pensions	AMPUK Pensions unit linked	100% A67-70 Ult	100% A67-70Ult - 4yrs	100% A67-70 Ult	100% A67-70Ult - 4yrs	725, 745

Notes: Where appropriate, additional reserves for the extra mortality that may arise from AIDS has been established. These additional reserves are calculated assuming that the additional mortality will be 17% of Projection R in the fourth report of the Institute of Actuaries AIDS Working Party and apply to male lives only. The additional reserves calculated have all been included within the reserves for the relevant individual product lines.

For annuity contracts life expectation for males is as follows:

Sub Fund	Product Group	Annuities in payment		Deferred annuities: life expectation at	
		Age 65	Age 75	Age 45	Age 55
90:10 Pensions	Fund W - Deferred Annuities			27.8	26.2
90:10 Pensions	SPP With Profit -Immediate Annuity	24.7	15.1		
90:10 Pensions	Fund W Immediate Annuity	24.7	15.1		
0:100 Life	Deferred Annuities			27.8	26.2
0:100 Life	Immediate Annuities	24.7	15.1		
0:100 Pensions	Deferred Annuities			27.8	26.2
0:100 Pensions	Immediate Annuities	24.7	15.1		

For annuity contracts life expectation for females is as follows:

Sub Fund	Product Group	Annuities in payment		Deferred annuities: life expectation at age 65	
		Age 65	Age 75	Age 45	Age 55
90:10 Pensions	Fund W - Deferred Annuities			30.3	28.8
90:10 Pensions	SPP With Profit -Immediate Annuity	27.3	17.3		
90:10 Pensions	Fund W Immediate Annuity	27.3	17.3		
0:100 Life	Deferred Annuities			30.3	28.8
0:100 Life	Immediate Annuities	27.3	17.3		
0:100 Pensions	Deferred Annuities			30.3	28.8
0:100 Pensions	Immediate Annuities	27.3	17.3		

- (5) There are no products representing a significant amount of business that use a morbidity basis.

(6) The expense bases are as follows:

NON LINKED BUSINESS

Per policy expenses, before allowance for tax relief, were as follows:

Sub fund	Product Group	2011 £pa	2010 £pa	Tax Relief	Product Code
90:10 Life	Conventional endowment with-profits OB savings (AMP Life) ⁽²⁾	40.48	39.27	20%	120
90:10 Life	Conventional endowment with-profits OB savings (Fund P and Fund R) ⁽²⁾	39.6	38.39	20%	120
90:10 Pension	Conventional pensions endowment with-profits	99.77	96.69	0%	155
90:10 Life	Conventional deferred annuity with- profits	39.6	38.39	20%	165
90:10 Pension	Conventional deferred annuity with- profits	44.66	43.34	0%	165
0:100 Pension	Annuity non-profit (CPA)	29.48	27.39	0%	400
90:10 Pension	Individual pensions UWP	99.77	96.69	0%	525
0:100 Pension	Level term assurance	14.74	13.64	0%	325
0:100 Pension	Decreasing term assurance	14.74	13.64	0%	330

Notes:

1. The expenses shown are per element rather than per contract.
2. These policies are not shown separately in FSA Form 51.

LINKED BUSINESS

Sub fund	Product Group	2011 £pa	2010 £pa	Product Code
90:10 Life	Life property linked	44.49	42.37	700
0:100 Life	Life property linked endowment	33.11	30.69	715
90:10 Pension	Individual pension property linked	99.77	96.69	725
0:100 Pension	Individual pension property linked	33.11	30.69	725
0:100 Pension	Group money purchase pension property linked	33.11	30.69	735

LINKED AND NON-LINKED BUSINESS

Gross Investment expenses

Investment expenses have been allowed for through a reduction to the valuation interest rates (but see note 1 below for unit linked business). The table below sets out the basis point reductions applied:

Sub fund	Product Groups	2011	2010
		bps	bps
90:10	All	17	17
0:100 Life	All conventional business	11	15
0:100 Life	All unit linked business ⁽¹⁾	84	80
0:100 Pension	All conventional business	11	13
0:100 Pension	All unit linked business ⁽¹⁾	38	39

Note:

1. These expenses are allowed for explicitly in calculating future cash flows.

There has been a change in the provider of back office investment services and fees charged for these services. For the previous valuation there was a fee of 4bps included in the investment expenses in the 0:100 Life fund and 2bps in the 0:100 Pension fund in respect of these services. These fees have been removed from the investment expense assumption at 31st December 2011 and are held as part of a separate £2.3m provision.

Furthermore, a performance fee overlay has been introduced which works to reward Ignis Asset Management Ltd for over-performance but applies a penalty on under-performance. This is not allowed for in the valuation basis because no over or under investment performance is assumed in the valuation interest basis.

(7) LINKED BUSINESS

Unit growth rates, before allowance for tax relief and management charges, were as follows:

Product Group	Gross Unit Growth Rate (% p.a.)	
	2011	2010
AMP Unit Linked Pension	3.40%	4.70%
AMP Unit Linked Life	3.00%	4.20%
London Life Pension unit linked	n/a	n/a

LINKED AND NON-LINKED BUSINESS

Inflation Rates

Inflation rates for expenses and policy charges were as follows:

Sub fund		2011	2010
90:10	Expense inflation	2.80%	3.40%
0:100	Expense inflation	3.60%	4.10%
All	Policy fee inflation	2.10%	2.50%

- (8) As a realistic basis life firm no allowance has been made in the determination of mathematical reserves for future bonuses in accordance with INSPRU 1.2.9R

except for SPP With Profit Immediate annuities where allowance is made for the guaranteed annual bonus.

(9) Surrender/Lapse Rates

No allowance is made for surrender and lapse rates other than for Guaranteed Annuity Options.

Paid up Rates

No allowance is made for policies being made paid up other than for non-linked calculations in respect of regular premium accumulating with-profits and unit linked business.

For accumulating with-profits business the calculation is performed twice – once assuming the premiums continue as normal and again assuming the policy becomes paid up at the valuation date. The maximum of these two calculations is then used for that policy.

For unit-linked business the calculation is performed assuming the policy becomes paid up at the valuation date.

(10) Tax Rates

Relief for tax applied to expenses is 20% for UK Life non-linked business and 0% for UK Pension business and UK Life linked business.

Tax on investment income is set out in the following table:

Type of business	2011	2010
UK Life – UK dividend income	0%	0%
UK Life – other income	20%	20%
UK Pension – overseas dividend income	0%	0%
UK Pension – other income	0%	0%

(11) No allowance has been made for derivative contracts in determining the amount of the long-term liabilities, except for the method for calculating the liabilities for guaranteed annuity options described below.

(12) Effect on Mathematical reserves due to changes in INSPRU

There have been no changes since the previous valuation.

Options and Guarantees

5.(1) (a) Contracts which only offer annuity benefits are valued as deferred annuities.

Contracts which offer both cash and annuity benefits are valued as cash benefit policies with an additional reserve held to cover the basis upon which the cash benefits may be converted into annuity benefits.

The guaranteed annuity option reserve is calculated by valuing a portfolio of swaptions whose payoffs replicate the excess of the guaranteed annuity payments over the expected annuity payments from the contracts that have this option. The risk free rate for the forward term, volatility and forward rate parameters for the swaption are determined from the choice of replicating swaption. The market value of the swaption is determined by applying these parameters to Black's model.

The actual annuity rate is calculated on the assumptions that policyholders retire at their expected retirement age and select a level annuity with no guarantees.

This reserve has been determined in accordance with the basis set out below:

Assumption	Sub Fund	Product Group	2011
Take up Rate ⁽¹⁾	90:10 Life	Fund R Compound Bonus	74%
	90:10 Life	Fund T Compound Bonus	100%
	90:10 Pensions	AMPUK Pension	81%
	90:10 Pensions	Pensions Compound Bonus (traditional)	85%
	90:10 Pensions	BIGVIP	85%
	90:10 Pensions	VIPMIG OLD	85%
	90:10 Pensions	POLMIG	46%
Rate of interest	All	All	Max of B&H gilts spot and swap curves capped at 3.1%
Tax	Life	All	20%
	Pensions	All	0%
Mortality payment	All	Male	92.6% PCMA00 CMI_2009_M [3.25% to age 60, reducing linearly to 0% from age 120]
	All	Female	83.1% PCFA00 CMI_2009_F [3.25% to age 60, reducing linearly to 0% from age 120]
Retirement Rates	All	All	Normal retirement age
Voluntary Discontinuance in deferment	All	All	0.50% p.a.

Notes:

- Where the take up rates are below 95% they are assumed to taper to 95% over 20 years.

5 (1)(b) Details of the products concerned are summarised below:

Type of Business	Product Code	Product name	Basic reserve	Spread of Outstanding durations ⁽¹⁾	Guarantee reserve	GAR (% fund for 65 year old male) ⁽²⁾	Increments allowed?	Annuity form ⁽³⁾	Retirement Age
			£'000		£'000				
UK Life	120	Fund R Compound Bonus	1,314	1-24 years	765	9%	No	See Note 3	See Note 3
UK Life	120, 165	Fund T Compound Bonus	3,382	1-14 years	2,318	9%	No	See Note 3	See Note 3
UK Pension	120	Former AMPUK Pension	36,291	1-29 years	27,967	10%	No	See Note 3	See Note 3
UK Pension	165	Pension Compound Bonus (Pension Protector)	39,654	1-19 years	31,511	10%	No	See Note 3	See Note 3
UK Pension	155,205	Pension Compound Bonus (PC Contracts)	6,347	1-18 years	4,979	10%	No	See Note 3	See Note 3
UK Pension	155	Pension Compound Bonus hybrid (premium paid up to December 1999)	79,692	1-34 years	56,128	10%	No	See Note 3	See Note 3
UK Pension	155	Pension Compound Bonus hybrid (premiums paid from January 2000)	12,050	1-38 years	658	6%	Yes	See Note 3	See Note 3

Notes:

1. The spread of outstanding durations has been taken as the term to expected retirement.
2. Guaranteed annuity rates are for the following form of annuity: Single life, annual in advance, no escalation or guarantee period and are shown to whole numbers.
3. Different products offer different guaranteed terms. All common forms of annuity types are offered at a wide range of retirement ages.

- (2) No investment performance guarantee is given on linked contracts. The prices of units in the Deposit Fund are guaranteed not to fall. The underlying assets are entirely cash or cash-based collective investment schemes. At previous valuations an additional reserve was held for this guarantee, but from 31 December 2011 the guarantee is correctly allowed for in the unit pricing so no additional reserve is required.

There is no guaranteed surrender values not already allowed for in the valuation of the basic mathematical reserve.

- (3) Where in any policy an option confers a right, without medical evidence, to extend the period of assurance or take out a new policy, a reserve equal to one or one and half times the option premium has been made.

(4) Personal Pension Guarantee Reserve

A reserve has been made for guarantees awarded in respect of certain Personal Pension policyholders where failure to adhere to the best advice rules may have occurred.

The following method is used to determine the mathematical reserves:

- a) For cases that have been given a guarantee: on a case by case basis using the actual information available to calculate or estimate the liability period, current salary, policy value offsets and thus calculate the overall liability. All the calculations assume a model pension scheme benefit rather than the actual scheme benefits of the fund of which the policyholder was or could have been a member.
- b) For other cases which have not been given a guarantee, or where the guarantee has been satisfied but where the internal accounting on the case is not yet finally complete: by allocating a notional settlement cost as necessary to each case on the basis of a potential liability period, or if this is unknown, an appropriate average liability period. The notional settlement cost per year of liability period being appropriately determined from recent settlement statistics.

This reserve has been determined in accordance with the basis set out below, in which the rates are expressed as real rates rather than nominal rates:

Assumption	2011
Real rate of interest	-0.50% per annum
Future inflation	3.34% per annum
Salary increases above inflation	1.85% per annum
Annuity Pricing Margin	15.00% per annum
Mortality in deferment	79% AMC00 ultimate
	79% AFC00 ultimate
Mortality in payment	106.8% RMV00 CMI_2009_M [3.25% to age 60, reducing linearly to 0% from age 120]
	111.6% RFV00 CMI_2009_F [3.25% to age 60, reducing linearly to 0% from age 120]
Percentage assumed married	100%
Leaving service assumption	0.00%

The amount of business involved had a basic mathematical reserve of £8.8m reserve with additional reserves of £0.4m. This additional reserve also includes an allowance for future expenses and policies where the compensation process is yet to be completed.

Mortgage Endowment Promise

An additional reserve has been made to cover the Mortgage Promise made to certain mortgage endowment policies. The reserve is the expected shortfall discounted at the appropriate valuation interest rate and allowing for mortality and lapses.

This reserve has been determined in accordance with the basis set out below:

Assumption	2011
Rate of interest	4.54% per annum for AMPUK
	1.37% per annum for Fund R
Mortality – Conventional Life Endowment	51% AM80
	84% AF80
Mortality – AMPUK Business	116% AMC00
	107% AFC00
Prudence Factor	5%

The amount of business involved had a basic mathematical reserve of £71.4m with additional reserves of £6.9m.

Expense Reserves

6. (1) The aggregate amounts of expense loadings, grossed up for taxation where appropriate, expected to arise during the 12 months from the valuation date are summarised below:

Explicit per policy expense loading.....	£ 4.6 million
Allowance for investment management expenses.....	£ 3.9 million

No other significant expense reserves are held.

There are no significant non-attributable expenses.

- (2) All provisions for future expenses have been made using explicit methods, except for investment expense allowances where a margin in the valuation interest is used.
- (3) The amount of maintenance expenses is not significantly different from the maintenance expenses shown at line 14 of Form 43.
- (4) Since London Life is closed to new business other than for increments and internal commencements, no reserves are required for expenses of continuing to transact new business after the valuation date.

- (5) No maintenance expense overrun reserve is held.

The per policy expense assumptions used allow for the attributable payments expected to be made to Pearl Group Services Ltd under the Management Services Agreement (MSA), plus project expenses and directly incurred expenses. A prudent margin is added to the total per policy expenses to allow for adverse deviation. These per policy expense assumptions are then projected into the future assuming a prudent level of inflation.

The MSA with Pearl Group Services Ltd is structured on a fixed cost per policy per annum. Pearl Group Services Limited has engaged Diligenta, a UK based and FSA regulated subsidiary of Tata Consulting Services Limited, to implement the outsource of processing and administration work which gives London Life Ltd certainty over the majority of the cost base into the future, especially in relation to economies of scale and fixed costs.

As London Life is closed to new business, other than for increments and internal commencements, no reserve is held for discontinuance costs, or the valuation strain or expense overrun from the writing of new business.

- (6) There are no non-attributable expenses.

Mismatching reserves

7. (1) The mathematical reserves are denominated in sterling. There are sufficient sterling assets to cover mathematical reserves. There is a premium withheld arrangement of £560.1m included in line 23 of Form 14 where the liabilities are equal to the value of the assets and the assets contain £201.0m worth of assets in USD and £100.2m in EURO.
- (2) No currency mismatch reserves are held as the mathematical reserves are covered by assets in sterling. For the premium withheld, the arrangement is such that the liability is equal to the value of the assts. In addition, there are currency hedges in place to remove exposure from any currency movements.
- (3) London Life is a realistic reporting firm to which GENPRU 2.1.8R applies and so does not hold a resilience capital requirement under INSPRU 3.1.10R.
- (4) Not Applicable see 7 (4) above
- (5) Not Applicable see 7 (4) above
- (6) No additional reserve is held.

Other special reserves

8. Under an FSA basis, London Life holds the higher of the mortality deductible reserve and the Opal counterparty risk reserve (this is zero at YE2011). As the mortality deductible reserve for London Life is £5m then this is the reserve that is held.

INSPRU 1.2.80G requires a margin to be held against the risk of default by a reinsurer i.e. the risk that Opal Reassurance Limited will be unable to make its reinsurance payments. The reserve is calculated by applying a probability of default on the difference between mathematical reserves ceded reduced by liquidity premium calculated on a prudent basis and the Opal assets. As mentioned above, the higher of this reserve and the mortality deductible reserve is held on an FSA basis.

Reinsurance

9. (1) Reinsurance has not been ceded on a facultative basis to reinsurers who are not authorised to carry on business in the United Kingdom.

(2) The following table shows the principal reinsurance treaties used:

Reinsurer	Nature and extent of the cover	Premiums £'000	Amount deposited back or premium withheld £'000	Closed to new business?	Amount of any undis-charged obligation £'000	Mathematical Reserves ceded £'000	Retention by the insurer
Pearl Assurance Limited	Surplus Relief financing. See page below		No deposit back arrangement	No	Nil	14,000	See Note (1) below
Opal Reassurance Limited	Liability to pay the Basic Annuity.	Nil	560,809	Yes	Nil	559,273	Nil
Pearl Assurance Limited	Liability to pay the Basic Annuity and Bonus Annuity under the with profits annuity business is fully ceded.	1,335	24,884	Yes	Nil	58,868	See Note (1) below
LLLA "sub-fund" of NPI Limited	100% reinsurance of unit-linked liabilities	Nil	Nil	No	Nil	11,864	0%

Note:

1. London Life is closed to new business.

Pearl Assurance Limited, Opal Reassurance Limited & NPI Limited

- Pearl Assurance Limited and NPI Limited are authorised to carry on insurance business in the United Kingdom. Opal Reassurance Limited is not authorised to carry on insurance business in the United Kingdom.
- London Life Limited, NPI Limited, Pearl Assurance Limited, and Opal Reassurance Limited are all part of the Phoenix Group of companies.
- None of the treaties is subject to any material contingencies such as credit or legal risk.
- No provision has been made for any liability of the Company to refund any reinsurance commission in the event of lapses or surrender of the contract. Any refunds are met out of the corresponding premiums from the reinsurer.
- Under the Pearl Assurance Limited Surplus Relief financing treaty interest is payable for a particular sub-fund if sufficient assets remain to meet the greater of the value of the liabilities (determined in accordance with the Prudential Sourcebook for Insurers) of the sub-fund and an amount, determined in accordance with the Principles of Financial Management as set out in Schedule 3 to the 'Scheme', as necessary to meet the reasonable expectations of the policyholders of the sub-fund.

10. Reversionary (or annual) bonus

Life Compound Bonus Participation Pool (1)

Bonus Series	31.12.2011 Mathematical reserve £000	31.12.2011 reversionary bonus %	31.12.2010 reversionary bonus %
R1A, R2A, R2E, R2F, R2G, R4D, R4E	69,007	0.00%	0.00%

AMPUK Life Participation Pool (2)

Bonus Series	31.12.2011 Mathematical reserve £000	31.12.2011 reversionary bonus %	31.12.2010 reversionary bonus %
AMPUK Life: JU, GJU, GRU, Gift, TU, Life JUB	56,962	0.00%	0.00%
AMPUK Life: AU, AUF, QU, GU	15,443	0.00%	0.00%
AMPUK Life: ALU, ALUF, AJLU, (X)NBU	19,919	0.00%	0.00%

Cash Bonus Participation Pool (3)

Bonus Series	31.12.2011 Mathematical reserve £000	31.12.2011 reversionary bonus %	31.12.2010 reversionary bonus %
Fund P Assurance (up to 68th series)	39,992	3.00% (Cash Bonus)	3.00% (Cash Bonus)
Fund P Assurance (69th series onwards)	18,537	2.00% (Cash Bonus)	2.00% (Cash Bonus)

Simple Bonus Participation Pool (4)

Bonus Series	31.12.2011 Mathematical reserve £000	31.12.2011 reversionary bonus %	31.12.2010 reversionary bonus %
Fund W Deferred	17,431	0.00%	0.00%
Fund W Annuities in Payment	58,537	7.00%	7.00%

Pension Compound Bonus Participation Pool (4)

Bonus Series	31.12.2011 Mathematical reserve £000	31.12.2011 reversionary bonus %	31.12.2010 reversionary bonus %
VIPMIG and BIGVIP + RPP84	76,233	0.00%	0.00%
POLMIG, GRPA VC, RPP85	66,469	0.00%	0.00%
V9a, V9B, V9C	71,165	0.00%	0.00%
V71, V72, V73	9,614	0.00%	0.00%
PPS, PPSTV, MINPPS, VIPLUS, VIPMIG0	65,566	0.00%	0.00%
SPP Bonus Series 3	18,002	0.00%	0.00%
SPP Bonus Series 4	42,970	0.00%	0.00%

AMPUK Pension Participation Pool (4)

Bonus Series	31.12.2011 Mathematical reserve £000	31.12.2011 reversionary bonus %	31.12.2010 reversionary bonus %
AMPUK Pensions: DK, DL (PB post 1/1/87), EBS	60,276	0.00%	0.00%
AMPUK Pensions: PAC	14,733	0.00%	0.00%
Deposit Administration GKA	11,862	3.60%	4.20%

Unitised With Profit Pension Participation Pool (5)

Bonus Series	31.12.2011 Mathematical reserve £000	31.12.2011 reversionary bonus %	31.12.2010 reversionary bonus %
UWP Pension	9,239	2.5%/5%	2.5%/5%

Notes:

1. The asset shares in these participation pools are invested in the Active (Excluding AMP) Block (see note 4801).
2. The asset shares in these participation pools are invested in the Active (AMP) Block (see note 4801).
3. The asset shares in these participation pools are invested in the Passive (Cash Bonus) Block (see note 4801).
4. The asset shares in these participation pools are invested in the Passive (Pensions) Block (see note 4801).
5. The asset shares in the unitised with profit participation pools are invested in the UWP Block (see note 4801).
6. Super compound bonus rates are shown as rates applied to the basic sum assured / bonus sum assured.
7. Reversionary Bonus for Deposit Admin GKA was for 31.12.2011 is an interim bonus.

The basic mathematical reserves in the above tables are the gross mathematical reserves calculated in accordance with paragraph 4 and exclude the special reserves and capital requirements detailed in paragraphs 5 to 8.

LONDON LIFE LIMITED

APPENDIX 9.4A

ABSTRACT OF VALUATION REPORT FOR REALISTIC VALUATION

1. Introduction

- (1) This actuarial investigation relates to 31 December 2011.
- (2) This date of the previous actuarial investigation was 31 December 2010.
- (3) An interim valuation was carried out on 30 June 2011 for the purpose of rule 9.3A.

2. Assets

- (1) Not applicable.
- (2) Not applicable as there are no equity holdings in related insurance undertakings.
- (3) Not applicable as the relevant assets for the purposes of INSPRU 1.3.43R (Risk Capital Margin) do not include any value in respect of future profits arising from non-profit insurance contracts written outside the with-profits fund.
- (4) Not applicable.
- (5) Not applicable.

3. With-Profits Benefit Reserve Liabilities

(1) (a), (b), (c) See Table 3.1.

TABLE 3.1

With-Profits Benefits Reserve and Value of Future Policy Related Liabilities (£m)

Product Class	Method used to Calculate With-Profits Benefits Reserve	With-Profits Benefits Reserve	Future Policy Related Liabilities
<i>Life With-Profits</i>			
AMP(UK) Life	Retrospective – asset shares ¹	109	14
Fund P	Prospective – bonus reserve valuation	55	(1)
Fund R	Retrospective – asset shares ¹	70	6
Fund T	Retrospective – asset shares ¹	5	0
<i>Pension With-Profits</i>			
AMP(UK) Pensions	Retrospective – asset shares ¹	45	39
Fund V (GAO)	Retrospective – asset shares ¹	123	80
Fund V (No GAO)	Retrospective – asset shares ¹	121	18
Fund W	Retrospective – asset shares ¹ Prospective – bonus reserve valuation ²	78	9
All Funds ³	N/A		108
Total	N/A	607	271

¹ Asset shares are not calculated for paid-up policies and therefore the with-profits benefits reserve for such policies is based on a bonus reserve valuation.

² For immediate annuities in Fund W a prospective bonus reserve method is used to calculate the with-profits benefits reserve.

³ Relates to the cost of capital and financing costs.

(2) Not applicable as the with-profits benefits reserve and future policy related liability figures in Table 3.1 represent the totals from Form 19.

(3) Not applicable.

(4) Not applicable.

4. With-Profits Benefits Reserve – Retrospective Method

- (1) (a) 100% of the with-profits benefits reserve that has been calculated using a retrospective method has been valued on an individual basis.
- (b) Zero.
- (c) (i) Not applicable.
- (c) (ii) Not applicable.
- (c) (iii) Not applicable.
- (2) (a) No significant changes were made to the valuation method for any type of product or classes of with-profits insurance contracts compared to the previous valuation.
- (b) Not applicable.
- (3) The Scheme of Transfer (“the Scheme”), effected immediately before the demutualisation of AMP (effective 1 January 1998), specifies the calculation basis for determining the aggregate expenses to be charged to the with-profits sub-funds in respect of administration and investment management services. Expenses that are neither investment management nor administration expenses can be debited and charged to the with-profits sub-funds if deemed appropriate by the London Life With-Profits Actuary. The aggregate expenses charged to the with-profits sub-funds are allocated to the with-profits benefit reserve on a basis deemed appropriate by the London Life With-Profits Actuary.
- (a) The last expense investigation was in December 2011.
- (b) Expense investigations occur annually.
- (c) (i) and (ii) See Table 4.1.

TABLE 4.1

Expenses Allocated to With-Profits Benefits Reserve during 2011 (£m)

Expense Type	Amount
Initial expenses	0.0
Maintenance expenses ¹	2.8
Total expenses	2.8

¹ Includes project expenses of £0.34m.

(c) (iii) The expenses charged to individual with-profits benefit reserves are for maintenance expenses expressed as per policy amounts, and for investment management expenses expressed as a percentage of funds under management. The former varies by product line reflecting the relative costs of administering the business.

(c) (iv) Investment expenses on assets needed to cover the excess of the realistic liabilities over and above the with-profits benefits reserve (i.e. not deducted from the with-profits benefits reserve) are valued at £2.0m.

(4) No charges are deducted from the with-profits benefits reserve in respect of costs of guarantees or the use of capital. The only material charge made to the with-profits benefit reserves is in respect of life cover benefits on life endowments and whole of life contracts.

(5) No non-insurance risk charges are made to conventional with-profits business. For unitised with-profits business, risk cover is charged through cancellation of units.

(6) The average claim to with-profit benefit reserve payout ratio for each year is shown in table 4.2 below.

TABLE 4.2

Average Claim Payout Ratio (%)

Year	Payout Ratio
2011	109%
2010	114%
2009	110%

(7) The investment return (before tax and expenses) allocated to the with-profits benefits reserve for conventional with-profits business during 2011 was approximately 9.2% and 9.8% for active and passive funds respectively. The investment return (before tax and expenses) allocated to the with-profits benefits reserve for unitised with-profits business during 2011 was 1.8%.

The unitised with-profits benefits reserve is invested in a different asset mix to the conventional with profit business. This asset mix has a significantly higher equity backing ratio than that backing the conventional with profits business.

5. With-Profits Benefits Reserve – Prospective Method

(1) (a), (c) Table 5.1 below shows the economic assumptions used in determining the with-profits benefits reserve when using the prospective method. However, it should be noted that claim values are determined using projected terminal bonus rates which, in line with actual practice, are based on asset shares for premium paying policies, i.e. the with-profits benefits reserves calculated using the prospective method do not affect the overall level of realistic liabilities, but do affect the split between the with-profits benefits reserve and the costs of guarantees and smoothing.

TABLE 5.1

Economic Assumptions used to Calculate the With-Profits Benefits Reserve at 31 December 2011 – Prospective Method

Assumption	Value	Note
Gilt return	1.9%	Annualised yield on UK 10 year gilt at 31 December 2011
Cash return	1.9%	3 month BAA sterling interest rate
Other fixed interest	1.9%	Gilt return
Equity return	4.9%	Gilt return plus 3.0% margin
Property return	3.9%	Gilt return plus 2.0% margin
Risk discount rate (“A”)	2.9%	Weighted average gross investment return – ‘active’ investment pool (gross)
Risk discount rate (“P”)	1.9%	Weighted average gross investment return – ‘passive’ investment pool (gross)
Expense inflation		
- Life	3.2%	
- Pensions	3.1%	

(b) The risk discount rates in Table 5.1 are based on the weighted average investment return at 31 December 2011 of the assets backing the liabilities for which a prospective method is used to calculate the with-profits benefits reserve. Two risk discount rates are shown as the assets of the WP Fund are split into two pools of managed assets – one active and one passive. The relevant pool of assets depends on the nature of the liabilities for which they provide backing (and whether asset shares are likely to determine future payouts).

(d) See Table 5.2 (annual bonus rates).

TABLE 5.2**Annual Bonus Rates Assumed in Calculation of With-Profits Benefits Reserve at 31 December 2011 – Prospective Method**

Product Class	Annual Bonus Rate
Fund W – immediate annuities	7.00% simple
Fund W – cost of vesting deferred annuities	0.00% simple
Fund P – 68 th and earlier series (current rate) ¹	3.00%
Fund P – 69 th series and later (current rate) ¹	2.00%
Fund P – all series (ultimate) ²	2.00%
UWP Bond Life	2.00% rate on PU; 4.00% rate on BU
UWP Pensions	2.50% rate on PU; 5.00% rate on BU
All other product classes	0%

¹ For Fund P, the policy was designed such that premiums are extinguished after about 10 years. Thereafter a net cash bonus is payable each year, which is guaranteed not to reduce. The annual declaration is the rate of increase in the cash bonus.

² This is the rate applicable from year 2 onwards. The current rates reduce over the next 2 years to reach the ultimate rate.

For product classes where a prospective method is used to calculate the with-profits benefits reserve, the future assumed final bonus rates are based on the bonus declaration applicable as at the valuation date, and as detailed in section 10 of Appendix 9.4. The assumed glidepath follows a linear reduction over five years to zero.

(e) See Tables 5.3 and 5.4 for the expenses assumptions used. No future charges for guarantee costs, smoothing costs, etc were assumed when deriving the with-profits benefit reserves.

TABLE 5.3**With-Profit Maintenance Expense Assumptions (£) ¹**

Product Class	Per policy expenses £
<i>Life With-Profits</i>	
AMP (UK) Life	36.80
Conventional Life (Funds P, R, T)	36.00
<i>Pensions With-Profits</i>	
AMP (UK) Pensions	36.80
Endowments (Fund V ICL)	40.60
Deferred Annuities (V ICL)	40.60
Pension Protector (V ICL)	40.60
APEX WP (V ICL)	0.248%
VIPMIG, VIP PLUS	90.70
BIGVIP, POLMIG, GRPAVC	90.70
RPPMIG, PPS, MINPPS	90.70
PPP, SPPP, FSAVC	90.70
EPP	90.70
SPP	52.20
Fund W (Deferred Annuities)	40.60
Fund W (Immediate Annuities)	40.60

¹ The expenses are gross of tax relief at 20% (BLAGAB business). Future expenses are assumed to increase by RPI plus 0.60% (Life) and 0.50% (Pensions) on 1 January each year. These expense figures reflect the expense assumptions prior to any model pointing adjustment.

TABLE 5.4**Investment Expense Assumptions (basis points)**

With-profits fund	14
-------------------	----

(f) See Table 5.5. Note that there is no differentiation by duration for any with-profits product group.

TABLE 5.5**Lapse Assumptions**

Product Class	Long-term
Fund V: "Old" Fund V(IBM), i.e. BIGVIP, GRPAVC, POLMIG, RPPMIG (with GAO), VIPMIG(OLD) ²	4.0%
FUND V(ICL)	2.5%
AMP (UK) Pensions	2.5%
Fund V: "New" Fund V(IBM), i.e. MINNPSS, PPS, PPSTV, VIPPLUS, RPPMIG (without GAO), VIPMIG(NEW) ¹	6.0%
Fund R, AMP (UK) Endowments & Whole of Lives	3.0%
Funds T, W and P	0.0%

¹ VIPMIG(NEW) are members of VIP Schemes who are on VIPPLUS (as opposed to VIPMIG(OLD)) pricing terms.

(2) Not applicable as only one set of assumptions is used.

6. Costs of Guarantees, Options and Smoothing

(1) Not applicable.

(2) (a) All costs of guarantees, options and smoothing have been valued using a full stochastic approach.

(b) (i) Not applicable.

(b) (ii) 100% of the with-profits insurance contracts for which costs have been valued have been valued on a grouped basis.

(b) (iii) Contracts are grouped at homogeneous benefit level and then grouped either by year of entry and year of birth or by year of entry and year of maturity. For the former, the data is further grouped into 5 year age bands.

The total number of with-profits contracts in force at 31 December 2011 was approximately 48,000 (comprising 22,100 pensions contracts and 25,900 life contracts. These contracts were grouped into 17,000 model points (comprising 13,800 pensions and 3,200 life).

For each product line, the effect of any grouping was tested by comparing the statutory reserves calculated for the (grouped) model points with the actual statutory reserves (i.e. as used for the statutory valuation). The number of contracts, total office premiums and total guaranteed benefits were also compared at product line level. Also, a stochastic run was completed on 1 year maturity bands and was found to be immaterially different to the 5 year maturity bands.

(c) Not applicable.

(3) No significant changes were made to the valuation method for valuing the cost of guarantee, option or smoothing since the previous valuation.

(4) (a) (i) The main guarantee types valued are:

- Lump sum basic benefit, e.g. the sums assured and attaching reversionary bonuses payable at maturity on an endowment or “funded to cash” deferred annuity. Some of these guarantees are in-the-money and others are out-of-the money.
- Annuity benefit, i.e. a basic annuity amount plus attaching reversionary bonuses vesting at a specified date. Some of these guarantees are in-the-money and others are out-of-the money.
- Guaranteed annuity option rate, i.e. a guaranteed annuity rate specified in a contract that can be applied at maturity to convert the cash benefits provided by the contract into annuity benefits. Generally these guaranteed annuity rates are well in-the-money.

The costs of smoothing form the balance of total optionality costs, i.e. the excess of claim values over guaranteed benefits plus option costs.

(a) (ii) The model assumes that:

- Interest rates follow a two-factor Libor Market Model process.
- Corporate bond spreads follow a Jarrow-Landow-Turnbull process, with defaults following a one-factor Cox-Ingersoll-Ross process.
- Equity and property returns follow a geometric Brownian motion.

Interest rates

The interest rate calibration process is in two steps:

- A zero-coupon yield curve is initially derived, which is calibrated to the gilt curve with a +10bp adjustment.

- Interest rate volatilities are calibrated to swaption implied volatilities using weighted least squares over the swaption volatility surface. Additional weightings are applied on contracts with longer swap tenors and longer dated option maturities.

The gilt curve with a +10bp adjustment is as supplied by Barrie & Hibbert.

The market swaption volatilities were supplied by Barrie & Hibbert.

Corporate bond spreads

The corporate bond portfolio is modelled as a constant-weight mixture by credit rating as follows: AAA, AA, A and BBB. In each portfolio, the corporate bond process models the variation in the spread over risk free bonds.

There are two elements to the credit spread calibration process:

- The credit transition matrix is calibrated to historic data based on historical 1 year transition probabilities and the long term historical default probabilities.
- The credit risk premium process is initialised to current market data obtained from Thomson Reuters and Merrill Lynch.

The calibration of the credit spread processes was focused on matching the initial spread on an A rated bond of 7 year maturity.

Table 6.1 shows the credit spreads over gilts + 10bp at 31 December 2011 in basis points.

Table 6.1

Corporate Bond Spreads at 31 December 2011

Term	AAA	AA	A	BBB
1	127	326	446	856
2	238	413	517	802
3	306	446	525	726
5	357	446	494	612
7	358	420	453	533
10	335	375	397	449
15	286	310	323	355
20	246	263	272	293
25	215	228	234	250
30	191	201	207	219

The volatilities assumed are shown in table 6.2.

Rating	Maturity (years)			
	1	7	10	30
AAA	61	61	50	55
AA	69	69	62	60
A	71	73	63	68
BBB	88	86	82	84

The volatilities assumed are provided by Barrie & Hibbert.

Equity and Property

Two asset classes are modelled as equity-type processes: UK equity index and UK property index. These are modelled as geometric Brownian motions with stochastic drift, which is equated to the stochastic interest rate.

The Economic Scenario Generator (ESG), for UK equity, is the Stochastic Volatility Jump Diffusion (SVJD) equity model.

The allowance for asset correlations in the ESG follows a correlation matrix approach at the current valuation.

The update to the SVJD model brings several advantages compared to using the Local Volatility model as follows:

- Greater accuracy in pricing out of sample instruments.
- Ability to cope with higher levels of market volatility.
- More realistic equity modelling.

The implied volatility surface used in the calibration is shown below in table 6.3:

		Strike						
		0.7	0.8	0.9	1	1.1	1.2	1.3
Maturity	%							
	1	34.4	30.7	27.1	23.7	20.4	17.8	16.1
	3	31.8	29.4	27.1	25.0	22.9	21.0	19.3
	5	31.2	29.2	27.4	25.8	24.3	23.0	21.9
	7	31.3	29.6	28.0	26.6	25.4	24.3	23.3
	9	31.3	29.8	28.4	27.0	25.9	24.8	23.8

Property follows a constant volatility model, parameter 15%.

The correlations between the log-normal processes are equated to the correlations between asset classes and between changes in risk-free bond yields. Table 6.4 shows the correlations.

TABLE 6.4

Correlation factors between asset classes

	Long Dated Bonds	Equity Index	Property Index
Long Dated Bonds	100%		
Equity Index	-7%	100%	
Property Index	-10%	35%	100%

The volatility and correlation assumptions are derived from Barrie & Hibbert best estimate assumptions.

(a) (iii) Table 6.5 shows the simulated values of specific options and / or contracts.

These were produced using the stochastic scenarios used to derive the realistic balance sheet with one exception – for credit spreads, the AA-rated process is used, not the combined credit process used in the realistic balance sheet.

		FSA Table											
		0.75			1			1.5					
		5	15	25	35	5	15	25	35	5	15	25	35
		1.16%	2.85%	3.39%	3.46%	X	X	X	X	X	X	X	X
Duration (n)													
Annualised compound equivalent of the risk free rate assumed for the period (r)													
1	Risk-Free Zero Coupon Bond	£944,134	£655,674	£434,659	£303,674	X	X	X	X	X	X	X	X
2	FTSE All Share Index (p=1)	£117,174	£262,679	£367,104	£434,866	£224,216	£412,772	£540,652	£625,271	£546,451	£764,886	£923,894	£1,030,995
3	FTSE All Share Index (p=0.8)	£114,175	£229,918	£293,141	£321,918	£218,578	£362,786	£433,719	£464,927	£533,101	£674,302	£745,480	£771,999
4	Property (p=1)	£30,994	£109,562	£189,666	£242,647	£133,358	£245,179	£344,866	£410,475	£522,371	£620,021	£722,470	£803,669
5	Property (p=0.8)	£28,949	£84,700	£130,326	£152,644	£126,989	£196,699	£246,889	£267,867	£506,764	£521,439	£541,414	£549,980
6	15yr Risk-Free ZCBs (p=1)	£25,621	£18,243	£16,854	£23,554	£91,539	£78,219	£94,877	£126,795	£501,792	£498,981	£508,966	£527,628
7	15yr Risk-Free ZCBs (p=0.8)	£24,432	£12,766	£7,757	£5,118	£86,648	£49,636	£34,670	£33,306	£484,723	£380,373	£298,722	£257,055
8	15yr Corporate Bonds (p=1)	£34,292	£37,113	£51,036	£65,703	£112,559	£123,409	£149,460	£174,323	£493,018	£489,874	£511,989	£541,876
9	15yr Corporate Bonds (p=0.8)	£32,658	£25,476	£27,122	£27,340	£107,413	£88,464	£82,419	£79,075	£476,989	£384,054	£324,588	£294,242
10	Portfolio 1 (p=1)	£74,286	£181,802	£273,326	£335,446	£172,259	£320,484	£433,550	£510,863	£517,820	£669,611	£807,385	£902,963
11	Portfolio 1 (p=0.8)	£71,900	£153,699	£208,251	£236,649	£166,727	£272,851	£333,688	£362,231	£503,001	£578,309	£629,942	£651,134
12	Portfolio 2 (p=1)	£64,407	£156,171	£236,222	£290,812	£156,920	£283,555	£386,782	£455,122	£506,823	£626,542	£749,781	£834,636
13	Portfolio 2 (p=0.8)	£62,193	£130,915	£175,897	£200,011	£151,485	£239,098	£292,813	£315,939	£491,470	£533,847	£577,203	£590,456
14	Portfolio 3 (p=1)	£39,407	£94,050	£154,480	£200,372	£123,074	£208,019	£291,672	£350,423	£498,202	£560,981	£651,803	£722,446
15	Portfolio 3 (p=0.8)	£37,629	£73,676	£105,697	£123,057	£117,600	£166,250	£203,607	£222,568	£481,916	£463,833	£477,293	£479,176
16	Sterling Receiver Swaptions	17.43%	11.18%	9.42%	7.79%	20.18%	13.88%	11.63%	9.41%	22.76%	16.30%	13.46%	10.61%
		Swap Duration = 15 years			Swap Duration = 20 years			Swap Duration = 25 years					

Notes:

(1) Row zero shows the risk free rate rounded to two decimal places. When deriving the strike for each option we have not used the truncated risk free rate; rather we have used the risk free rate implied by the scenarios.

(a) (iv) The equity dividend yield and property rental yield parameters are modelled deterministically, with parameters as in table 6.6.

TABLE 6.6

Income yield assumptions

Asset Class	Income yield
Equity	2.58%
Property	2.58%

(a) (v) For the purposes of INSPRU 1.3.62 there are no significant overseas territories.

(a) (vi) The outstanding durations of significant guarantees within material product classes are shown in Table 6.7.

TABLE 6.7

Outstanding durations of significant guarantees (years)

Product Class	Duration of Guarantees
Life Compound Bonus, Fund R	16
AMP (UK) Life	13
Pension Compound Bonus (GAO)	5
AMP (UK) Pension	6
Pension Compound Bonus (no GAO)	8
Pension Simple Bonus	4
Total WP Fund	9

The fit of the asset model to specimen swaptions is demonstrated below in Table 6.8.

Table 6.8					
Ratio of simulated to market swaption volatilities					
		Swap length			
		5	10	20	30
Option maturity	5	101.19%	105.38%	102.46%	99.33%
	10	106.96%	105.78%	103.77%	102.80%
	15	99.29%	99.41%	96.73%	98.18%
	20	96.18%	93.83%	92.34%	94.07%

Table 6.8 demonstrated that the scenarios can be used to reproduce market volatilities. The observed errors are relatively small in the calibration range of length 10-20 years and 5-15 years expiry, showing that the simulation process does not introduce significant additional errors over and above that arising from the calibration process.

(a) (vii) The validation process involves two tests:

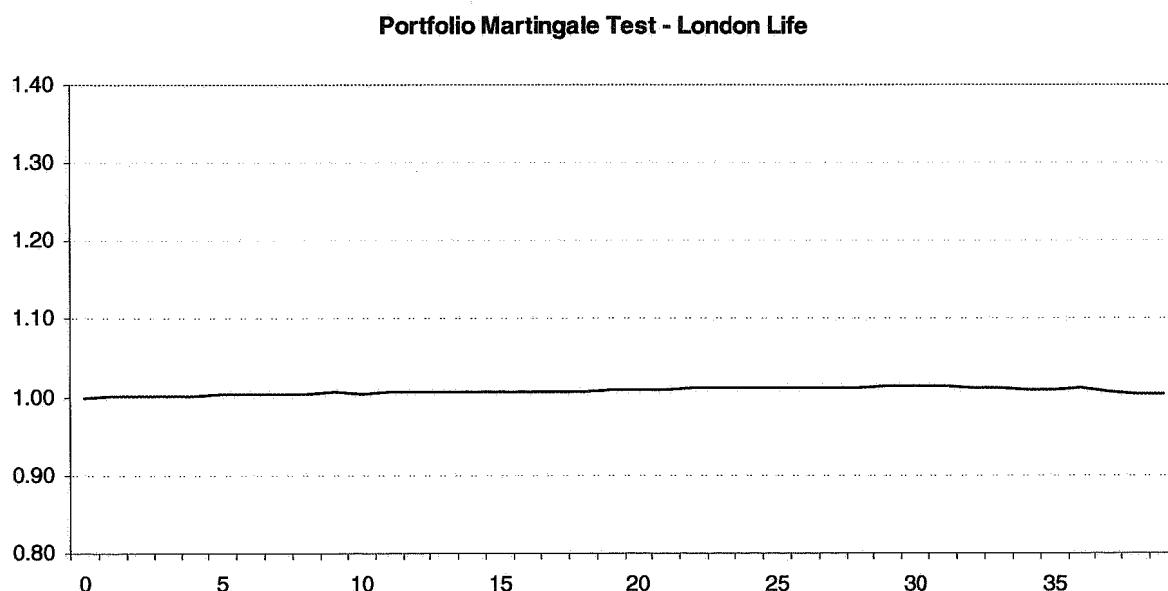
- Ensuring the scenarios satisfy the principle of no arbitrage.
- Checking that the market prices of relevant traded instruments can be replicated.

The market-consistent scenario generator is based on well-established models which have been subject to peer review in academic literature. Published proofs exist that the models are internally consistent and arbitrage free. The models are implemented using simulation techniques. To ensure that the models were implemented correctly and that the simulation process did not introduce bias, test runs were performed using a sufficient numbers of scenarios such that the test illustrated below would identify any systematic errors. The models passed this test without error.

For practical purposes, it is not possible to use sufficient scenarios to eliminate all simulation error. With a predominantly fixed interest asset holding, which is less volatile than equities, 1000 scenarios gives an acceptably small sampling error for London Life.

Figure 6.1 demonstrates that the scenarios supplied are arbitrage free up to suitable simulation error. In the chart, the y-axis shows the expected net present value of £1 invested at time zero and the x-axis shows the period of investment. In a market consistent model the expected value (or average discounted value) of £1 invested in a traded asset (e.g. cash, bonds or equities) equals £1. This test is referred to as the “one=one” or Martingale test. As Figure 6.1 shows the results of calculating the expected value by simulation, a margin for error is expected. The observed error within the time period of the liabilities, given the number of scenarios and the volatilities involved, is small and the scenarios are considered to pass the no-arbitrage test.

Figure 6.1



The second validation test described above requires that the scenarios themselves can be used to reproduce (by stochastic simulation) market prices. This was tested separately for each of the models described in 6(4)(a)(ii).

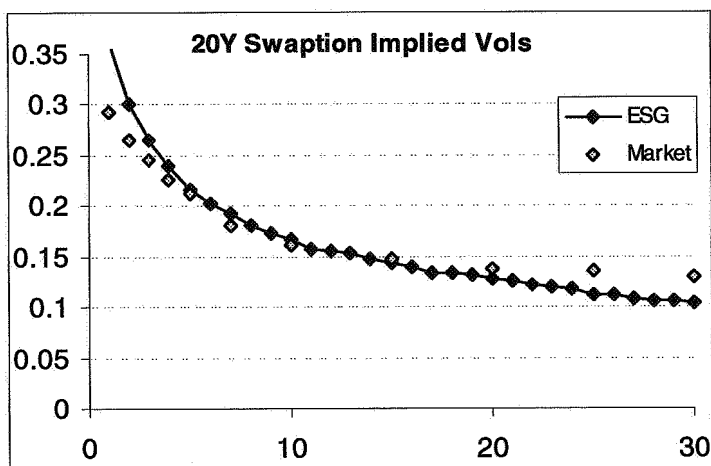
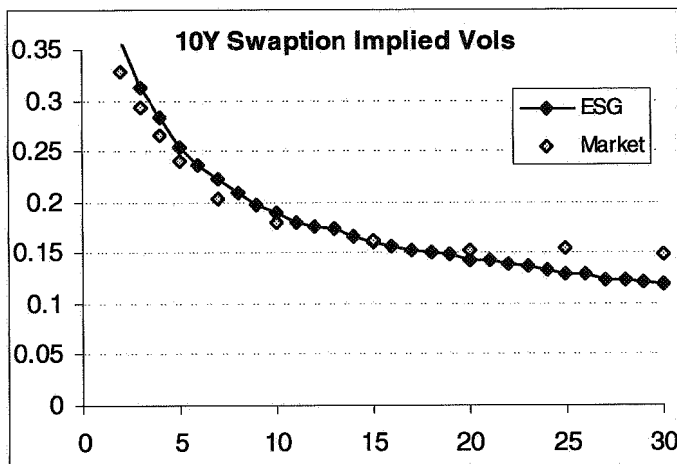
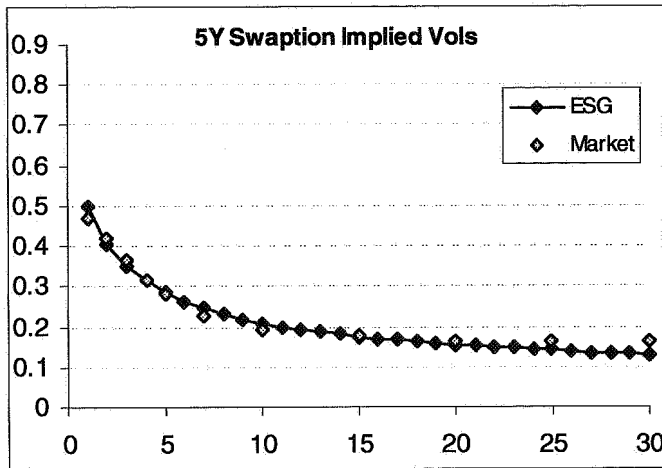
Interest rates

For the interest rate model, the first step is to show how well the calibrated model follows the given volatility surface.

The calibration focuses on the swap duration between 10 and 20 years, which match the liabilities more closely, and on swaption expiries between 5 and 15 years.

The graphs below (figures 6.2) show how well the simulated swaption volatilities of various tenors fit the market data.

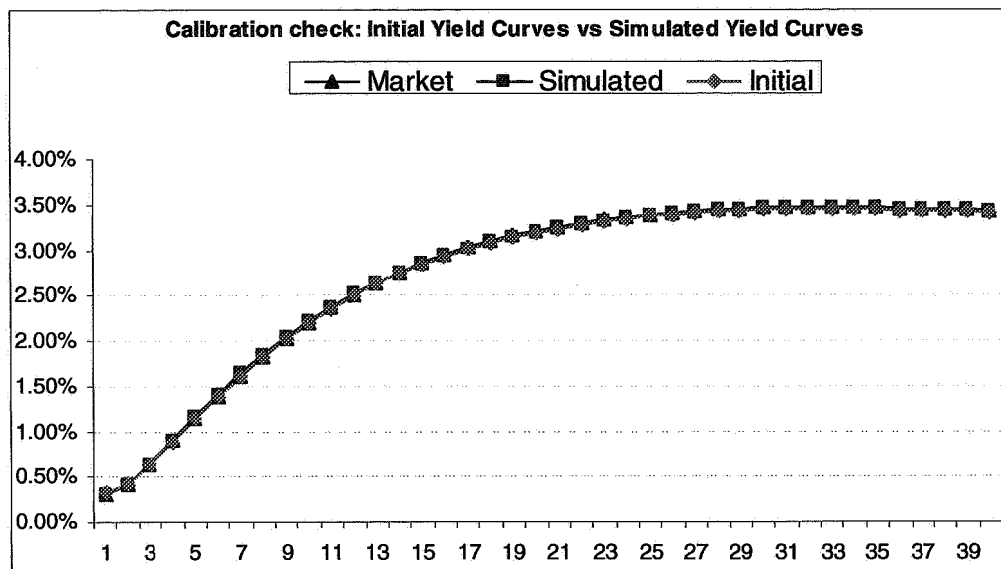
Figures 6.2



The next step is to ensure that the discount factors give the market prices for the risk-free bonds implied by the zero-coupon yield curve.

Figure 6.3 shows the average discount factors by period against the market data.

Figure 6.3

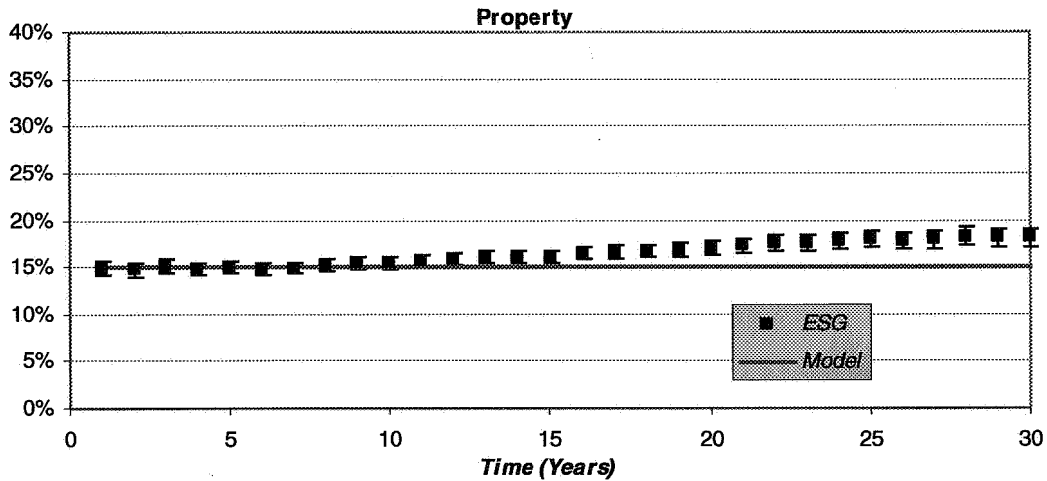
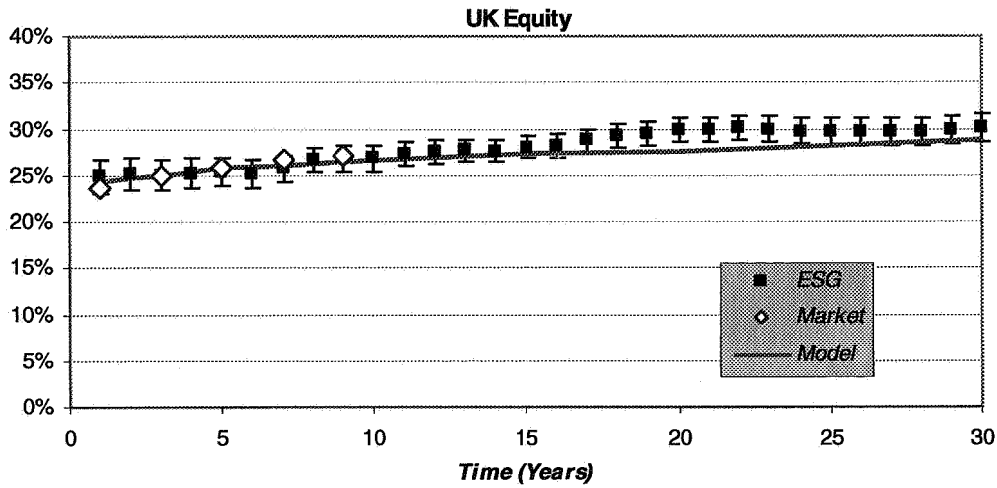


Equity and Property

Only UK equity volatilities have been calibrated to market data. Therefore it is not possible to illustrate the fit of the property scenarios to market data. However, we can demonstrate the fit to the volatility assumptions mentioned in 6(4)(a)(ii).

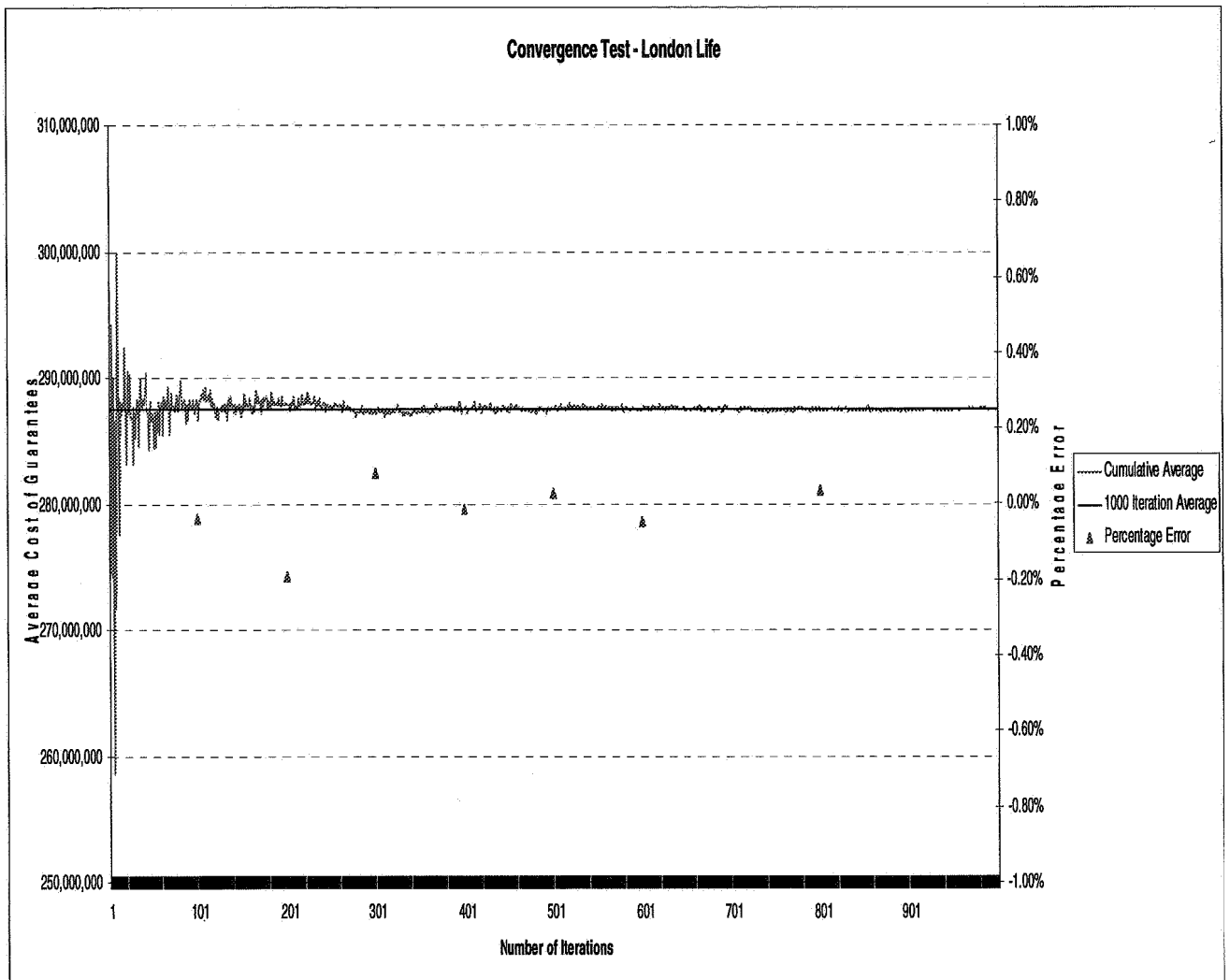
Figures 6.4 below shows the results for the market price test applied to at the money put options for UK equity and property. The smooth line shows the target market volatilities. The irregular line shows the implied volatilities calculated from simulated prices with associated error bars. These can be seen to follow the theoretical volatility closely when the high level of volatility parameters is taken into consideration and we conclude that the error introduced by simulation is small and that the implied volatilities derived from the model output are consistent with the market assumption.

Figures 6.4



(a) (viii) Simulations were performed using 1000 scenarios, which allow reasonable convergence of the results as can be gauged from the validation tests described in (a)(vii) above. The final model output was tested for convergence with the results shown in figure 6.5. Scenarios were paired as a variance reduction technique. The plots show the deviation from the final position (in £000's) by scenario pair.

Figure 6.5



(b) Not applicable as the costs of guarantees, options and smoothing were all calculated using a fully stochastic approach.

(c) Not applicable as the costs of guarantees, options and smoothing were all calculated using a fully stochastic approach.

(5) (a) When determining the realistic balance sheet no circumstance specific management actions were allowed for, e.g. investment strategy, surrender bases, bonus methodology, etc., and were the same in all scenarios.

(b) Table 6.9 sets out the equity backing ratio (for the with-profits benefit reserve) and annual bonus rates that would be modelled under 3 different assumed risk-free curves.

TABLE 6.9

Projected Equity Backing Ratios and Annual Bonus Rates – Scenarios i, ii, iii

	Equity Backing Ratio			Future Annual Bonus Rates	
	UWP	CWP Life (AMP / R & T)	CWP Pensions	UWP Bond Life	UWP Pensions
(i) Risk free interest rate curve - At 31 December 2011	50%	19.25% / 38.7%	0%	2% / 4%	2.5% / 5%
(i) Risk free interest rate curve - End 5 years	50%	19.25% / 38.7%	0%	2% / 4%	2.5% / 5%
(i) Risk free interest rate curve - End 10 years	50%	19.25% / 38.7%	0%	2% / 4%	2.5% / 5%
(ii) Risk free interest rate curve + 17.5% - At 31 December 2011	50%	19.25% / 38.7%	0%	2% / 4%	2.5% / 5%
(ii) Risk free interest rate curve + 17.5% - End 5 years	50%	19.25% / 38.7%	0%	2% / 4%	2.5% / 5%
(ii) Risk free interest rate curve + 17.5% - End 10 years	50%	19.25% / 38.7%	0%	2% / 4%	2.5% / 5%
(iii) Risk free interest rate curve – 17.5% - At 31 December 2011	50%	19.25% / 38.7%	0%	2% / 4%	2.5% / 5%
(iii) Risk free interest rate curve – 17.5% - End 5 years	50%	19.25% / 38.7%	0%	2% / 4%	2.5% / 5%
(iii) Risk free interest rate curve – 17.5% - End 10 years	50%	19.25% / 38.7%	0%	2% / 4%	2.5% / 5%

(6) The persistency assumptions used to determine the costs of guarantees, options and smoothing are outlined in Table 6.10 (i.e. the assumptions are consistent with those made for the with-profits

benefits reserve prospective method). The assumptions are the same for both paid-up and premium-paying policies, and do not vary across policy durations.

TABLE 6.10

Average lapse rate for the policy years

		1- 5	6-10	11-15	16-20
Conventional With-profits Life business regular premium – Fund R and AMP (UK) Life	PUP	3.00%	3.00%	3.00%	3.00%
Conventional With-profits Life business regular premium – Fund R and AMP (UK) Life	PP	3.00%	3.00%	3.00%	3.00%
Conventional With-profits Life business single premium – Fund R and AMP (UK) Life	PP	3.00%	3.00%	3.00%	3.00%
Conventional With-profits Life business regular premium – Fund P and T	PUP	0.00%	0.00%	0.00%	0.00%
Conventional With-profits Life business regular premium – Fund P and T	PP	0.00%	0.00%	0.00%	0.00%
Conventional With-profits Life business single premium – Fund P and T	PP	0.00%	0.00%	0.00%	0.00%
Conventional With-profits Pensions business regular premium – Fund V (GAO) ¹	PUP	4.00%	4.00%	4.00%	4.00%
Conventional With-profits Pensions business regular premium – Fund V (GAO) ¹	PP	4.00%	4.00%	4.00%	4.00%
Conventional With-profits Pensions business single premium – Fund V (GAO) ¹	PP	4.00%	4.00%	4.00%	4.00%
Conventional With-profits Pensions business regular premium – Fund V (no GAO)	PUP	6.00%	6.00%	6.00%	6.00%
Conventional With-profits Pensions business regular premium – Fund V (no GAO)	PP	6.00%	6.00%	6.00%	6.00%
Conventional With-profits Pensions business single premium – Fund V (no GAO)	PP	6.00%	6.00%	6.00%	6.00%
Conventional With-profits Pensions business regular premium – Fund AMP (UK) Pensions	PUP	2.50%	2.50%	2.50%	2.50%
Conventional With-profits Pensions business regular premium – Fund AMP (UK) Pensions	PP	2.50%	2.50%	2.50%	2.50%
Conventional With-profits Pensions business single premium – Fund AMP (UK) Pensions	PP	2.50%	2.50%	2.50%	2.50%
Conventional With-profits Pensions business regular premium – Fund W	PUP	0.00%	0.00%	0.00%	0.00%
Conventional With-profits Pensions business regular premium – Fund W	PP	0.00%	0.00%	0.00%	0.00%
Conventional With-profits Pensions business single premium – Fund W	PP	0.00%	0.00%	0.00%	0.00%

¹ Except V(ICL) which has a lapse rate of 2.5%.

Only a small proportion of London Life (Funds R, T & V) & AMPUK business experience any PuPs; the most significant of these being Fund R. The paid-up assumptions do not vary across policy durations, and are shown in Table 6.11.

TABLE 6.11

Average paid-up rate for the policy years		1- 5	6-10	11-15	16-20
Conventional With-profits Life business regular premium – Fund R	PUP	1.00%	1.00%	1.00%	1.00%

The annuitant mortality and take-up rate assumptions are shown in Tables 6.12 and 6.13 respectively.

TABLE 6.12**Annuitant Mortality Assumptions**

	Males	Females
Annuitant mortality	97.5% PCMA00 CMI_2009_M at C=2029 [3% to age 60, reducing linearly to 0% from age 110]	87.5% PCFA00 CMI_2009_F at C=2033 [3% to age 60, reducing linearly to 0% from age 110]

TABLE 6.13**GAO Take Up Rate Assumptions**

	Normal Retirement	Early Retirement	Terminal Bonus¹
Fund V (excluding POLMIG, GRPAVC)	80%	80%	80%
POLMIG, GRPAVC	10% if yields>4%, else 75%	10% if yields>4%, else 75%	10% if yields>4%, else 75%
AMP (UK)	77%	77%	77%
Fund R	0%	0%	0%
Fund T	0%	0%	0%

¹ This is the take up rate assumption made for the purposes of setting terminal bonus rates.

(7) Assumptions for foreseeable policyholder actions are potentially needed for the take-up of GAO benefits, MVA free dates on UWP policies and MVA free withdrawals on UWP policies. London Life has only a very small amount of UWP business and on materiality grounds this is not explicitly modelled. As such the only assumption that falls into this category is the take-up rate for GAO benefits. Table 6.13 shows the assumptions made, which apply in all scenarios where the GAO benefit is valuable to the policyholder.

7. Financing Costs

The London Life Scheme specified that capital support was to be provided to the Pensions With-Profits sub-fund (and the other non-profit sub-funds) via a contingent loan (“CL”). The initial amount of the CL to the Pensions With-Profits sub-fund was £114m. Both interest and capital payments are contingent on:

- the sub-fund (in this case Pensions With-Profits) not being a “supported” fund; and
- the sub-fund in question having, immediately following any such interest or capital payment, assets in excess of the Required Capital Amount (explained below).

In addition to this, CL principal can only be repaid if, under a range of scenarios deemed by the London Life Head of Actuarial Function as reasonably foreseeable, London Life as a whole would have sufficient assets (after any payment) to meet policyholder reasonable expectations (“PRE”) and statutory solvency requirements (Peak 1). This constraint also applies in respect of any dividend payments and the distribution or return of capital to shareholders.

The Required Capital Amount (“RCA”) is calculated at sub-fund level as the expected value of future shareholders’ transfers plus the greater of:

- statutory liabilities (Peak 1, excluding any in respect of contingent loans and inter-fund support); and
- the amount needed to meet PRE.

The above constraints effectively mean that all payments in respect of the CL are fully subordinated to policyholders. Indeed, no interest has ever been paid on the CL and during 2004 London Life Holdings Limited waived their right to interest on the CL for years 2004 to 2006 inclusive. On 24 November 2006 the rights and benefits under the contingent loan agreement were assigned to Pearl Group Limited (subsequently renamed Pearl Group Holdings (No. 2) Limited) under identical terms except for the extension of the waiver of interest payments to include the period up to and including 31 December 2013. The face value of the CL is £128m at 31 December 2011 (including the CL to the Life Non-Profit and Pension Non-Profit sub-funds).

The Scheme also includes provisions for providing sub-funds with further capital support should they need it. The trigger for this is whether the sub-fund has sufficient assets to cover the RCA. If this is not the case, the Scheme provides that “inter-fund support” should be provided by transferring assets, via a loan bearing interest (3 month LIBOR), from either the Shareholder Fund or a non-profit

sub-fund. Similar to the CL, interest and capital payments are fully subordinated to meeting PRE. No sub-fund support was required or effected during 2011.

The financing cost figures are calculated reflecting the full subordination to PRE, i.e. it is the average value of the payments (CL and inter-fund support) that the sub-fund could make subject to first fully satisfying PRE.

8. Other Long-Term Insurance Liabilities

A breakdown of the other long-term insurance liabilities, before the allocation of working capital as per the GN45 requirement for Closed Funds, is set out in Table 8.1.

Liability	LWP	PWP
	(£m)	(£m)
Investment Management Expenses ¹	0.04	1.95
Additional Basic Rate Tax ²	(0.73)	-
Value of future shareholder transfers	3.74	2.65
Mortgage Endowment Mis-selling	0.02	-
Additional Reserves ³	0.62	1.72
Total	3.69	6.32

¹ The value of future investment expenses on assets over and above asset share (i.e. not deducted from asset share).

² Basic rate tax on assets in excess of asset share in respect of Life business (i.e. not deducted from asset share).

³ Reserves for expense inflation and investment management expenses.

No provisions have been included in respect of 'Any other liabilities related to regulatory duty to treat customers fairly'.

9. Realistic Current Liabilities

The realistic current liabilities at 31 December 2011 stood at £583.1m, which is £1.5m lower than the regulatory current liabilities at the same date, due to an additional provision for adverse deviations appearing in the regulatory liabilities.

The main component of the realistic current liabilities is the £500.0m representing collateral received to cover assets that have been lent out and would be repaid on return of the stock lending assets.

The realistic current liabilities do not include any liability in respect of the company pension scheme. Pearl Group Services employs all of the operating staff within the group and hence retains the responsibility for meeting the pension scheme's obligations.

The current liabilities are made up of:

- £5.9m for outstanding claims;
- £2.1m in respect of tax;
- £24.9m in respect of SPP deposit back;
- £550.2m in respect of other creditors and accruals & deferred income;

10. Risk Capital Margin

(a) The risk capital margin for London Life at 31 December 2011 is zero for both the LWP sub-fund and the PWP sub-fund.

As described in Section 7, the terms of the Scheme are such that the capital support (CL and inter-fund support mechanism) is fully subordinated to the need to meet PRE.

The financial flexibility of London Life is such that any adverse experience would, in the first instance, simply reduce the value of the capital expected to be repaid to shareholders, i.e. the financing costs. Any amount within LWP sub-fund that would have contributed towards the working capital is now displayed as 'Other long-term insurance liabilities' within Line 47 of Form19. As such, the LWP RCM is also displayed as zero.

The PWP sub-fund financing cost acts to absorb changes that would otherwise affect the working capital. To the extent that the working capital would fall below zero in the most onerous RCM condition, the financing costs would no longer be able to absorb such a change. As at 31

December 2011, the working capital in the most adverse RCM condition is above zero. As such, the PWP RCM is also displayed as zero.

The most onerous scenario for London Life LWP (i.e. the one which reduces the financing costs the most) is that which combines:

- A fall in equity and property values;
- A fall in interest rates; and
- A fall in persistency.

The most onerous scenario for London Life PWP is that which combines:

- A fall in equity and property values;
- A rise in interest rates; and
- A fall in persistency.

(i) 20.0% fall in equity values; 12.5% fall in property values.

(ii) A 17.5% change in the yield curve (UK assets), equivalent to a 0.43% nominal change in the long term gilt yield.

(iii) (a) The average change in spreads for bonds was 1.17% weighted by value (which translates to 1.41% when weighted by value and duration), resulting in a 8.06% fall in corporate bond asset values.

(b) Not applicable.

(c) Not material. Our interpretation of INSPRU is that intra-group reinsurance is not subject to the reinsurance credit risk event. London Life has a small amount of traditional reinsurance. The effect of allowing for the reinsurance credit risk event in respect of this is very small and so on materiality grounds this has not been included in the value of the liabilities shown in Form 19.

(d) Not applicable.

(e) Derivatives exposed to swap spread risk rather than credit spread risk are no longer re-valued as part of a credit stress.

- (iv) The average change in persistency experience (weighted by realistic value of liabilities) expressed as an annual percentage is 32.5%, which corresponds with a reduction in the average lapse rate (weighted by realistic value of liabilities) from 3.2% per annum to 2.2% per annum. This change in persistency resulted in a 0.59% increase in the realistic value of liabilities (excluding financing costs). This increase in liabilities (excluding financing costs) is offset in the PWP sub-fund by a corresponding reduction in the financing costs (refer to Sections 7 and 10 (a)), signifying a reduction in the ability of the with-profits fund to repay the contingent loan and inter-fund support.
- (v) Not applicable.
- (b) No particular management actions were assumed for the purposes of calculating the risk capital margin.
- (c) (i) No additional assets are required to cover the risk capital margin of both the LWP and the PWP fund.
- (ii) As described in Section 7, the Scheme provides for an inter-fund support mechanism whereby assets are transferred, via a loan, from the Shareholder Fund (or non-profit sub-funds) to any sub-funds needing further capital support, which is the case for the Life and Pensions with-profits sub-funds.

11. Tax

The following tax treatment has been assumed:

- (i) For assets backing the with-profits benefits reserve, policyholder taxes are calculated on the "I-E" tax basis applicable to BLAGAB business and deducted from the with-profits benefit reserve. The tax rates assumed are 20% on savings income and indexed capital gains and nil on franked income received net of the non-recoverable tax credit. Tax relief on expenses are assumed to be 20%.
- (ii) Allowance is made for the "I-E" tax due on assets needed to back the excess of realistic liabilities over and above the with-profits benefits reserve and is included in the Other Long Term Insurance Liabilities.
- (iii) The allowance made for tax on the assets backing realistic current liabilities is similar to that outlined in (ii) above.

12. Derivatives

The major positions relating to derivative contracts held by the with-profits fund are:

A portfolio of interest rate swaps with notional amounts totalling £1,354.7m. This contains both "pay floating / receive fixed" and "pay fixed / receive floating" type contracts. The average time to expiry is 12.0 years.

A portfolio of swap spread hedges with notional amounts totalling £28.5m. The average time to expiry is 0.4 years.

A portfolio of RPI swaps with notional amounts totalling £14.3m. The average time to maturity is 17.0 years.

A portfolio of interest rate swaptions with notional amounts totalling £492.0m. The average time to maturity is 12.4 years.

A portfolio of FTSE100 futures. There are 130 contracts with a value of £10 each per index point. The total value of this portfolio as at 31 December 2011 is £7.2m. This is split across active asset shares (230 contracts), UWP asset shares (3 contracts) and a short position within the estate (-103 contracts).

The equity futures have a term of 3 months and are rolled at the end of this period.

13. Analysis of Working Capital

Table 13.1 describes the significant movements in the working capital of the with profits fund from the preceding financial year.

TABLE 13.1

Analysis of Working Capital

	LWP ¹	PWP ²
Working Capital as at 31 December 2010	0	0
Undo zeroisation to Opening working capital	30	45
Opening Adjustment	6	11
Expected Return	0	0
Investment Management	-1	-4
Insurance Management	0	11
Capital Movements	0	0
Other	5	-5
Other Long-Term Insurance Liabilities/Financing Costs	-40	-58
Working Capital at 31 December 2011	0	0

¹ LWP working capital is described within 10(a) above. As per GN45 this is allocated within 'Other Long-term Insurance Liabilities' to ensure that the working capital total is zero, as required for a closed fund.

² PWP financing costs are described within 10(a) above.

14. Optional Disclosure

Not applicable.

Returns under the Accounts and Statements Rules

Statement of information on the with-profits actuary required by rule 9.36

London Life Limited

Global Business

Financial year ended 31 December 2011

The with-profits actuary throughout the period was K J Arnott. In accordance with rule 9.36 of the Accounts and Statements Rules, the following information relating to Mr Arnott is in respect of the year ended 31 December 2011.

1. a) During the year, K J Arnott held options to subscribe for 37,655 shares in Phoenix Group Holdings, the ultimate holding company, granted under the Company's Long Term Incentive Plan.
 - b) The aggregate of the remuneration and value of other benefits receivable by K J Arnott from the insurer in respect of 2011 was £406,940*.
 - c) K J Arnott was a member of the Pearl Staff Pension Scheme from 1 January 2011 to 30 June 2011, and was entitled to the standard benefits under the rules of the scheme. From 1 July 2011 to 31 December 2011 he was a member of The Phoenix Group Salary Sacrifice Pension Scheme and was entitled to the standard benefits under the rules of the scheme
2. The insurer has made a request to K J Arnott to furnish it the particulars specified in rule 9.36(1) of the Accounts and Statements Rules. The above particulars were obtained from the insurer's Human Resources records with the agreement of K J Arnott.

Note 1

Under rule 9.36(4) of the Accounts and Statements Rules, reference to the insurer includes reference to any body corporate which is the insurer's subsidiary undertaking or parent undertaking and to any other subsidiary undertakings of its parent undertaking.

* Any undeclared bonuses are excluded

Returns under the Accounts and Statements Rules

Certificate required by rule 9.34(1)

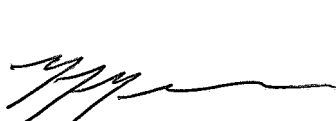
London Life Limited

Global Business

Financial year ended 31 December 2011

We certify that: -

1. (a) the return has been properly prepared in accordance with the requirements in IPRU(INS), GENPRU and INSPRU; and
- (b) we are satisfied that:
 - (i) throughout the financial year in question, the insurer has complied in all material respects with the requirements in SYSC and PRIN as well as the provisions of IPRU(INS), GENPRU and INSPRU; and
 - (ii) it is reasonable to believe that the insurer has continued so to comply subsequently, and will continue so to comply in future.
2. (a) in our opinion, premiums for contracts of long-term business entered into during the financial year and the resulting income earned are sufficient, under reasonable actuarial methods and assumptions, and taking into account the other financial resources of the insurer that are available for the purpose, to enable the insurer to meet its obligations in respect of those contracts and, in particular, to establish adequate mathematical reserves;
- (b) the sum of the mathematical reserves and the deposits received from reinsurers as shown in Form 14, constitute proper provision at the end of the financial year for the long-term insurance liabilities (including all liabilities arising from deposit back arrangements, but excluding other liabilities which had fallen due before the end of the financial year) including any increase in those liabilities arising from a distribution of surplus as a result of an actuarial investigation as at that date into the financial condition of the long-term insurance business;
- (c) the with profits fund has been managed in accordance with the Principles and Practices of Financial Management, as established, maintained and recorded under COBS 20.3; and
- (d) we have, in preparing the return, taken and paid due regard to-
 - (i) advice from every actuary appointed by the insurer to perform the actuarial function in accordance with SUP 4.3.13R; and
 - (ii) advice from every actuary appointed by the insurer to perform the with-profits actuary function in accordance with SUP 4.3.16AR.



M J Merrick
Chief Executive



A Moss
Director



M D Ross
Director

Date: 20 March 2012

Returns under the Accounts and Statements Rules

Independent auditor's report to the directors pursuant to rule 9.35 of the Interim Prudential Sourcebook for Insurers

London Life Limited

Global Business

Financial year ended 31 December 2011

We have audited the following documents prepared by the insurer pursuant to the Accounts and Statements Rules set out in Part I and Part IV of Chapter 9 to IPRU(INS) the Interim Prudential Sourcebook for Insurers, GENPRU the General Prudential Sourcebook and INSPRU the Prudential Sourcebook for Insurers ("the Rules") made by the Financial Services Authority under section 138 of the Financial Services and Markets Act 2000:

- Forms 2, 3, 13 to 19, 40 to 45, 48, 49, 58 and 60 (including the supplementary notes) ("the Forms");
- the statement required by IPRU(INS) rule 9.29 ("the statement"); and
- the valuation reports required by IPRU(INS) rule 9.31 ("the valuation reports").

We are not required to audit and do not express an opinion on:

- Forms 46, 47, 50 to 55, 57, 59A and 59B (including the supplementary notes);
- the statements required by IPRU(INS) rules 9.30 and 9.36; and
- the certificate required by IPRU(INS) rule 9.34(1).

This report is made solely to the insurer's directors, in accordance with IPRU(INS) rule 9.35. Our audit work has been undertaken so that we might state to the insurer's directors those matters we are required by the Rules to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the insurer for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the insurer and its auditor

The insurer is responsible for the preparation of an annual return (including the Forms, the statement and the valuation reports) under the provisions of the Rules. The requirements of the Rules have been modified by the directions issued under section 148 of the Act referred to in supplementary note 0201. Under IPRU(INS) rule 9.11 the Forms, the statement and the valuation reports are required to be prepared in the manner specified by the Rules and to state fairly the information provided on the basis required by the Rules. The methods and assumptions determined by the insurer and used to perform the actuarial investigation as set out in the valuation reports are required to reflect appropriately the requirements of INSPRU 1.2 and 1.3.

Returns under the Accounts and Statements Rules

Independent auditor's report to the directors pursuant to rule 9.35 of the Interim Prudential Sourcebook for Insurers

London Life Limited

Global Business

Financial year ended 31 December 2011

(continued)

It is our responsibility to form an independent opinion as to whether the Forms, the statement and the valuation reports meet these requirements, and to report our opinion to you. We also report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the Forms, the statement and the valuation reports are not in agreement with the accounting records and returns; or
- we have not received all the information we require for our audit.

Basis of opinion

We conducted our work in accordance with Practice Note 20 'The audit of insurers in the United Kingdom (revised)' issued by the Auditing Practices Board. Our work included examination, on a test basis, of evidence relevant to the amounts and disclosures in the Forms, the statement and the valuation reports. The evidence included that previously obtained by us relating to the audit of the financial statements of the insurer for the financial year on which we reported on 21 March 2012. It also included an assessment of the significant estimates and judgments made by the insurer in the preparation of the Forms, the statement and the valuation reports.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Forms, the statement and the valuation reports are free from material misstatement, whether caused by fraud or other irregularity or error, and comply with IPRU(INS) rule 9.11.

In accordance with IPRU(INS) rule 9.35(1A), to the extent that any document, Form, statement, analysis or report to be examined under IPRU(INS) rule 9.35(1) contains amounts or information abstracted from the actuarial investigation performed pursuant to IPRU(INS) rule 9.4, we have obtained and paid due regard to advice from a suitably qualified actuary who is independent of the insurer.

Returns under the Accounts and Statements Rules

Independent auditor's report to the directors pursuant to rule 9.35 of the Interim Prudential Sourcebook for Insurers

London Life Limited

Global Business

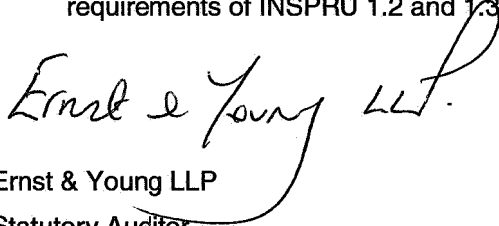
Financial year ended 31 December 2011

(continued)

Opinion

In our opinion:

- (a) the Forms, the statement and the valuation reports fairly state the information provided on the basis required by the Rules as modified and have been properly prepared in accordance with the provisions of those Rules; and
- (b) the methods and assumptions determined by the insurer and used to perform the actuarial investigation as set out in the valuation reports appropriately reflect the requirements of INSPRU 1.2 and 1.3.



Ernst & Young LLP

Statutory Auditor

London

21 March 2012