12 November 2013

Resolution Limited
Third quarter 2013
Interim Management Statement

Continued strong UK new business growth and resilient performance in core International division

- Strong growth in the UK division with value of new business ("VNB") up 41% to £133 million driven by good performance across all business units:
  - Retirement Income VNB of £64 million, up 78% compared to prior year
  - Protection VNB up 14% to £50 million
  - Corporate Benefits VNB up 36% to £19 million with continued good progress on auto-enrolment; 146 schemes of 97 employers staged by the end of September
- Core International division results reflect resilient performance in challenging market conditions with VNB of £25 million (30 September 2012: £27 million)
- Group VNB at £136 million (30 September 2012: £138 million) including £(22) million VNB from the Heritage division and non-core International business
- Group PVNBP margin[1] at 2.7% (30 September 2012: 2.4%), with UK division margin up at 4.5% (30 September 2012: 3.3%)

Strong capital position maintained and continued focus on cash generation

- The Group's capital position remains strong with an IGCA surplus[2] of £2.1 billion
- Group available shareholder cash of £821 million (30 June 2013: £839 million)

Operational highlights

- 2013 run-rate savings target of £126 million achieved three months early
- New business sales in International non-core markets ceased in September 2013
- Programme to reallocate circa £2 billion of annuity reserves from the with-profits to non-profits fund completed in September
- Significant enhancements delivered across protection propositions

Andy Briggs, Group Chief Executive Officer said:

"The Group has performed strongly during the third quarter. Our consistent strategy and focus on value is delivering and we are continuing to build on the momentum established in the first half of the year. In the UK value of new business grew 41%, underpinned by rigorous financial discipline. We have continued to make progress on cost reduction and have already reached our full year cost savings targets for 2013.

Our scale businesses, competitive advantage in growth markets and the improving economy mean that we remain well placed to continue to generate cash and enhance shareholder value."

Notes:

1. PVNBP margin represents VNB over the present value of new business premiums ("PVNBP").
2. Representing estimated Insurance Groups Capital Adequacy ("IGCA") surplus at the Resolution holding company level as at 30 September 2013.

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Forward-looking statements

This announcement may contain certain "forward-looking statements" with respect to certain of Resolution's (and its subsidiaries) plans and current goals and expectations relating to future financial condition, performance, results, strategy and objectives. Statements containing the words "believes", "intends", "expects", "plans", "seeks", "aims", "may", "could", "outlook", "estimates" and "anticipates", and words of similar meanings, are forward-looking statements. By their nature, all forward-looking statements involve risk and uncertainty. Accordingly, Resolution's (and its subsidiaries) actual future financial condition, performance or other indicated results may differ materially from those indicated in any forward-looking statement.

Any forward-looking statements contained in this announcement are made only as of the date hereof. Resolution undertakes no obligation to update the forward-looking statements contained in this announcement or any other forward-looking statements it may make.

No statement contained in this announcement should be construed as a profit forecast.

Media

There will be a conference call today for wire services at 07.30 (GMT) hosted by Andy Briggs, CEO. Dial in telephone numbers: UK free call 0800 358 5271, UK Standard International +44 (0)208 515 2319, Conference ID: 4648379.

Analyst/Investors

There will be a conference call today for analysts and investors at 8:30 (GMT) hosted by Andy Briggs, CEO. Dial in telephone numbers: UK free call 0800-358-5256, UK Standard International +44 (0)208-515-2334, Conference ID: 4648382.

Financial calendar

Full year results 2013 and investor briefing	18 March 2014
Q1 2014 Interim Management Statement	9 May 2014

1. Group summary

1.1 Friends Life Group new business

	9 months 2013 £m	9 months 2012 £m	*Change %*	Half year 2013 £m	Full year 2012 £m
Value of new business					
UK division	**133**	94	*41*	89	142
Heritage division	**(13)**	8	*(263)*	(8)	2
International division	**16**	36	*(56)*	16	50
Total Group	**136**	138	*(1)*	97	194
APE					
UK division	**521**	513	*2*	324	669
Heritage division	**41**	85	*(52)*	27	102
International division	**223**	272	*(18)*	166	440
Total Group	**785**	870	*(10)*	517	1,211

Group new business profitability amounted to £136 million in the period to 30 September 2013, in line with that delivered in the first nine months of 2012. Underlying this performance, the Group result reflects a continuation of the strong improvements within the UK division, offset by the expected lower contributions from the Heritage and International divisions. As a result, the improved UK division profitability has largely offset the volume reduction in the Heritage and International divisions with Group PVNBP margin up to 2.7% (30 September 2012: 2.4%).

The strong performance of the UK businesses has resulted in UK division VNB increasing 41% to £133 million, with volumes up 2% and margins up to 4.5% from 3.3%. Excellent progress has been made within the Retirement Income business, where the value of new business delivered is up 78% and is already in excess of the 2013 full year target. After a slow first quarter the UK's Protection business has increased VNB to £50 million, up 14% on the same period in 2012. Likewise, in Corporate Benefits, continued good progress has been made with the expected auto-enrolment changes helping increase VNB to £19 million, up 36%.

In the International division, changes to assumptions as a result of the strategic review were only reflected in full year 2012 financial statements, and therefore the third quarter results are not directly comparable to the prior year. Underlying these results, the contribution from the core business of £25 million is down 7% on that delivered in the same period of 2012. The results reflect the challenging market conditions with reduced momentum in Europe and strong competitor activity in Asia.

The results of the non-core International business remain in line with the Group's expectations. At the end of the third quarter, and as planned, the Group ceased writing new business in Germany, with only incremental premiums now being accepted. This represents good progress and completes the expected market exits announced when the Group set out its revised strategy for the International division back in November 2012.

1.2 Cash and Capital Strength

The Group maintained a strong capital position in the third quarter with estimated IGCA surplus of £2.1 billion representing a coverage ratio of 221%, consistent with that reported at the half year (30 June 2013: £2.1 billion, coverage 222%).

Available shareholder cash ("ASC") totalled £821 million at the end of September 2013 (30 June 2013: £839 million).

Both the estimated IGCA surplus and ASC are quoted before the payment of the Company's interim dividend of £100 million on 4 October 2013.

1.3 Cost savings

The Group has made good progress in the period with the delivery of a further £7 million of run-rate cost savings in the quarter. Total run-rate savings have now reached £126 million (30 June 2013: £119 million) which secures the full year 2013 target three months early. Combined with the savings already contractualised, the targeted £160 million of run-rate savings to be delivered by the end of 2015 are fully secured.

2. UK division – business review

Summary

VNB	**9 months 2013 £m**	9 months 2012 £m	*Change %*	Half year 2013 £m	Full year 2012 £m
Corporate Benefits	**19**	14	*36*	13	21
Protection	**50**	44	*14*	32	62
Retirement Income	**64**	36	*78*	44	59
UK division	**133**	94	*41*	89	142
APE					
Corporate Benefits	**408**	420	*(3)*	253	535
Protection	**63**	65	*(3)*	39	90
Retirement Income	**50**	28	*79*	32	44
UK division	**521**	513	*2*	324	669

The UK division delivered improved value of new business, up 41% on the first three quarters of 2012, on a 2% increase in new business volumes.

Strong growth has been achieved across the UK division's businesses against a backdrop of continued cost control.

2.1 UK - Corporate Benefits

	2013 Full year target £m	**9 months 2013 £m**	9 months 2012 £m	*Change %*	Half year 2013 £m	Full year 2012 £m
VNB	25	**19**	14	*36*	13	21
APE	n/a	**408**	420	*(3)*	253	535

The Corporate Benefits business delivered VNB of £19 million in the first nine months of 2013, up 36% on the same period in 2012. The improvement principally reflects the increased volumes from auto-enrolment business and the scalable benefit arising from significant numbers of new members joining existing schemes which has more than offset the shift away from high volume low value business lines previously reported.

Corporate Benefits sales in the nine month period to 30 September 2013 amount to £408 million, down 3% on the same period in 2012, and reflect the mix changes referred to above. Notwithstanding the lower overall volumes, positive momentum in Corporate Benefits in the third quarter is evidenced by a 21% growth in APE compared to the same period in 2012. Supporting this performance, wins of new scheme mandates have been good. While just representing a small part of the overall sales figures, a number of material wins from the pipeline have been converted in the quarter, delivering over 25% more new scheme sales in the third quarter of 2013 than in the first half of the year.

The good progress demonstrated in the first half of the year has continued and the experience of auto-enrolling schemes in the third quarter has been in line with expectations. At the end of the third quarter, 146 schemes of 97 employers have staged with the Group and a further 100 schemes are expected in the remainder of the year. The profile of the auto-enrolment business written to date has seen a larger proportion of employers than expected enrolling on minimum contributions and with qualifying earnings – which has an adverse impact on new business margins. However, as employer and employee contributions increase in line with the statutory minimum levels from 2% to 8% in aggregate in 2018, the Group expects to see incremental asset flows which would substantially increase the value and profitability of these schemes. The VNB includes a negative impact from two large schemes staging on the old Embassy platform – these schemes are expected to move to the target NGP platform in 2014. NGP is a more efficient pensions management platform and as a result the migration is expected to generate circa £2 million of additional value in due course.

Focus on retaining and growing the in-force book remains a key priority, with a number of opportunities secured in the third quarter including a large intake of new members as a result of one employer closing their final salary offering. In the nine months to 30 September 2013 circa 100,000 new members have been added across both new and auto-enrolling schemes.

The Group remains confident in the cash generation capabilities of the business and in exceeding the full year VNB target of £25 million. However, achieving the IRR target of 10% will be more challenging due to the auto-enrolment experience impacting margins.

Total assets under management at 30 September 2013 are £19.4 billion, up from £17.8 billion at the end of December 2012 (30 June 2013: £19.7 billion) driven by positive market movements. As a result of the Group’s continued pricing discipline net fund outflows (before net investment return) totalled £(0.2) billion in the three months to 30 September 2013. A large proportion of these outflows relate to closed low margin business lines. Lapses and scheme loss experience have also been impacted heavily by a peak in the number of schemes being re-broked prior to RDR with delays into 2013 until divestment in many cases, and by auto-enrolment with some employers looking to consolidate existing schemes with one provider.

The business awaits the outcomes of the OFT and Department of Work and Pension (“DWP”) consultations on defined contribution workplace pensions and notes that the range of possible outcomes have the potential to affect the Corporate Benefits business and strategy in different ways.

2.2 UK – Protection

	2013 Full year target £m	**9 months 2013 £m**	9 months 2012 £m	*Change %*	Half year 2013 £m	Full year 2012 £m
VNB	80	**50**	44	*14*	32	62
APE	n/a	**63**	65	*(3)*	39	90

The Protection business has delivered VNB of £50 million, up 14% on the first three quarters of 2012 on slightly lower volumes, driven by the successful migration of legacy business to the target platforms over 2012; from January 2013 all new business is now written on target platforms. Pleasingly, third quarter Protection volumes increased 9% on the same period of 2012 and the Group remains confident that the business can come close to achieving the 2013 full year financial targets.

Individual protection sales in the first quarter were slightly down compared to the same period in 2012 reflecting a dip in the total individual protection market following the gender neutral pricing directive. Despite this slow start, performance in the second and third quarter has recovered well and volume is building. Sales volumes in the second quarter of 2013 were up 46% on the first quarter, and third quarter volumes were up 29% on the second.

In the third quarter there have been significant enhancements to both the individual and group protection propositions which cements the Group's status in these markets and demonstrates the Group's focus on ensuring that products are designed to meet customers' needs and expectations.

Volumes of group protection business are up 5% with value up by 57% compared to the same period in 2012. This increase is driven by the focus on the more profitable critical illness and income protection products. The group income protection proposition, built on early intervention and rehabilitation capabilities to support companies' absence management processes, has helped to secure larger scheme wins including one covering approximately 9,500 employees in the quarter. On the individual protection proposition, enhancements have been made to the Protect+ critical illness offering including significant improvements to child cover, such as eligibility from birth, as well as developments around stroke and significant visual loss conditions.

The business also continues to invest in the group protection proposition with the launch of the Cancer Work Support service. This supports group income protection members who have been diagnosed with a cancer-related condition, through treatment, recovery and return to work.

2.3 UK - Retirement Income

	2013 Full year target £m	**9 months 2013 £m**	9 months 2012 £m	*Change %*	Half year 2013 £m	Full year 2012 £m
VNB	50	**64**	36	*78*	44	59
APE	n/a	**50**	28	*79*	32	44

Retirement Income has delivered value of new business of £64 million, already £14 million in excess of the full year target and 78% ahead of the same period in 2012. Drivers of the growth in value include the success of the enhanced annuity proposition, the increased volumes from the redirection of business from the with-profit to non-profit fund, better returns from an improved investment strategy and the benefit of lower investment costs from Friends Life Investments ("FLI"), the in-house investment business.

The proportion of existing customers choosing to purchase annuities with the Group in the first three quarters of 2013 was 32% reflecting improvements to the Group's offering to these customers. Where customers engage with the Group's enhanced annuity proposition this increases to over 50%. It is anticipated that this proportion will improve from the fourth quarter of 2013 as further changes to the proposition (in particular, contact with customers) are embedded.

Retirement Income will launch into the open market with the Friends lifestyle annuity in the fourth quarter focusing on areas of the market where the Group's longevity expertise allows for the capture of appropriate margins. The business commenced a pilot of the product in October ahead of a roll out onto the leading industry portals across November and December. This roll out will cover approximately three quarters of the quotation traffic from Intermediaries, and will be followed by further portal launches in early 2014. Whilst the Group anticipates this being a modest growth contributor at launch, increased growth is targeted over the course of 2014 and beyond.

3. Heritage

	9 months 2013 £m	9 months 2012 £m	*Change %*	Half year 2013 £m	Full year 2012 £m
VNB	**(13)**	8	*(263)*	(8)	2
APE	**41**	85	*(52)*	27	102

Over the first three quarters of 2013, Heritage continued to make good progress towards achieving its strategic outcomes which are not best measured by new business metrics.

The Heritage division no longer actively seeks new business, with volumes reflecting incremental business written across all product types. The lower APE seen in 2013 reflects the expected run-off of volumes over time, with most new business now being written in the UK division.

The reduction in volumes also reflects the impact of DWP rebates which ceased in 2012 following regulatory changes; 2012 full year VNB included DWP contribution of £13 million.

As reported at the 2013 half year results, a multi-year programme to implement a uniform capital management framework for the with-profits business is ongoing. This includes the proposal for an initial annuity book reallocation of circa £2 billion which has now been agreed by the Board of Friends Life Limited ("FLL") in consultation with the With-Profits Committee. This reallocation took place on the 30 September 2013 and is expected to deliver circa £10 million per annum of sustainable free surplus from 2014. Further de-risking proposals are being considered as part of this programme, although there can be no certainty as to whether or when any further transactions would be completed.

FLI manages £17.5 billion of fixed interest assets, with further recaptures being considered. In addition to FLI's activities, good progress has been made on new investment asset classes to support increased yield for the annuity portfolio, including the Group's first export credit agency arrangement of £74 million in September 2013. Progress is further evidenced by the appointments of third party investment managers for a £500 million Commercial Real Estate loan mandate and a £500 million Infrastructure loan mandate. The first commercial real estate loan, totalling £31 million, has since been put in place at the end of October 2013.

The 2013 Capital Optimisation Programme is expected to transfer the remaining acquired AXA UK Life businesses to the separate UK and Heritage companies. If final court sanctioning of the transfer is received as expected in December 2013, two active life companies will remain within the UK and Heritage divisions, with all six with-profits funds managed under a single Heritage life company, FLL.

The Group's outsourced suppliers continue to provide good service. In the fourth quarter of 2013, the Group is planning to execute the first major migration from two legacy administration systems to an IT platform run by one of the Group's strategic partners, Diligenta. This represents a major strategic milestone, and follows the successful transfer of a number of IT services (helpdesk, networks, telephony) to Diligenta in March and as reported previously, the completion of the single largest remaining element of the separation programme, the Application Host Migration ("AHM") programme in June which moved Heritage AXA business applications and IT infrastructure from AXA-Tech to Friends Life.

4. International division – business review

	9 months 2013 £m	9 months 2012 £m	*Change* %	Half year 2013 £m	Full year 2012 £m
VNB					
- Core[(i)]	**25**	27	*(7)*	21	62
- Non-core	**(9)**	9	*(200)*	(5)	(12)
Total VNB	**16**	36	*(56)*	16	50
APE					
- Core[(i)]	**211**	227	*(7)*	157	384
- Non-core	**12**	45	*(73)*	9	56
Total APE	**223**	272	*(18)*	166	440

(i) Core includes Lombard and core FPI.

Funds under management

	9 months 2013 £bn	Half year 2013 £bn	Full year 2012 £bn
Lombard	**19.7**	20.1	18.9
FPI	**7.0**	7.3	6.7
International division	**26.7**	27.4	25.6

International new business contribution of £16 million and sales volumes of £223 million in the first nine months of 2013 are below those reported in the same period of 2012 reflecting actions taken as part of the strategic review announced in November 2012, the impacts of which were only reflected in the fourth quarter 2012 results. The trend principally highlights the closure to new business in markets that are unprofitable, sub-scale or which do not fit with its risk and value focused strategy as well as the impact of the basis review undertaken as part of the strategic review.

The Group is confident that these businesses are now focused on attractive, growth markets where profitable growth can be achieved. The resilient performance of the core business in tough market conditions provides confidence that the division is well positioned for growth when markets recover.

Despite the impacts on the new business result, the International division funds under management have increased by £1.1 billion to £26.7 billion in the nine month period to 30 September 2013 reflecting net fund inflows of £0.2 billion and strong investment returns.

4.1 Lombard

	9 months 2013 £m	9 months 2012 £m	*Change %*	Half year 2013 £m	Full year 2012 £m
VNB	**13**	12	*8*	12	45
APE	**115**	119	*(3)*	87	238

Lombard's value of new business amounted to £13 million, 8% above the same period in 2012 (11% higher on a constant currency basis). The impact of lower volumes, 3% down on the same period in 2012, is offset by overall margin improvement as a result of market mix and the benefits of acquisition expense reduction initiatives undertaken in 2012.

At a regional level, the year to date performance has been mixed, with good growth in the UK, Nordic and Southern European markets. Sales volumes in Northern Europe remain depressed and continue to be affected by a significant reduction in sales in Belgium following the material tax and legal changes in the country. Disappointingly this has also resulted in continued elevated lapse experience across a number of European territories. Management are monitoring this closely and the impact will be assessed through the year end basis review.

In line with Lombard's long-term strategy, the mix of new business sales increasingly originates through private banks (47% in the first three quarters of 2013 compared with 44% in the same period in 2012) rather than IFAs.

Results to date reflect Lombard's sales profile, which remains materially weighted towards the final quarter of the year, whilst the acquisition cost base is largely fixed. As such, extrapolation of the current period's results will not be indicative of the full year's results.

4.2 FPI

	9 months 2013 £m	9 months[(i)] 2012 £m	*Change* %	Half year 2013 £m	Full year[(i)] 2012 £m
VNB					
- Core	**12**	15	*(20)*	9	17
- Non-core	**(9)**	9	*(200)*	(5)	(12)
Total VNB	**3**	24	*(88)*	4	5
APE					
- Core	**96**	108	*(11)*	70	146
- Non-core	**12**	45	*(73)*	9	56
Total APE	**108**	153	*(29)*	79	202

(i) Prior year FPI and non-core results include contribution from the AmLife business sold on 4 January 2013.

FPI's strategy is to focus on core markets whilst exiting other non-profitable markets. These actions to reshape the business have resulted in lower sales volumes and VNB compared to the same period last year, however the cost of investment in new business is down 14% to £(56) million (30 September 2012: £(65) million) as a result of the actions taken. FPI continues to focus on derisking its portfolio and is seeking to leverage its existing bancassurance arrangements.

FPI core business

FPI's core business is focused on the global expatriate market and the domestic affluent market in selected countries (via branches located in Hong Kong, Singapore and Dubai).

The VNB of the core business, at £12 million, is 20% below the same period in 2012 reflecting reductions in sales volumes as well as the impact of persistency and expense assumption changes implemented at the end of 2012.

Due to difficult market conditions, core business APE fell by 11% to £96 million in the first nine months of 2013. Notwithstanding this, the Group is leveraging its longstanding IFA relationships and continuing to diversify its distribution mix, including pursuing bancassurance opportunities with new potential partners, and remains well positioned to take advantage when markets improve.

In North Asia, performance has been strong with a 9% growth in APE to £25 million despite regulatory and media pressures on the overall region's unit-linked market. Market fundamentals continue to be strong, led by the trend of Chinese mainlanders looking to invest and diversify offshore.

Volumes in South East Asia and the Middle East have both decreased by circa 20% due to increasing competition from existing and new competitors which are all aggressively investing in new business. Despite these factors, volumes of bancassurance in South East Asia continue to improve with a 6% increase compared to the same period in 2012.

FPI non-core business

Following the International strategic review announced in November 2012, all non-core markets of any significance have now been exited. These exits include decisions to no longer accept business from Japanese nationals, the closure to new corporate pensions business and the exit, at the end of September 2013, from manufacturing new pensions business in Germany. The sale of the 30% stake in the joint venture, AmLife was also completed in January 2013 with this completing the exit from the Malaysian market.

Implementing these decisions has resulted in a 73% decrease in non-core new business volumes compared to the same period in 2012. This reduction in volumes, in addition to the operational basis changes and increased guarantee costs which were only reflected in the 2012 year end results, has resulted in non-core VNB of £(9) million. This is broadly in line, on a run-rate basis, with the full year 2012 VNB of £(12) million.

Over recent months, FpB AG (the Group's German distribution business) has extended its distribution agreement with Cardea (the operating brand of Prisma Life AG), which had previously covered protection products, to replace FPI's suite of pension products. As of the end of the third quarter FpB AG has, as expected, ceased selling new FPI German pensions business and has begun to sell regular premium Cardea pension products. This has resulted in a lower cost of investment in new business, compared to the first nine months of 2012, and is in line with expectation reported in the Group's 2013 half year results. The business continues to receive regular premiums and increments from existing customers in line with standard policy terms.

5. Analysis of life and pensions new business

In classifying new business premiums the following basis of recognition is adopted:

- single new business premiums consist of those contracts under which there is no expectation of continuing premiums being paid at regular intervals;
- regular new business premiums consist of those contracts under which there is an expectation of continuing premiums being paid at regular intervals, including repeated or recurrent single premiums where the level of premiums is defined, or where a regular pattern in the receipt of premiums has been established;
- non-contractual increments under existing group pensions schemes are classified as new business premiums;
- the Group does not take credit for future contractual increments on auto-enrolment business; instead, these will emerge in reported new business figures as they occur;
- transfers between products where open market options are available are included as new business; and
- regular new business premiums are included on an annualised basis.

5.1 Regular and single premiums

	Regular premiums			Single premiums		
	9 months 2013 £m	9 months 2012 £m	*Change %*	**9 months 2013 £m**	9 months 2012 £m	*Change %*
UK division						
- Corporate Benefits	**375**	345	*9*	**333**	752	*(56)*
- Protection	**63**	65	*(3)*	**-**	-	-
- Retirement Income	**-**	-	-	**500**	279	*79*
Total UK division	**438**	410	*7*	**833**	1,031	*(19)*
Heritage division	**26**	37	*(30)*	**145**	479	*(70)*
International division						
- FPI	**64**	108	*(41)*	**440**	454	*(3)*
- Lombard	**-**	-	-	**1,154**	1,187	*(3)*
Total International division	**64**	108	*(41)*	**1,594**	1,641	*(3)*
Total Life and Pensions	**528**	555	*(5)*	**2,572**	3,151	*(18)*

	Regular premiums			Single premiums		
	Q3 2013 £m	Q3 2012 £m	*Change %*	**Q3 2013 £m**	Q3 2012 £m	*Change %*
UK division						
- Corporate Benefits	**147**	111	*32*	**82**	173	*(53)*
- Protection	**24**	22	*9*	**-**	-	-
- Retirement Income	**-**	-	-	**176**	92	*91*
Total UK division	**171**	133	*29*	**258**	265	*(3)*
Heritage division	**10**	11	*(9)*	**40**	139	*(71)*
International division						
- FPI	**17**	32	*(47)*	**122**	168	*(27)*
- Lombard	**-**	-	-	**282**	239	*18*
Total International division	**17**	32	*(47)*	**404**	407	*(1)*
Total Life and Pensions	**198**	176	*13*	**702**	811	*(13)*

5.2 Group new business - APE

Annualised Premium Equivalent ("APE") represents annualised new regular premiums plus 10% of single premiums.

	9 months 2013 £m	9 months 2012 £m	*Change %*	**Q3 2013 £m**	Q3 2012 £m	*Change %*
UK division						
- Corporate Benefits	**408**	420	*(3)*	**155**	128	*21*
- Protection	**63**	65	*(3)*	**24**	22	*9*
- Retirement Income	**50**	28	*79*	**18**	9	*100*
Total UK division	**521**	513	*2*	**197**	159	*24*
Heritage division	**41**	85	*(52)*	**14**	25	*(44)*
International division						
- FPI	**108**	153	*(29)*	**29**	49	*(41)*
- Lombard	**115**	119	*(3)*	**28**	24	*17*
Total International division	**223**	272	*(18)*	**57**	73	*(22)*
Total Life and Pensions	**785**	870	*(10)*	**268**	257	*4*

Quarterly new business progression - APE

	Q3 2013 £m	Q2 2013 £m	Q1 2013 £m
UK division			
- Corporate Benefits	**155**	144	109
- Protection	**24**	21	18
- Retirement Income	**18**	17	15
Total UK division	**197**	182	142
Heritage division	**14**	14	13
International division			
- FPI	**29**	39	40
- Lombard	**28**	40	47
Total International division	**57**	79	87
Total Life and Pensions	**268**	275	242

FPI

APE by region (actual exchange rates)	**9 months 2013 £m**	9 months 2012 £m	*Change %*
North Asia (excluding Japan)	**25**	23	*9*
Japan	**-**	25	*(100)*
South Asia	**14**	18	*(22)*
Middle East	**27**	34	*(21)*
Europe (Excl UK)	**13**	17	*(24)*
UK	**13**	16	*(19)*
Rest of World	**16**	16	-
Malaysia (AmLife)[(i)]	**-**	4	*(100)*
Total	**108**	153	*(29)*

(i) AmLife joint venture sold on 4 January 2013

Lombard

APE by region (actual exchange rates)	**9 months 2013 £m**	9 months 2012 £m	*Change %*
UK and Nordic	**47**	38	*24*
Northern Europe	**1**	17	*(94)*
Southern Europe	**61**	54	*13*
Rest of World	**6**	10	*(40)*
Total including large cases	**115**	119	*(3)*
Of which: Large cases (greater than €10m)	**38**	36	*6*
Total excluding large cases	**77**	83	*(7)*

5.3 New business APE at constant exchange rates

All amounts in currency in the tables above other than Sterling are translated into Sterling at a monthly average exchange rate. The estimated new business assuming constant currency rates would be as follows:

	9 months 2013	9 months 2012	*Change* %	**Q3 2013 £m**	Q3 2012 £m	*Change* %
FPI	**108**	153	*(29)*	**32**	49	*(35)*
Lombard	**111**	119	*(7)*	**28**	24	*17*

5.4 New Business - Present value of new business premiums ("PVNBP")

PVNBP equals new single premiums plus the expected present value of new regular premiums. Premium values are calculated on a consistent basis with the EV contribution to profits from new business. Start of period assumptions are used for the economic basis and end of period assumptions are used for the operating basis. A risk-free rate is used to discount expected premiums in future years. The impact of operating assumption changes across a whole reporting period will normally be reflected in the PVNBP figures for the final quarter of the period that the basis changes relate to. No change in operating assumptions will be reflected in the PVNBP for the first and third quarters. All amounts in currency other than Sterling are translated into Sterling at a monthly average exchange rate.

	9 months 2013 £m	9 months 2012 £m	*Change* %	**Q3 2013 £m**	Q2 2013 £m	Q1 2013 £m
UK division						
- Corporate Benefits	**1,963**	2,164	*(9)*	**750**	668	545
- Protection	**465**	423	*10*	**175**	171	119
- Retirement Income	**500**	279	*79*	**176**	179	145
Total UK division	**2,928**	2,866	*2*	**1,101**	1,018	809
Heritage division	**267**	662	*(60)*	**86**	91	90
International division						
- FPI	**759**	1,040	*(27)*	**202**	264	293
- Lombard	**1,154**	1,187	*(3)*	**282**	405	467
Total International division	**1,913**	2,227	*(14)*	**484**	669	760
Total Life and Pensions	**5,108**	5,755	*(11)*	**1,671**	1,778	1,659

6. Update on Value Share

The Group provided, as part of the 2013 half year disclosure, an update on the latest position of the Value Share. This position has not changed significantly in the third quarter of 2013 with the accumulated value of net equity deployed (at 4% per annum) at 30 September 2013 amounting to £3,509 million (31 December 2012: £3,752 million), reflecting the dividends paid in the period by Resolution Holdco No 1 LP, which owns the Friends Life Group.