

Old Mutual Wealth Life & Pensions Limited

**Annual PRA Insurance Returns for the year ended
31st December 2015**



**BANK OF ENGLAND
PRUDENTIAL REGULATION
AUTHORITY**

(Appendices 9.1, 9.3, 9.4, 9.6)

Old Mutual Wealth Life & Pensions Limited

Year ended 31st December 2015

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Statement of solvency - long-term insurance business

Form 2

Name of insurer Old Mutual Wealth Life & Pensions Limited

Global business

Financial year ended 31st December 2015

Solo solvency calculation

| | Company registration number | GL/UK/CM | Period ended | | | units |
|----|-----------------------------|----------|----------------------------------|-------|--------------------------------|-------|
| | | | day | month | year | |
| R2 | 4163431 | GL | 31 | 12 | 2015 | £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 | 752 | 6987 |
| Capital resources allocated towards long-term insurance business arising outside the long-term insurance fund | 12 | 43408 | 26432 |
| Capital resources available to cover long-term insurance business capital resources requirement (11+12) | 13 | 44160 | 33419 |

Guarantee fund

| | | | |
|--|----|-------|-------|
| Guarantee fund requirement | 21 | 3056 | 2902 |
| Excess (deficiency) of available capital resources to cover guarantee fund requirement | 22 | 41104 | 30517 |

Minimum capital requirement (MCR)

| | | | |
|--|----|-------|-------|
| Long-term insurance capital requirement | 31 | 9167 | 7249 |
| Resilience capital requirement | 32 | 5784 | 6349 |
| Base capital resources requirement | 33 | 2657 | 2902 |
| Individual minimum capital requirement | 34 | 14951 | 13598 |
| Capital requirements of regulated related undertakings | 35 | | |
| Minimum capital requirement (34+35) | 36 | 14951 | 13598 |
| Excess (deficiency) of available capital resources to cover 50% of MCR | 37 | 36684 | 26619 |
| Excess (deficiency) of available capital resources to cover 75% of MCR | 38 | 32947 | 23219 |

Enhanced capital requirement

| | | | |
|--|----|-------|-------|
| With-profits insurance capital component | 39 | | |
| Enhanced capital requirement | 40 | 14951 | 13598 |

Capital resources requirement (CRR)

| | | | |
|--|----|-------|-------|
| Capital resources requirement (greater of 36 and 40) | 41 | 14951 | 13598 |
| Excess (deficiency) of available capital resources to cover long-term insurance business CRR (13-41) | 42 | 29209 | 19821 |

Contingent liabilities

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

Components of capital resources

Form 3
(Sheet 1)

Name of insurer Old Mutual Wealth Life & Pensions Limited

Global business

Financial year ended 31st December 2015

| | Company registration number | GL/UK/CM | Period ended | | | units | |
|--|-----------------------------|------------------------------|--|--|------|-------|------|
| | | | day | month | year | | |
| | R3 | 4163431 | GL | 31 | 12 | 2015 | £000 |
| | General insurance business | Long-term insurance business | Total as at the end of this financial year | Total as at the end of the previous year | | | |
| | 1 | 2 | 3 | 4 | | | |

Core tier one capital

| | | | | |
|---|----|-------|-------|-------|
| Permanent share capital | 11 | 16000 | 16000 | 16000 |
| Profit and loss account and other reserves | 12 | 56269 | 56269 | 35669 |
| Share premium account | 13 | | | |
| Positive valuation differences | 14 | | | 20014 |
| Fund for future appropriations | 15 | | | |
| Core tier one capital in related undertakings | 16 | | | |
| Core tier one capital (sum of 11 to 16) | 19 | 72269 | 72269 | 71883 |

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 | 72269 | 72269 | 71683 |
| Investments in own shares | 32 | | | |
| Intangible assets | 33 | | | |
| Amounts deducted from technical provisions for discounting | 34 | | | |
| Other negative valuation differences | 35 | 7786 | 7786 | |
| Deductions in related undertakings | 36 | | | |
| Deductions from tier one (32 to 36) | 37 | 7786 | 7786 | |
| Total tier one capital after deductions (31-37) | 39 | 64483 | 64483 | 71683 |

Components of capital resources

Form 3
(Sheet 2)

Name of insurer Old Mutual Wealth Life & Pensions Limited

Global business

Financial year ended 31st December 2015

| | Company registration number | GL/UK/CM | Period ended | | | units | |
|--|-----------------------------|------------------------------|--|--|------|-------|------|
| | | | day | month | year | | |
| | R3 | 4163431 | GL | 31 | 12 | 2015 | £000 |
| | General insurance business | Long-term insurance business | Total as at the end of this financial year | Total as at the end of the previous year | | | |
| | 1 | 2 | 3 | 4 | | | |

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 securitised | 46 | | | | | |
| Upper tier two capital in related undertakings | 47 | | | | | |
| Upper tier two capital (44 to 47) | 49 | | | | | |

| | | | | | | |
|--|----|--|--|--|--|--|
| Fixed term preference shares | 51 | | | | | |
| Other tier two instruments | 52 | | | | | |
| 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 | | | | | |
| Excess tier two capital | 62 | | | | | |
| Further excess lower tier two capital | 63 | | | | | |
| Total tier two capital after restrictions, before deductions (61-62-63) | 69 | | | | | |

Components of capital resources

Form 3
(Sheet 3)

Name of insurer Old Mutual Wealth Life & Pensions Limited

Global business

Financial year ended 31st December 2015

| | Company registration number | | GLUK/CM | Period ended | | | units |
|--|-----------------------------|------------------------------|--|--|-----|-------|-------|
| | R3 | 4163431 | | GL | day | month | |
| | | | | 31 | 12 | 2015 | £000 |
| | General insurance business | Long-term insurance business | Total as at the end of this financial year | Total as at the end of the previous year | | | |
| | 1 | 2 | 3 | 4 | | | |

Total capital resources

| | | | | | |
|---|----|--|-------|-------|-------|
| Positive adjustments for regulated non-insurance related undertakings | 71 | | | | |
| Total capital resources before deductions (39+69+71) | 72 | | 64483 | 64483 | 71683 |
| Inadmissible assets other than intangibles and own shares | 73 | | 20323 | 20323 | 38265 |
| Assets in excess of market risk and counterparty limits | 74 | | | | |
| 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 | | 44160 | 44160 | 33418 |

Available capital resources for GENPRU/INSRU tests

| | | | | | |
|--|----|--|-------|-------|-------|
| Available capital resources for guarantee fund requirement | 81 | | 44160 | 44160 | 33418 |
| Available capital resources for 50% MCR requirement | 82 | | 44160 | 44160 | 33418 |
| Available capital resources for 75% MCR requirement | 83 | | 44160 | 44160 | 33418 |

Financial engineering adjustments

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

Analysis of admissible assets

Form 13
(Sheet 1)

Name of insurer Old Mutual Wealth Life & Pensions Limited

Global business

Financial year ended 31st December 2015

Category of assets Total other than Long-term insurance business assets

| | Company registration number | GL/UK/CM | Period ended | | | units | Category of assets | |
|--------------------|-----------------------------|----------|--------------|-------|------|-------|----------------------------------|--------------------------------|
| | | | day | month | year | | | |
| | R13 | 4163431 | GL | 31 | 12 | 2015 | £000 | 1 |
| | | | | | | | As at end of this financial year | As at end of the previous year |
| | | | | | | | 1 | 2 |
| Land and buildings | | | 11 | | | | | |

Investments in group undertakings and participating interests

| | | | | |
|----------------------------|-----------------|----|--|--|
| UK insurance dependants | shares | 21 | | |
| | debts and loans | 22 | | |
| Other insurance dependants | shares | 23 | | |
| | 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 | 43408 | 26432 |
| Rights under derivative contracts | 44 | | |
| Fixed interest securities | Approved | 45 | |
| | Other | 46 | |
| Variable interest securities | Approved | 47 | |
| | Other | 48 | |
| Participation in investment pools | 49 | | |
| Loans secured by mortgages | 50 | | |
| Loans to public or local authorities and nationalised industries or undertakings | 51 | | |
| Loans secured by policies of insurance issued by the company | 52 | | |
| Other loans | 53 | | |
| Bank and approved credit & financial institution deposits | One month or less withdrawal | 54 | |
| | More than one month withdrawal | 55 | |
| Other financial investments | 56 | | |

Analysis of admissible assets

Form 13
(Sheet 2)

Name of insurer Old Mutual Wealth Life & Pensions Limited

Global business

Financial year ended 31st December 2015

Category of assets Total other than Long-term insurance business assets

| | Company registration number | GLUK/KM | Period ended | | | units | Category of assets | |
|---|-----------------------------|---------|--------------|-------|------|-------|----------------------------------|--------------------------------|
| | | | day | month | year | | | |
| | R13 | 4163431 | GL | 31 | 12 | 2015 | £000 | 1 |
| | | | | | | | As at end of this financial year | As at end of the previous year |
| | | | | | | | 1 | 2 |
| Deposits with ceding undertakings | | | | 57 | | | | |
| Assets held to match linked liabilities | Index linked | | | 58 | | | | |
| | Property linked | | | 59 | | | | |
| Reinsurers' share of technical provisions | | | | | | | | |
| Provision for unearned premiums | | | | 60 | | | | |
| Claims outstanding | | | | 61 | | | | |
| Provision for unexpired risks | | | | 62 | | | | |
| Other | | | | 63 | | | | |
| Debtors and salvage | | | | | | | | |
| Direct insurance business | Policyholders | | | 71 | | | | |
| | Intermediaries | | | 72 | | | | |
| Salvage and subrogation recoveries | | | | 73 | | | | |
| Reinsurance | Accepted | | | 74 | | | | |
| | Ceded | | | 75 | | | | |
| Dependants | due in 12 months or less | | | 76 | | | | |
| | due in more than 12 months | | | 77 | | | | |
| Other | due in 12 months or less | | | 78 | | | | |
| | due in more than 12 months | | | 79 | | | | |
| Other assets | | | | | | | | |
| Tangible assets | | | | 80 | | | | |
| Deposits not subject to time restriction on withdrawal with approved institutions | | | | 81 | | | | |
| Cash in hand | | | | 82 | | | | |
| Other assets (particulars to be specified by way of supplementary note) | | | | 83 | | | | |
| Accrued interest and rent | | | | 84 | | | | |
| Deferred acquisition costs (general business only) | | | | 85 | | | | |
| Other prepayments and accrued income | | | | 86 | | | | |
| Deductions from the aggregate value of assets | | | | 87 | | | | |
| Grand total of admissible assets after deduction of admissible assets in excess of market risk and counterparty limits (11 to 86 less 87) | | | | 89 | | 43408 | | 26432 |

Analysis of admissible assets

Form 13
(Sheet 3)

Name of insurer Old Mutual Wealth Life & Pensions Limited

Global business

Financial year ended 31st December 2015

Category of assets Total other than Long-term insurance business assets

| R13 | Company registration number | GL/UK/CM | Period ended | | | units | Category of assets |
|-----|-----------------------------|----------|--------------|-------|------|----------------------------------|--------------------------------|
| | | | day | month | year | | |
| | 4163431 | GL | 31 | 12 | 2015 | £000 | 1 |
| | | | | | | As at end of this financial year | As at end of the previous year |
| | | | | | | 1 | 2 |

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

| | | | |
|---|-----|-------|-------|
| Total admissible assets after deduction of admissible assets in excess of market risk and counterparty limits (as per line 89 above) | 91 | 43408 | 26432 |
| 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 | | |
| 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 | 43408 | 26432 |
| Amounts included in line 89 attributable to debts due from related insurers, other than those under contracts of insurance or reinsurance | 103 | | |

Analysis of admissible assets

Form 13
(Sheet 1)

Name of insurer Old Mutual Wealth Life & Pensions Limited

Global business

Financial year ended 31st December 2015

Category of assets Total Long-term insurance business assets

| | Company registration number | GL/UK/CM | Period ended | | | units | Category of assets | |
|--------------------|-----------------------------|----------|--------------|-------|------|-------|----------------------------------|--------------------------------|
| | | | day | month | year | | | |
| | R13 | 4163431 | GL | 31 | 12 | 2015 | £000 | 10 |
| | | | | | | | As at end of this financial year | As at end of the previous year |
| | | | | | | | 1 | 2 |
| Land and buildings | | | | 11 | | | | |

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 | 43741 | 74104 | |
| Rights under derivative contracts | 44 | | | |
| Fixed interest securities | Approved | 45 | 29493 | 9849 |
| | Other | 46 | | |
| Variable interest securities | Approved | 47 | | |
| | Other | 48 | | |
| Participation in investment pools | 49 | | | |
| Loans secured by mortgages | 50 | | | |
| Loans to public or local authorities and nationalised industries or undertakings | 51 | | | |
| Loans secured by policies of insurance issued by the company | 52 | | | |
| Other loans | 53 | | | |
| Bank and approved credit & financial institution deposits | One month or less withdrawal | 54 | | |
| | More than one month withdrawal | 55 | | |
| Other financial investments | 56 | | | |

Analysis of admissible assets

Form 13
(Sheet 2)

Name of insurer Old Mutual Wealth Life & Pensions Limited

Global business

Financial year ended 31st December 2015

Category of assets Total Long-term insurance business assets

| | Company registration number | GL/AUK/CM | Period ended | | | units | Category of assets | |
|---|-----------------------------|-----------|--------------|----------------------------------|----------|--------------------------------|--------------------|----------|
| | | | day | month | year | | | |
| | R13 | 4163431 | GL | 31 | 12 | 2015 | £000 | 10 |
| | | | | As at end of this financial year | | As at end of the previous year | | |
| | | | | 1 | | 2 | | |
| Deposits with ceding undertakings | | | | 57 | | | | |
| Assets held to match linked liabilities | Index linked | | | 58 | | | | |
| | Property linked | | | 59 | 15046795 | | | 12507323 |

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 | 27349 | 34863 |
| Salvage and subrogation recoveries | | 73 | | |
| Reinsurance | Accepted | 74 | | |
| | Ceded | 75 | 136 | 24 |
| Dependants | due in 12 months or less | 76 | | |
| | due in more than 12 months | 77 | | |
| Other | due in 12 months or less | 78 | | |
| | due in more than 12 months | 79 | | |

Other assets

| | | | |
|---|----|-------|-------|
| Tangible assets | 80 | | |
| Deposits not subject to time restriction on withdrawal with approved institutions | 81 | 33373 | 10006 |
| Cash in hand | 82 | | |
| Other assets (particulars to be specified by way of supplementary note) | | 83 | |
| Accrued interest and rent | 84 | 363 | 200 |
| Deferred acquisition costs (general business only) | 85 | | |
| Other prepayments and accrued income | 86 | 31274 | 34074 |

| | | | |
|---|----|--|--|
| Deductions from the aggregate value of assets | 87 | | |
|---|----|--|--|

| | | | |
|---|----|----------|----------|
| Grand total of admissible assets after deduction of admissible assets in excess of market risk and counterparty limits (11 to 86 less 87) | 89 | 15212524 | 12670443 |
|---|----|----------|----------|

Analysis of admissible assets

Form 13
(Sheet 3)

Name of insurer Old Mutual Wealth Life & Pensions Limited

Global business

Financial year ended 31st December 2015

Category of assets Total Long-term insurance business assets

| R13 | Company registration number 4163431 | GL/UK/CM GL | Period ended | | | units £000 | Category of assets 10 |
|-----|--|----------------|--------------|-------|------|---------------------------------------|-------------------------------------|
| | | | day | month | year | | |
| | | | 31 | 12 | 2015 | | |
| | | | | | | As at end of this financial year 1 | As at end of the previous year 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 | 15212524 | 12670443 |
| Admissible assets in excess of market and counterparty limits | 92 | | |
| Inadmissible assets directly held | 93 | 1939 | 5139 |
| 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 | 18384 | 33125 |
| 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 | 15232847 | 12708707 |
| Amounts included in line 89 attributable to debts due from related insurers, other than those under contracts of insurance or reinsurance | 103 | | |

Long-term insurance business liabilities and margins

Form 14

Name of insurer Old Mutual Wealth Life & Pensions Limited

Global business

Financial year ended 31st December 2015

Fund Total Long-term insurance business

Units £000

| | | As at the end of this financial year | As at the end of the previous year |
|--|---------------------------|--|--|
| | | 1 | 2 |
| Mathematical reserves, after distribution of surplus | 11 | 15084904 | 12526425 |
| Cash bonuses which had not been paid to policyholders prior to end of the financial year | 12 | | |
| Balance of surplus / (valuation deficit) | 13 | 752 | 6987 |
| Long term insurance business fund carried forward (11 to 13) | 14 | 15085656 | 12533412 |
| Claims outstanding | Gross | 20496 | 14404 |
| | Reinsurers' share | | |
| | Net (15-16) | 20496 | 14404 |
| Provisions | Taxation | 2997 | 7800 |
| | Other risks and charges | | |
| Deposits received from reinsurers | 23 | | |
| Creditors | Direct insurance business | 54943 | 67223 |
| | Reinsurance accepted | | |
| | Reinsurance ceded | | |
| Debenture loans | Secured | | |
| | Unsecured | | |
| Amounts owed to credit institutions | 36 | | 23460 |
| Creditors | Taxation | 253 | 64 |
| | Other | 48179 | 24079 |
| Accruals and deferred income | 39 | | |
| Provision for "reasonably foreseeable adverse variations" | 41 | | |
| Total other insurance and non-insurance liabilities (17 to 41) | 49 | 126868 | 137030 |
| Excess of the value of net admissible assets | 51 | | |
| Total liabilities and margins | 59 | 15212524 | 12670442 |

| | | | |
|--|----|----------|----------|
| Amounts included in line 59 attributable to liabilities to related companies, other than those under contracts of insurance or reinsurance | 61 | 18929 | 22197 |
| Amounts included in line 59 attributable to liabilities in respect of property linked benefits | 62 | 15052948 | 12508005 |

| | | | |
|---|----|----------|----------|
| Total liabilities (11+12+49) | 71 | 15211772 | 12663455 |
| Increase to liabilities – DAC related | 72 | | |
| Reinsurers' share of technical provisions | 73 | | |
| Other adjustments to liabilities (may be negative) | 74 | (7786) | 20014 |
| Capital and reserves and fund for future appropriations | 75 | 28861 | 25238 |
| 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 | 15232847 | 12708707 |

Liabilities (other than long-term insurance business)

Form 15

Name of insurer Old Mutual Wealth Life & Pensions Limited

Global business

Financial year ended 31st December 2015

| | Company registration number | GL/UK/CM | Period ended | | | units | |
|--|-----------------------------|----------|--------------|--------------------------------------|------|------------------------------------|------|
| | | | day | month | year | | |
| | R15 | 4163431 | GL | 31 | 12 | 2015 | £000 |
| | | | | As at the end of this financial year | | As at the end of the previous year | |
| | | | | 1 | | 2 | |

Technical provisions (gross amount)

| | | | |
|---|----------------------------|----|--|
| Provision 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 | | |
| | Foreseeable dividend | 48 | | |
| | Other | 49 | | |
| Accruals and deferred income | 51 | | | |
| Total (19 to 51) | 59 | | | |
| Provision for "reasonably foreseeable adverse variations" | 61 | | | |
| Cumulative preference share capital | 62 | | | |
| Subordinated loan capital | 63 | | | |
| Total (59 to 63) | 69 | | | |

Amounts included in line 69 attributable to liabilities to related insurers, other than those under contracts of insurance or reinsurance

71

| | | | |
|--|----|-------|-------|
| Amounts deducted from technical provisions for discounting | 82 | | |
| Other adjustments (may be negative) | 83 | | |
| Capital and reserves | 84 | 43408 | 26432 |
| 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 | 43408 | 26432 |

Profit and loss account (non-technical account)

Form 16

Name of insurer Old Mutual Wealth Life & Pensions Limited

Global business

Financial year ended 31st December 2015

| | Company registration number | GL/UK/CM | Period ended | | | units |
|---|---|----------|---------------------|-------|---------------|---------|
| | | | day | month | year | |
| R16 | 4163431 | GL | 31 | 12 | 2015 | £000 |
| | | | This financial year | | Previous year | |
| | | | 1 | | 2 | |
| Transfer (to) / from the general insurance business technical account | From Form 20 | 11 | | | | |
| | Equalisation provisions | 12 | | | | |
| Transfer from the long term insurance business revenue account | | 13 | | 1000 | | |
| Investment income | Income | 14 | | 162 | | 146 |
| | Value re-adjustments on investments | 15 | | | | |
| | Gains on the realisation of investments | 16 | | | | |
| Investment charges | Investment management charges, including interest | 17 | | | | |
| | 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 | | (817) | | |
| Profit or loss on ordinary activities before tax (11+12+13+14+15+16-17-18-19-20+21) | | 29 | | 345 | | 146 |
| Tax on profit or loss on ordinary activities | | 31 | | (133) | | 86 |
| Profit or loss on ordinary activities after tax (29-31) | | 39 | | 478 | | 60 |
| 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 | | 478 | | 60 |
| Dividends (paid or foreseeable) | | 51 | | | | 25000 |
| Profit or loss retained for the financial year (49-51) | | 59 | | 478 | | (24940) |

Long-term insurance business: Revenue account

Form 40

Name of insurer Old Mutual Wealth Life & Pensions Limited

Name and number of fund/Summary Total Long-term insurance business

Financial year ended 31st December 2015

Units £000

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

Income

| | | | |
|--|-----------|----------------|----------------|
| Earned premiums | 11 | 3431441 | 2405128 |
| Investment income receivable before deduction of tax | 12 | 247176 | 194504 |
| Increase (decrease) in the value of non-linked assets brought into account | 13 | 168 | 138 |
| Increase (decrease) in the value of linked assets | 14 | 241189 | 465323 |
| Other income | 15 | 45724 | 72526 |
| Total income | 19 | 3965698 | 3137619 |

Expenditure

| | | | |
|--|-----------|----------------|---------------|
| Claims incurred | 21 | 1330712 | 889553 |
| Expenses payable | 22 | 74749 | 74704 |
| Interest payable before deduction of tax | 23 | 1 | (48) |
| Taxation | 24 | 6389 | 12170 |
| Other expenditure | 25 | 603 | (27) |
| Transfer to (from) non technical account | 26 | 1000 | |
| Total expenditure | 29 | 1413454 | 976352 |

| | | | |
|---|----|----------|----------|
| Business transfers-in | 31 | | |
| Business transfers-out | 32 | | |
| Increase (decrease) in fund in financial year (19-29+31-32) | 39 | 2552244 | 2161267 |
| Fund brought forward | 49 | 12533412 | 10372145 |
| Fund carried forward (39+49) | 59 | 15085656 | 12533412 |

Long-term insurance business: Analysis of premiums

Form 41

Name of insurer Old Mutual Wealth Life & Pensions Limited

Total business / subfund Total Long-term insurance business

Financial year ended 31st December 2015

Units £000

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

Gross

| | | | | | |
|------------------|----|--------|---------|---------|---------|
| Regular premiums | 11 | | 157416 | 157416 | 132078 |
| Single premiums | 12 | 474080 | 2799950 | 3274030 | 2273058 |

Reinsurance - external

| | | | | | |
|------------------|----|---|--|---|---|
| Regular premiums | 13 | | | | |
| Single premiums | 14 | 5 | | 5 | 8 |

Reinsurance - intra-group

| | | | | | |
|------------------|----|--|--|--|--|
| Regular premiums | 15 | | | | |
| Single premiums | 16 | | | | |

Net of reinsurance

| | | | | | |
|------------------|----|--------|---------|---------|---------|
| Regular premiums | 17 | | 157416 | 157416 | 132078 |
| Single premiums | 18 | 474075 | 2799950 | 3274025 | 2273050 |

Total

| | | | | | |
|-------------|----|--------|---------|---------|---------|
| Gross | 19 | 474080 | 2957366 | 3431446 | 2405136 |
| Reinsurance | 20 | 5 | | 5 | 8 |
| Net | 21 | 474075 | 2957366 | 3431441 | 2405128 |

Long-term insurance business: Analysis of claims

Form 42

Name of insurer Old Mutual Wealth Life & Pensions Limited

Total business / subfund Total Long-term insurance business

Financial year ended 31st December 2015

Units £000

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

Gross

| | | | | | |
|--------------------------------|-----------|---------------|----------------|----------------|---------------|
| Death or disability lump sums | 11 | 20981 | | 20981 | 16894 |
| Disability periodic payments | 12 | | | | |
| Surrender or partial surrender | 13 | 187171 | 1122677 | 1309848 | 872684 |
| Annuity payments | 14 | | | | |
| Lump sums on maturity | 15 | | | | |
| Total | 16 | 208152 | 1122677 | 1330829 | 869578 |

Reinsurance - external

| | | | | | |
|--------------------------------|-----------|------------|--|------------|-----------|
| Death or disability lump sums | 21 | 117 | | 117 | 25 |
| Disability periodic payments | 22 | | | | |
| Surrender or partial surrender | 23 | | | | |
| Annuity payments | 24 | | | | |
| Lump sums on maturity | 25 | | | | |
| Total | 26 | 117 | | 117 | 25 |

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 | 20864 | | 20864 | 16869 |
| Disability periodic payments | 42 | | | | |
| Surrender or partial surrender | 43 | 187171 | 1122677 | 1309848 | 872684 |
| Annuity payments | 44 | | | | |
| Lump sums on maturity | 45 | | | | |
| Total | 46 | 208035 | 1122677 | 1330712 | 889553 |

Long-term insurance business: Analysis of expenses

Form 43

Name of insurer Old Mutual Wealth Life & Pensions Limited

Total business / subfund Total Long-term insurance business

Financial year ended 31st December 2015

Units £000

| | | UK Life | UK Pension | Overseas | Total Financial year | Total Previous year |
|--------------------------|-----------|--------------|--------------|----------|----------------------|---------------------|
| | | 1 | 2 | 3 | 4 | 5 |
| Gross | | | | | | |
| Commission - acquisition | 11 | | 342 | | 342 | 386 |
| Commission - other | 12 | 7502 | 14119 | | 21621 | 28178 |
| Management - acquisition | 13 | 3746 | 17136 | | 20882 | 17484 |
| Management - maintenance | 14 | 2561 | 11061 | | 13622 | 10781 |
| Management - other | 15 | 3345 | 14937 | | 18282 | 17875 |
| Total | 16 | 17154 | 57595 | | 74749 | 74704 |

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 | | 342 | | 342 | 386 |
| Commission - other | 42 | 7502 | 14119 | | 21621 | 28178 |
| Management - acquisition | 43 | 3746 | 17136 | | 20882 | 17484 |
| Management - maintenance | 44 | 2561 | 11061 | | 13622 | 10781 |
| Management - other | 45 | 3345 | 14937 | | 18282 | 17875 |
| Total | 46 | 17154 | 57595 | | 74749 | 74704 |

Long-term insurance business: Linked funds balance sheet

Form 44

Name of insurer Old Mutual Wealth Life & Pensions Limited

Total business

Financial year ended 31st December 2015

Units £000

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

Internal linked funds (excluding cross investment)

| | | | |
|--|-----------|--|--|
| Directly held assets (excluding collective investment schemes) | 11 | | |
| Directly held assets in collective investment schemes of connected companies | 12 | | |
| Directly held assets in other collective investment schemes | 13 | | |
| Total assets (excluding cross investment) (11+12+13) | 14 | | |
| Provision for tax on unrealised capital gains | 15 | | |
| Secured and unsecured loans | 16 | | |
| Other liabilities | 17 | | |
| Total net assets (14-15-16-17) | 18 | | |

Directly held linked assets

| | | | |
|--------------------------------------|----|----------|----------|
| Value of directly held linked assets | 21 | 15046795 | 12507323 |
|--------------------------------------|----|----------|----------|

Total

| | | | |
|---|-----------|-----------------|-----------------|
| Value of directly held linked assets and units held (18+21) | 31 | 15046795 | 12507323 |
| Surplus units | 32 | | |
| Deficit units | 33 | 6153 | 681 |
| Net unit liability (31-32+33) | 34 | 15052948 | 12508004 |

Long-term insurance business: Summary of new business

Form 46

Name of insurer Old Mutual Wealth Life & Pensions Limited

Total business

Financial year ended 31st December 2015

Units £000

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

Number of new policyholders / scheme members for direct insurance business

| | | | | | |
|--------------------------|-----------|-------------|--------------|--------------|--------------|
| Regular premium business | 11 | | 3754 | 3754 | 2597 |
| Single premium business | 12 | 3927 | 22324 | 26251 | 17281 |
| Total | 13 | 3927 | 26078 | 30005 | 19878 |

Amount of new regular premiums

| | | | | | |
|---------------------------|-----------|--|--------------|--------------|--------------|
| Direct insurance business | 21 | | 45712 | 45712 | 34655 |
| External reinsurance | 22 | | | | |
| Intra-group reinsurance | 23 | | | | |
| Total | 24 | | 45712 | 45712 | 34655 |

Amount of new single premiums

| | | | | | |
|---------------------------|-----------|---------------|----------------|----------------|----------------|
| Direct insurance business | 25 | 474080 | 2799950 | 3274030 | 2273058 |
| External reinsurance | 26 | | | | |
| Intra-group reinsurance | 27 | | | | |
| Total | 28 | 474080 | 2799950 | 3274030 | 2273058 |

Long-term insurance business: Analysis of new business

Form 47
(Sheet 1)

Name of insurer Old Mutual Wealth Life & Pensions Limited

Total business

Financial year ended 31st December 2015

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 |
| 700 | Life property linked single premium | | | 3927 | 474080 |

Long-term insurance business: Analysis of new business**Form 47
(Sheet 2)**Name of insurer **Old Mutual Wealth Life & Pensions Limited**

Total business

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

UK Pension / 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 |
| 725 | Individual pensions property linked | 3754 | 45712 | 14237 | 2539124 |
| 750 | Income drawdown property linked | | | 8087 | 260826 |

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

Form 48

Name of insurer Old Mutual Wealth Life & Pensions Limited
 Financial year ended 31st December 2015
 Category of assets Total Long-term insurance business assets
 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 | 29810 | 29810 | 1212 | 1.47 |
| Other fixed interest securities | 13 | | 23896 | 95 | 0.40 |
| Variable interest securities | 14 | | | | |
| UK listed equity shares | 15 | | | | |
| Non-UK listed equity shares | 16 | | | | |
| Unlisted equity shares | 17 | | | | |
| Other assets | 18 | 135919 | 112023 | 165 | 0.15 |
| Total | 19 | 165729 | 165729 | 1472 | 0.42 |

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: Summary of mathematical reserves

Form 50

Name of insurer Old Mutual Wealth Life & Pensions Limited

Total business / subfund Total Long-term insurance business

Financial year ended 31st December 2015

Units £000

| | UK Life 1 | UK Pension 2 | Overseas 3 | Total Financial Year 4 | Total Previous Year 5 |
|--|-----------------|--------------------|---------------|------------------------------|-----------------------------|
|--|-----------------|--------------------|---------------|------------------------------|-----------------------------|

Gross

| | | | | | |
|------------------------|-----------|----------------|-----------------|-----------------|-----------------|
| Form 51 - with-profits | 11 | | | | |
| Form 51 - non-profit | 12 | | | | |
| Form 52 | 13 | | | | |
| Form 53 - linked | 14 | 2825875 | 12227073 | 15052948 | 12508003 |
| Form 53 - non-linked | 15 | 2420 | 29536 | 31956 | 18422 |
| Form 54 - linked | 16 | | | | |
| Form 54 - non-linked | 17 | | | | |
| Total | 18 | 2828295 | 12256609 | 15084904 | 12526425 |

Reinsurance - external

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

Reinsurance - intra-group

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

Net of reinsurance

| | | | | | |
|------------------------|-----------|----------------|-----------------|-----------------|-----------------|
| Form 51 - with-profits | 41 | | | | |
| Form 51 - non-profit | 42 | | | | |
| Form 52 | 43 | | | | |
| Form 53 - linked | 44 | 2825875 | 12227073 | 15052948 | 12508003 |
| Form 53 - non-linked | 45 | 2420 | 29536 | 31956 | 18422 |
| Form 54 - linked | 46 | | | | |
| Form 54 - non-linked | 47 | | | | |
| Total | 48 | 2828295 | 12256609 | 15084904 | 12526425 |

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

Name of insurer **Old Mutual Wealth Life & Pensions Limited**

Total business / subfund **Total Long-term insurance business**

Financial year ended **31st December 2015**

Units **£000**

UK Life / Gross

| Product code number 1 | Product description 2 | Number of policyholders / scheme members 3 | Amount of benefit 4 | Amount of annual office premiums 5 | Nominal value of units 6 | Discounted value of units 7 | Other liabilities B | Amount of mathematical reserves 9 |
|--------------------------|-------------------------------------|---|------------------------|---------------------------------------|-----------------------------|--------------------------------|------------------------|--------------------------------------|
| 700 | Life property linked single premium | 25070 | 2853761 | | 2825875 | 2825875 | 2280 | 2828155 |
| 800 | Additional reserves property linked | | | | | | 140 | 140 |

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

Name of insurer **Old Mutual Wealth Life & Pensions Limited**

Total business / subfund **Total Long-term insurance business**

Financial year ended **31st December 2015**

Units **£000**

UK Life / Reinsurance ceded external

| Product code number | Product description | Number of policyholders / scheme members | Amount of benefit | Amount of annual office premiums | Nominal value of units | Discounted value of units | Other liabilities | Amount of mathematical reserves |
|---------------------|-------------------------------------|--|-------------------|----------------------------------|------------------------|---------------------------|-------------------|---------------------------------|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 |
| 700 | Life property linked single premium | | 245 | | | | | |

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

Name of insurer Old Mutual Wealth Life & Pensions Limited

Total business / subfund Total Long-term insurance business

Financial year ended 31st December 2015

Units £000

UK Pension / Gross

| Product code number 1 | Product description 2 | Number of policyholders / scheme members 3 | Amount of benefit 4 | Amount of annual office premiums 5 | Nominal value of units 6 | Discounted value of units 7 | Other liabilities 8 | Amount of mathematical reserves 9 |
|--------------------------|-------------------------------------|---|------------------------|---------------------------------------|-----------------------------|--------------------------------|------------------------|--------------------------------------|
| 725 | Individual pensions property linked | 80346 | 8201279 | 179866 | 8202027 | 8202027 | 22666 | 8224693 |
| 750 | Income drawdown property linked | 35304 | 4024618 | | 4025046 | 4025046 | 6140 | 4031198 |
| 800 | Additional reserves property linked | | | | | | 730 | 730 |

Long-term insurance business: distribution of surplus

Form 58

Name of insurer Old Mutual Wealth Life & Pensions Limited

Total business / subfund Total Long-term insurance business

Financial year ended 31st December 2015

Units £000

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

Valuation result

| | | | |
|---|----|----------|----------|
| Fund carried forward | 11 | 15085656 | 12533412 |
| Bonus payments in anticipation of a surplus | 12 | | |
| Transfer to non-technical account | 13 | 1000 | |
| Transfer to other funds / parts of funds | 14 | | |
| Subtotal (11 to 14) | 15 | 15086656 | 12533412 |
| Mathematical reserves | 21 | 15084904 | 12526425 |
| Surplus including contingency and other reserves held towards the capital requirements (deficiency) (15-21) | 29 | 1752 | 6987 |

Composition of surplus

| | | | |
|---|----|--------|--------|
| Balance brought forward | 31 | 6987 | 11565 |
| Transfer from non-technical account | 32 | | |
| Transfer from other funds / parts of fund | 33 | | |
| Surplus arising since the last valuation | 34 | (5235) | (4578) |
| Total | 39 | 1752 | 6987 |

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 | 1000 | |
| Total distributed surplus (46+47) | 48 | 1000 | |
| Surplus carried forward | 49 | 752 | 6987 |
| Total (48+49) | 59 | 1752 | 6987 |

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 capital requirement

Form 60

Name of insurer Old Mutual Wealth Life & Pensions Limited

Global business

Financial year ended 31st December 2015

Units £000

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

Insurance death risk capital component

| | | | | | | |
|------------------------------|-----------|-------|--------------|--------------|------|-----------|
| Life protection reinsurance | 11 | 0.0% | | | | |
| Classes I (other), II and IX | 12 | 0.1% | | | | |
| Classes I (other), II and IX | 13 | 0.15% | | | | |
| Classes I (other), II and IX | 14 | 0.3% | | | | |
| Classes III, VII and VIII | 15 | 0.3% | 28539 | 28294 | 0.99 | 85 |
| Total | 16 | | 28539 | 28294 | | 85 |

Insurance health risk and life protection reinsurance capital component

| | | | | | | |
|---|----|--|--|--|--|--|
| Class IV, supplementary classes 1 and 2 and life protection reinsurance | 21 | | | | | |
|---|----|--|--|--|--|--|

Insurance expense risk capital component

| | | | | | | |
|--|-----------|-----|-------|-------|------|-------------|
| Life protection and permanent health reinsurance | 31 | 0% | | | | |
| Classes I (other), II and IX | 32 | 1% | | | | |
| Classes III, VII and VIII (investment risk) | 33 | 1% | 31956 | 31956 | 1.00 | 320 |
| Classes III, VII and VIII (expenses fixed 5 yrs +) | 34 | 1% | | | | |
| Classes III, VII and VIII (other) | 35 | 25% | | | | 7803 |
| Class IV (other) | 36 | 1% | | | | |
| Class V | 37 | 1% | | | | |
| Class VI | 38 | 1% | | | | |
| Total | 39 | | | | | 8123 |

Insurance market risk capital component

| | | | | | | |
|--|-----------|----|-----------------|-----------------|------|------------|
| Life protection and permanent health reinsurance | 41 | 0% | | | | |
| Classes I (other), II and IX | 42 | 3% | | | | |
| Classes III, VII and VIII (investment risk) | 43 | 3% | 31956 | 31956 | 1.00 | 959 |
| Classes III, VII and VIII (expenses fixed 5 yrs +) | 44 | 0% | | | | |
| Classes III, VII and VIII (other) | 45 | 0% | 15052948 | 15052948 | | |
| Class IV (other) | 46 | 3% | | | | |
| Class V | 47 | 0% | | | | |
| Class VI | 48 | 3% | | | | |
| Total | 49 | | 15084904 | 15084904 | | 959 |

| | | | | | | |
|--|-----------|--|--|--|--|-------------|
| Long term insurance capital requirement | 51 | | | | | 9167 |
| | | | | | | 7249 |

Returns Under the Accounts and Statements Rules
Supplementary Notes to the Return

Old Mutual Wealth Life & Pensions Limited
Financial year ended 31 December 2015

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

| | 2015 | 2014 |
|---|---------------|---------------|
| | £'000 | £'000 |
| Form 13, Line 89 - Net admissible assets, long term business | 15,212,524 | 12,670,442 |
| Form 13, Line 89 - Net admissible assets, other than long term business | 43,408 | 26,432 |
| Less: | | |
| Form 14, Line 11 - Mathematical reserves | (15,084,904) | (12,526,426) |
| Form 14, Line 49 - Other liabilities | (126,868) | (137,030) |
| Form 3, Line 79 - Capital resources after deductions | <u>44,160</u> | <u>33,419</u> |

***0310* Analysis of net valuation differences**

| | 2015 | 2014 |
|--|----------------|---------------|
| | £'000 | £'000 |
| Positive valuation differences for liabilities where the GENPRU value is lower than the accounts value: | | |
| Deferred fee income liability | 16,422 | 31,926 |
| Deferred tax liability | 6,878 | 5,705 |
| Negative valuation differences for liabilities where the GENPRU value is higher than the accounts value: | | |
| Sterling and other statutory reserves | (31,086) | (17,618) |
| | <u>(7,786)</u> | <u>20,014</u> |

***0313* Reconciliation of movement in profit and loss**

| | 2015 | 2014 |
|--|---------------|-----------------|
| | £'000 | £'000 |
| Profit and loss account and other reserves b/f F3 L12 C4 | 35,669 | 56,929 |
| Profit and loss account and other reserves c/f F3 L12 C3 | 56,269 | 35,669 |
| Movement in year | <u>20,600</u> | <u>(21,260)</u> |
| Add: deficit arising in long term fund | 5,235 | 4,578 |
| Less: IFRS adjustments | (10,131) | (8,175) |
| Less: Capital Contribution | (16,500) | 0 |
| Movement in inadmissible items | 274 | (83) |
| Transfer from long term fund | 1,000 | 0 |
| Loss retained for the financial year F16 L59 | <u>478</u> | <u>(24,940)</u> |

***1305 / 1319* Maximum counterparty limit**

The company's general policy when investing in non-linked assets is to remain within the market and counterparty exposure limits of the Prudential Sourcebook for Insurers. In practice, more restrictive limits may be applied as appropriate.

The company's principal counterparty exposures to non-linked assets are in the form of bank deposits and holdings in money market funds. For deposits with maturity dates in excess of one month, the policy is to remain within 10% of the Business Amount per counterparty, and within the concentration limits described in INSPRU 2.1.22R (3). For deposits with maturity dates within one month, the policy is to remain within 20% of the Business Amount per counterparty. Holdings of the money market funds are restricted to EU UCITS funds only, and must not exceed 10% of the value of the fund.

There were no breaches of these limits during the year.

Returns Under the Accounts and Statements Rules
Supplementary Notes to the Return

Old Mutual Wealth Life & Pensions Limited
Financial year ended 31 December 2015

***1306 / 1312* Large counterparty exposure**

The company has the following exposures in excess of 5% of the sum of its base capital resources requirement and its long-term insurance liabilities excluding property linked liabilities and net of reinsurance ceded:

| | |
|--------------|--------|
| | £'000 |
| Barclays PLC | 8,078 |
| RBS | 25,290 |

The above exposures relate to cash deposits.

***1310* Long-term insurance business: amounts set off**

Certain amounts shown in Forms 13 and 14 have been calculated by netting amounts due to any person against amounts due from that person.

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

No provision for reasonably foreseeable adverse variations is required.

No derivatives are held by the company.

Given the nature of the assets held, no valuation adjustments or reserves are necessary under GENPRU 1.3.30R to 1.3.33R.

***1402 / 1502* Assets and Liabilities**

(i) There are no charges on the company's assets.

(ii) There is no liability to tax on capital gains on the company's assets. Hence no provision has been made.

(iii) There are no contingent liabilities.

(iv) There are no guarantees, indemnities or contractual commitments, effected by the company other than in the ordinary course of its insurance business, in respect of the existing or future liabilities of any related companies.

(v) There are no other areas of uncertainty, which in the opinion of the directors it is necessary to describe here for a proper understanding of the financial position of the insurer.

***1405* Other adjustments to liabilities**

Included in line 74 of Form 14 are the following adjustments to liabilities:

| | 2015 £'000 | 2014 £'000 |
|--|-----------------|-----------------|
| Items in IFRS accounts not in regulatory return: | | |
| Deferred fee income liability | 16,422 | 31,926 |
| Deferred tax liability | 8,878 | 5,705 |
| Items in regulatory return not in IFRS accounts: | | |
| Sterling and other statutory reserves | <u>(31,086)</u> | <u>(17,618)</u> |
| | <u>(7,786)</u> | <u>20,014</u> |

***1601/4005* Basis of foreign currency conversion**

The company does not have any foreign denominated income or expenditure.

***1603* Other income and charges**

The £817k cost in the current year relates to project costs connected with the proposed Part VII transfer between Old Mutual Wealth Life & Pensions Limited and Old Mutual Wealth Life Assurance Limited.

**Returns Under the Accounts and Statements Rules
Supplementary Notes to the Return**

**Old Mutual Wealth Life & Pensions Limited
Financial year ended 31 December 2015**

***1700* Form 17**

Form 17 'Analysis of Derivative contracts' has been omitted because all entries would be blank.

***4002* Other income and expenditure**

- (i) The amount included at line 15, Other Income, is in respect of unit trust rebates.
- (ii) The provisions for system rectification costs are shown within mathematical reserves in Form 50 Line 45. Utilisation of this provision is shown within Form 40 Line 25.

***4008* Management services**

Throughout the year, management services agreements existed whereby Old Mutual Wealth Business Services Limited, a fellow group undertaking, supplied goods and services to Old Mutual Wealth Life & Pensions Limited.

Management fees paid under this agreement are included as "Expenses payable" in line 22 of Form 40.

***4009* Related Party Transactions**

The amount of the management fee referred to in note 4008 was £53,166,376 (2014: £46,001,499).

***4401* Basis for determining value of assets held in internal linked funds**

- (i) Unit trusts are valued at quoted bid prices.
- (ii) Freehold property is included at the latest independent valuation.
- (iii) Fixed interest securities and index-linked securities are valued at quoted bid prices.
- (iv) Equities and investment trusts are valued at quoted bid prices.
- (v) Open Ended Investment Company (OEIC) assets are single priced funds and are valued at the quoted net asset value per share.
- (vi) Deposits are included at their face amounts receivable.
- (vii) Income due and accrued is shown net of tax for life and pension funds.

***4500* Form 45**

Form 45 'Revenue account for internal linked funds' has been omitted because all entries would be blank.

***4702* Form 47**

A Collective Retirement Account (CRA) policy can have both regular premium payments and single premium payments, and both crystallised and non-crystallised units, all within the same contract. For the purposes of this form it is necessary to classify each policy as either a regular premium individual property linked pension, a single premium individual property linked pension, or a property linked income drawdown policy. Each CRA policy has been allocated to one of these categories as follows:

- (i) Where a policy has crystallised units, then it is classed as a property linked income drawdown policy.
- (ii) Where the investment holding on the policy is receiving regular contributions and the policy does not contain any crystallised units, then this policy is classed as a regular premium personal pension policy.
- (iii) All other policies are classified as single premium policies.

**Returns Under the Accounts and Statements Rules
Supplementary Notes to the Return**

**Old Mutual Wealth Life & Pensions Limited
Financial year ended 31 December 2015**

***4807* Accrued interest on assets**

Accrued interest from Form 13 is included in Form 48 as follows:

| | £000 |
|---|---------------|
| Form 13, line 45 – Fixed interest securities | 29,493 |
| Form 13, line 84 (part) – Accrued interest and rent | 317 |
| Form 48, line 12 – Fixed interest securities | <u>29,810</u> |

***4900* Form omission**

Form 49 'Fixed and variable interest assets' has been omitted, as the economic exposure to non-approved non-linked fixed interest securities is less than £100m.

***5100* Form 51**

Form 51 'Valuation summary of non-linked contracts (other than accumulating with profit contracts)' has been omitted because all entries would be blank.

***5200* Form 52**

Form 52 'Valuation summary of accumulating with-profit contracts' has been omitted because all entries would be blank.

***5302* Form 53**

A CRA policy can have both crystallised and non-crystallised units. Where a policy has crystallised units, than it is classed as product code 750 (property linked income drawdown policy).

***5305* Form 53**

It is possible for a Collective Investment Bond (CIB) policy to select a Capital Protected Death Benefit (CPDB) option to protect the value of the original investment against falls in the value of investments at the time of the policyholder's death. The first 1% of the value of extra benefit payable above the policy surrender value at death is retained by Old Mutual Wealth Life & Pensions Limited with the remainder being reinsured. Form 53 has been apportioned to show the value of the benefit that is retained by Old Mutual Wealth Life & Pensions Limited and the value of benefit that is ceded to the reinsurer.

***5400* Form 54**

Form 54 'Valuation summary of index linked contracts' has been omitted because the company does not have any index linked assets.

***5500* Form 55**

Form 55 'Unit prices for internal linked funds' have been omitted because all entries would be blank.

***5600* Form 56**

Form 56 'Index Linked Business' has been omitted because the company does not have any index linked assets.

***5700* Form 57**

Form 57 'Analysis of valuation interest rate' has been omitted because the mathematical reserves for non-linked business are below £100m.

Returns Under the Accounts and Statements Rules

Old Mutual Wealth Life & Pensions Limited
Financial year ended 31 December 2015

Additional information regarding derivative contracts required by rule 9.29 of the Interim Prudential Sourcebook for Insurers

The company's policy is not to deal in derivatives. No derivatives were held at 31 December 2015 or at any time during the year.

Returns Under the Accounts and Statements Rules

Old Mutual Wealth Life & Pensions Limited
Financial year ended 31 December 2015

Additional information on controllers required by rule 9.30 of the Interim Prudential Sourcebook for Insurers

The company is a wholly owned subsidiary of Old Mutual Wealth UK Holding Limited, which is itself a wholly owned subsidiary of Old Mutual Wealth Holdings Limited which is itself a wholly owned subsidiary of Old Mutual Wealth Management Limited which is itself a wholly owned subsidiary of the ultimate holding company Old Mutual Plc.

For every company referred to above, 100% of the voting rights were held by the parent company throughout the relevant period of ownership.

Abstract of the Valuation Report required by rule 9.31(a) of the Interim Prudential Sourcebook for Insurers.

Old Mutual Wealth Life & Pension Limited

1 Introduction

1(1) Valuation Date

The date of the valuation was 31 December 2015.

1(2) Previous Investigation

The previous valuation was on 31 December 2014.

1(3) Interim Valuations

There were no interim valuations.

2 Product Range

From 1st January 2015, the minimum product charge payable on Charge Basis 3 (as defined in Section 3(4)) of £8.33 per month (£99.96 per year) was removed. Clients are charged the standard 0.50% for assets up to £25,000.

From 1st January 2015, the Drawdown charge levied from clients actively taking income drawdown was removed for all clients, across all charge bases.

With effect from April 2015 the Chancellor announced far reaching changes to pension legislation, removing the need for compulsory annuitisation and giving freedoms to customers over the age of 55 to access their pensions in a flexible manner subject to their marginal rate of income tax.

In response to these changes Old Mutual Life and Pensions made a series of propositional changes to its Collective Retirement Account (CRA) pension product.

From July 2015, additional functionality was added to allow flexible access drawdown as well as full and partial one-off withdrawals with associated tax charges.

Also from November 2015, a series of new tax efficient regular income options were launched to complete the existing flexible access and capped drawdown propositions. The changes allow different ways for customers to receive their retirement income:

- The traditional 25% tax free cash, followed by taxed income;
- Regular tax free cash (a schedule of crystallisation events with the payment of tax free income);
- Regular uncrystallised withdrawals where each payment is 25% tax free and 75% taxed.

3 Discretionary charges and benefits

3(1) Application of market value reduction

There is no accumulating with-profits business.

3(2) Changes to reviewable protection premiums

There are no reviewable protection policies.

3(3) Non-profit deposit administration interest rate

There are no non-profit deposit administration benefits.

3(4) Changes to service charges on linked policies

With effect from 1st July 2015, the Investor Charge increased from £70.50 to £72.40. This is an annual charge on policies and will remain at £72.40 until June 2016.

Effective since 1st January 2015, The Income Drawdown Charge, which is the charge for taking income on the CRA (Collective Retirement Account), was removed.

Effective since 1st January 2015, the £8.33 per month minimum platform charge which applied to clients with holdings under £20,000 was removed.

3(5) Changes to benefit charges on linked policies

There have been no changes in benefit charges.

3(6) Changes to unit-management charges on accumulating with-profits policies

There is no accumulating with-profits business.

3(7) Unit pricing of internal linked funds

There are no internal linked funds.

3(8) Tax deductions on internal linked funds

There are no internal linked funds.

3(9) Tax deductions and provisions on internal linked funds

There are no internal linked funds.

3(10) Collective investment scheme discounts

There are no internal linked funds.

4 Valuation basis (other than for special reserves)**4(1) The valuation methods used and the types of product to which each method applies, including a description of any non-standard method.**

Unit reserves are the number of units multiplied by the bid price of the external unit trust/OEICS. No actuarial funding is applied.

The calculations of the sterling reserves use a prospective projection method (INSPRU 1.2.7R). Starting with the final month of the contract and counting back to the valuation date, the sterling reserve for each month is calculated. At the beginning of a month this is equal to the amount which, when increased by the non-linked income during the month and interest and reduced by the non-linked outgo during the month, will provide the sterling reserve required for the in-force policies at the end of the month.

The items comprising non-linked income are:

- Investor Charges as described in section 3(4)
- Fund Manager Rebates in excess of trail commissions

The items comprising non-linked outgo are:

- Renewal expenses
- Death benefit costs in respect of cover in excess of encashment values and net of reinsurance recoveries

Sterling reserves are subject to a minimum (negative) value of the remaining Phased Initial Charge. This ensures that the policy's mathematical reserve is at least as great as the policy's surrender value (INSPRU 1.2.62R).

4(2) Valuation basis – valuation interest rates

| Product Group | 2015 | 2014 |
|--|----------|----------|
| 700 – Life property linked single premium: Collective Investment Bond | 1.00% pa | 0.20% pa |
| 725 – Individual pensions property linked: Collective Retirement Account (un-crystallised) | 1.20% pa | 0.30% pa |
| 750 – Income drawdown property linked: Collective Retirement Account (crystallised) | 1.20% pa | 0.30% pa |

There has been a large increase in the valuation interest rates due to a material change in the backing asset classes – from cash deposits to gilts.

4(3) Valuation basis – yield adjustment

Reinvestment risk is allowed for by capping the gilt yields at the maximum reinvestment rate as defined in INSPRU 3.1.45 R (after taking the adjustment factor in 3.1.28 R into account). At this valuation, the maximum reinvestment rate was higher than the current yield on assets, so the cap did not affect the valuation interest rate.

No equity shares, property or corporate bonds are held. All the fixed interest stocks held were issued by the UK government. Credit risk is allowed for by deducting 0.1% from the calculated risk-adjusted yield (after applying the maximum reinvestment rate restriction). The valuation rate is then obtained by rounding to the nearest 0.1%.

4(4) Valuation Basis – mortality tables

| Product Group | 2015 | 2014 |
|---|--|--|
| 700 – Life property linked single premium: Collective Investment Bond | 66.0% AM80 ult males 66.0% AF80 ult females | 66.0% AM80 ult males 66.0% AF80 ult females |
| 725 – Individual pensions property linked: Collective Retirement Account (un-crystallised) | 66.0% AM80 ult males 66.0% AF80 ult females | 66.0% AM80 ult males 66.0% AF80 ult females |
| 750 – Income drawdown property linked: Collective Retirement Account (crystallised) | 66.0% AM80 ult males 66.0% AF80 ult females | 66.0% AM80 ult males 66.0% AF80 ult females |

4(5) Valuation Basis – morbidity rates
No morbidity rate tables are required for the valuation.

4(6) Valuation Basis - expenses

| Product Group | 2015 | 2014 |
|---|-----------------------------|-----------|
| UL bond (700) | £97.13 pa | £91.41 pa |
| UL single premium, regular premium and paid up pension (725) | £92.18 pa - un-crystallised | £91.96 pa |
| UL single premium income drawdown (750) | £92.18 pa | £91.96 pa |

Expenses are shown before allowance for tax relief. The assumed rate of tax relief is 20% for life maintenance expenses and 19.9% on commission (to allow for the time value of money effect of spreading the relief over 7 years). All the per-policy expenses including claim expenses are modelled as maintenance expenses. A pension is said to be crystallised once the client has begun to withdraw benefits e.g. tax-free cash or regular income.

4(7) Unit growth rates and inflation rates

| | 2015 |
|------------------------------------|-------|
| Unit growth – Pension | 3.60% |
| Unit growth – Life | 3.30% |
| Expense Inflation | 4.60% |
| Future increases in policy charges | 4.60% |

The unit growth numbers are represented as gross of fund management charges.

The expense inflation numbers were affected by a methodology change to make it more consistent with the unit growth methodology – this was done by deriving the rate using a different bond index with a shorter term.

The fund management charges applied are as follows and vary according to the charging structure of the relevant policy:

| | 2015 |
|-------------------------------------|--------|
| Commission based charging structure | 1.290% |
| Tiered advisor charge basis | 0.666% |

4(8) Future bonus rates for gross premium valuations
There are no with-profits contracts.

4(9) A summary of the lapse, surrender and paid-up assumptions

Where regular premiums are being paid on a unit-linked policy, it is assumed that the policy becomes paid-up at the valuation date if this produces a higher sterling reserve.

| Average lapse/surrender rates for the policy years | Product | | | | |
|--|---------------|---------------------|--|---|---|
| | UL bond (700) | UL bond (700) | UL individual pension single premium (725) | UL individual pension regular premium (725) | UL income drawdown single premium (750) |
| | surrender | partial withdrawals | surrender | surrender | surrender |
| 1 | 1.2% | 3.8% | 1.3% | 1.3% | 1.3% |
| 2 | 2.4% | 3.8% | 2.5% | 2.5% | 2.5% |
| 3 | 3.0% | 3.8% | 3.3% | 3.3% | 3.3% |
| 4 | 3.6% | 3.8% | 4.2% | 4.2% | 4.2% |
| 5 | 4.1% | 3.8% | 5.3% | 5.3% | 5.3% |
| 6 | 5.8% | 3.8% | 6.6% | 6.6% | 6.6% |
| 7 | 4.9% | 3.8% | 5.1% | 5.1% | 5.1% |
| 8 | 4.1% | 3.8% | 4.5% | 4.5% | 4.5% |
| 9 | 3.5% | 3.8% | 4.5% | 4.5% | 4.5% |
| 10 | 3.7% | 3.8% | 4.5% | 4.5% | 4.5% |
| 11 | 3.2% | 3.8% | 4.5% | 4.5% | 4.5% |
| 12 | 3.2% | 3.8% | 4.5% | 4.5% | 4.5% |
| 13+ | 3.2% | 3.8% | 4.5% | 4.5% | 4.5% |

For pensions, it has been assumed that a policy takes partial withdrawals from an age of 55 onwards for as long as the policy remains on the books. The table below shows an amount of withdrawal per annum for per £1,000 invested.

| Age | Partial withdrawal in £ per £1,000 invested |
|------|---|
| <55 | 0 |
| 55 | 65 |
| 56 | 46 |
| 57 | 46 |
| 58 | 46 |
| 59 | 46 |
| 60 | 46 |
| 61 | 52 |
| 62 | 52 |
| 63 | 52 |
| 64 | 52 |
| 65 | 52 |
| 66 | 56 |
| 67 | 56 |
| 68 | 56 |
| 69 | 56 |
| 70 | 56 |
| 71 | 66 |
| 72 | 66 |
| 73 | 66 |
| 74 | 66 |
| 75 | 66 |
| 76 + | 89 |

4(10) Other material basis assumptions**Commission based charging structure:**

| Variable | 2015 | 2014 |
|---------------------------|-------------|-------------|
| Trait Commission | 41.3 bps pa | 41.3 bps pa |
| Gross Fund Manager Rebate | 69.5 bps pa | 70.8 bps pa |
| 'I-E' tax on CIB | 20% | 20% |

Tiered advisor charge basis:

| Variable | 2015 | 2014 |
|--|------------|-------------|
| Fund Manager Rebate credited to policyholder | 5.9 bps pa | 40.0 bps pa |
| Gross Fund Manager Rebate | 5.9 bps pa | 40.0 bps pa |
| 'I-E' tax on CIB | 20% | 20% |

4(11) Determination of liabilities relating to derivative contracts

There are no derivative contracts or assets having the effect of derivative contracts.

4(12) Estimate of effect of change in valuation methodology

No valuation methodology changes were made at the valuation date as a result of the changes in INSPRU valuation rules effective from 31 December 2006. However, valuation methodology changes were made in the 31 December 2006 valuation as a result of these changes to INSPRU.

5 Options and guarantees**5(1) Guarantee annuity rate options**

There are no guaranteed annuity rate options on any contracts.

5(2) Guaranteed surrender values

There are no guaranteed surrender values or maturity values on any contracts.

5(3) Guaranteed insurability options

There are no guaranteed insurability options on any contracts.

5(4) Other guarantees and options

There are no other guarantees or options on any contracts.

6 Expense reserves**6(1) The aggregate amount of expense loadings**

The aggregate amount of expense loadings, grossed up for taxation, expected to arise during the 12 months from the valuation date from implicit and explicit reserves made at the valuation date to meet expenses in fulfilling contracts in force at the valuation date, is £12.8m. The sources of this amount are the expense loadings in the sterling reserve and the company-level reserve.

All expenses have been treated as attributable.

6(2) Basis for calculating implicit allowances

There are no implicit allowances.

6(3) Reconciliation to line 14 of Form 43

The maintenance expenses set out in 6(1) of £12.8m are lower than the expenses shown in line 14 of Form 43 of £13.6m. Line 14 of Form 43 includes the one-off costs of £1m. This reduces the expenses to £12.6m. The difference of £0.2m is made up of prudent margins and an allowance for expense inflation.

6(4) New business expense overrun reserve

The methodology used explicitly models the regulatory scenario described in INSPRU 1.2.55 (3). Cashflow projections from the company's most recent business plan are used to simulate the regulatory scenario. This scenario principally requires the projection of writing new business for 12 months following the valuation date.

The methodology makes an allowance for the costs associated with the transaction of new business and any valuation strain incurred from writing the 12 months of new business. A prudent approach is used when offsetting the projected surplus generated from the existing business against the expense and valuation strain incurred by new business.

This scenario requires no reserve to be held.

6(5) Maintenance expense overrun reserve and closure reserve

The expense overrun reserve is calculated as the value of the valuation maintenance expense overruns. These are the differences between budgeted maintenance expenses for the years following the valuation date, and the expense allowances within the sterling reserves.

The methodology used to calculate the closure reserve explicitly models the regulatory scenario described in INSPRU 1.2.55 (1 & 2). The starting point for this calculation is the latest business plan calculation for the company. An adjustment is made to remove any discretionary development spend for the planning period. Post 2014 sales and acquisition expenses are then removed and closure costs are added in December 2014. The closure costs include both the one off payments that are made on closure and the cost of increasing sterling reserves to reflect diseconomies of scale at that point. This increase is mitigated by a reduction in unit costs as a result of writing new business over the 12 months following the valuation date.

The main elements of the assumed one-off closure costs are:

- Redundancy costs for surplus staff.
- Leasing arrangements on properties no longer required.

Diseconomies of scale are allowed for by assuming an increase in ongoing per policy maintenance expenses of 20% (the margin calibrated to the 99.5% confidence interval used in the company's ICA) once the book is operating on a closed basis. For prudence no associated increase in fixed charges is assumed although this would be an option open to management in this scenario.

This test does not require an additional reserve to be held. Therefore, the company-level reserve has been set to zero as at 31 December 2015.

6(6) Non-attributable expenses

No expenses have been treated as non-attributable.

7 Mismatching reserves**7(1) Non-linked reserves analysed by currency in which benefits are payable**

| Currency of Liability | Mathematical Reserves | Percentage of Total | Currency of Assets | Value of Assets |
|-----------------------|-----------------------|---------------------|--------------------|-----------------|
| Sterling | £31.1m | 100 | Not applicable | Not applicable |

7(3) The amount of reserve for currency mismatching

No reserve is held for currency mismatching as all assets and liabilities are in Sterling.

7(4) Most onerous scenario

The most onerous scenario under INSPRU 3.1.16R is a decrease in fixed interest gross redemption yields equal to 20% of the long term gilt yield, plus a 10% reduction in the market value of equity and property assets.

7(5) Significant territories

There are no significant territory investments outside the UK that would require a test under INSPRU 3.1.23R.

7(6) Resilience scenarios

- a) In respect of the scenarios described under 7(4) and 7(5), the amount of the resilience capital requirement is £5.8m.
- b) The aggregate amount of the long-term liabilities increased by £7.1m.
- c) The aggregate amount of the assets allocated to match the liabilities in the scenarios increased by £1.3m.

7(7) Further reserves arising

There is no further reserve made arising from the test on assets in INSPRU 1.1.34R.

8 Other special reserves

There are no other special reserves

9 Reinsurance**9(1) Facultative Reinsurance**

No long-term insurance business was ceded on a facultative basis to a reinsurer who is not authorised to carry on insurance business in the United Kingdom at any time during the report period.

9(2) Reinsurance arrangements in excess of the stated limits

There was one Reinsurance treaty where the Company is the cedant and business was in force at the valuation date. However,

- (a) The treaty is not a 'financing arrangement' ;
- (b) the premiums do not exceed the lesser of £10m and 1% of the gross premiums;
- (c) the reserves do not exceed the lesser of £10m and 1% of the total mathematical reserves.

10 Reversionary (or annual) bonus

There is no with-profits business.

Returns Under the Accounts and Statements Rules

Directors' Certificate required by rule 9.34 of the Accounts and Statements Rules

Old Mutual Wealth Life & Pensions Limited

Global Business

Financial year ended 31 December 2015

We certify that:

1 (a) the return has been properly prepared in accordance with the requirements in IPRU(INS), GENPRU and INSPRU; and

(b) the directors are satisfied that:

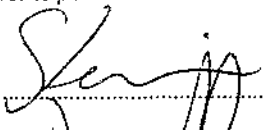
(i) throughout the financial year in question, the insurer has complied in all material respects with the requirements of the Fundamental Rules, SYSC and as well as the provisions of IPRU(INS), GENPRU and INSPRU.

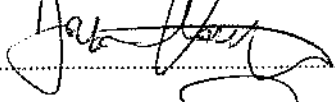
The certificate required by IPRU(INS) Appendix 9.6 paragraph 1(1)(b)(ii) in respect of compliance since the end of the financial year in question with the requirements in SYSC, Fundamental Rules and the provisions of IPRU(INS), GENPRU and INSPRU and ongoing compliance has not been provided. This is because these requirements have been replaced as from 1 January 2016, the commencement date of Solvency II, so the firm is subject to a new regulatory regime.

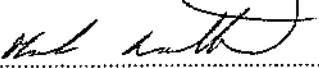
2 (a) in the directors' opinion, premiums for contracts entered into during the financial year and the resulting income earned are sufficient, under reasonable actuarial methods and assumptions, and taking into account the other financial resources of the insurer that are available for the purpose, to 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 in question for the long-term insurance business liabilities (including all liabilities arising from deposit back arrangements, but excluding other liabilities which had fallen due before the end of the financial year) including any increase in those liabilities arising from a distribution of surplus as a result of an actuarial investigation as at that date into the financial condition of the long-term insurance business;

(c) the directors have, in preparing the return, taken and paid due regard to advice from every actuary appointed by the insurer to perform the actuarial function in accordance with SUP 4.3.13R.


..... S D Levin
Chief Executive Officer


..... D W J Sharkey
Director


..... M K Leather
Director

23 March 2016

Old Mutual Life & Pensions Limited
Global business
Financial year ended 31 December 2015

Independent auditor's report to the Directors pursuant to rule 9.35 of the Interim Prudential Sourcebook for Insurers ("IPRU(INS)")

We have examined 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 Insurance Prudential Sourcebook, ("the Rules") made by the Prudential Regulation Authority under section 137G of the Financial Services and Markets Act 2000:

- Forms 2, 3, 13 to 16, 40 to 44, 48, 58 and 60, (including the supplementary notes) on pages 1 to 18, 22 and 27 to 28 ('the Forms');
- the statement required by IPRU(INS) rule 9.29 on page 33 ('the Statement');
- the valuation report required by IPRU(INS) rule 9.31(a)(i) on pages 35 to 41 ('the valuation report')

We are not required to examine and do not express an opinion on:

- Forms 46, 47, 50 to 53 (including the supplementary notes) on pages 19 to 21, 23 to 26;
- the statement required by IPRU(INS) rule 9.30 on page 34 ;
- the certificate required by IPRU(INS) rule 9.34(1) on page 42 ('the certificate').

This report is made solely to the insurer's directors, as a body, in accordance with the requirements of IPRU(INS) rule 9.35. We acknowledge that the directors are required to submit this report to the PRA, to enable the PRA to verify that an auditor's report has been commissioned by the insurer's directors and issued in accordance with the requirements of IPRU(INS) rule 9.35 and to facilitate the discharge by the PRA of its regulatory functions in respect of the insurer, conferred on the PRA by or under the Financial Services and Markets Act 2000. Our work (including our examination) has been undertaken so that we might state to the insurer's directors, as a body, those matters we are required to state to them in an auditor's report issued pursuant to IPRU(INS) rule 9.35 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 and the insurer's directors as a body, for our work (including our examination), 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, the valuation report) under the provisions of the Rules. Under IPRU(INS) rule 9.11, the Forms, the Statement and the valuation report, 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 report are required to reflect appropriately the requirements of INSPRU 1.2.

It is our responsibility to form an independent opinion as to whether the Forms, the Statement, the valuation report meet these requirements, and to report our opinions 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 report are not in agreement with the accounting records and returns; or
- we have not received all the information we require for our examination.

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 report. The evidence included that previously obtained by us relating to the audit of the financial statements of the insurer for the financial year. It also included an assessment of the significant estimates and judgements made by the insurer in the preparation of the Forms, the Statement, the valuation report.

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, the valuation report 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 rule IPRU(INS) 9.35(1) contains amounts or information abstracted from the actuarial investigation performed pursuant to IPRU(INS) rule 9.4, we have obtained and paid due regard to advice from a suitably qualified actuary who is independent of the insurer.

Opinion

In our opinion:

- i) the Forms, the Statement, the valuation report fairly state the information provided on the basis required by the Rules and have been properly prepared in accordance with the provisions of those Rules; and
- ii) the methods and assumptions determined by the insurer and used to perform the actuarial investigation as set out in the valuation report appropriately reflect the requirements of INSPRU 1.2.



Karen Orr
for and on behalf of KPMG LLP, Statutory Auditor
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23 March 2016