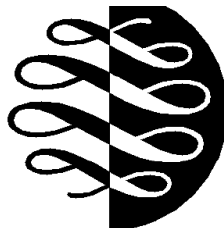




Aviva Life & Pensions UK Limited

Registered office: 2 Rougier Street, York, YO90 1UU

**Annual FSA Insurance Returns for the year ended
31 December 2012**



Index to Appendices 9.1, 9.3, 9.4, 9.4A and 9.6 of IPRU (INS)Name of insurer **Aviva Life & Pensions UK Limited**

Global Business

Financial year ended **31st December 2012****Contents***Forms* *Page***IPRU (INS) Appendix 9.1**

2	Statement of solvency – long-term insurance business	1
3	Components of capital resources	3
11	Calculation of general insurance capital requirement - premiums amount and brought forward amount	6
12	Calculation of general insurance capital requirement - claims amount and result	7
13	Analysis of admissible assets	8
14	Long-term insurance business liabilities and margins	38
15	Liabilities (other than long-term insurance business)	48
16	Profit and loss account	49
17	Analysis of derivative contracts	50
18	With-profits insurance capital component for the fund	57
19	Realistic balance sheet	61

IPRU (INS) Appendix 9.3

40	Revenue account	69
41	Analysis of premiums	79
42	Analysis of claims	89
43	Analysis of expenses	99
44	Linked funds balance sheet	108
45	Revenue account for internal linked funds	109
46	Summary of new business	110
47	Analysis of new business	111
48	Assets not held to match linked liabilities	114
49	Fixed and variable interest assets	123
50	Summary of mathematical reserves	130
51	Valuation summary of non-linked contracts (other than accumulating with-profits contracts)	140
52	Valuation summary of accumulating with-profits contracts	174
53	Valuation summary of property linked contracts	193
54	Valuation summary of index linked contracts	207
55	Unit prices for internal linked funds	215
56	Index linked business	216
57	Analysis of valuation interest rate	217

Returns under the Accounts and Statements Rules

Index to Appendices 9.1, 9.3, 9.4, 9.4A and 9.6 of IPRU (INS)

Name of insurer **Aviva Life & Pensions UK Limited**

Global Business

Financial year ended **31st December 2012**

58	Distribution of surplus	225
59A	With-profits payouts on maturity (normal retirement)	235
59B	With-profits payouts on surrender	239
60	Long-term insurance capital requirement	243
Supplementary notes		244

IPRU (INS) Appendix 9.4 and 9.4A

Valuation report	257
Abstract of valuation report for realistic valuation	346

IPRU (INS) 9.29, 9.30 and 9.36

Statement on derivatives required by IPRU (INS) 9.29	427
Statement on controllers required by IPRU (INS) 9.30	428
Statement of information on with-profits Actuary required by IPRU (INS) 9.36	429

Certificate by the directors and report of the auditors IPRU (INS) Appendix 9.6

Certificate by the directors required by IPRU (INS) 9.34(1) and	430
Independent auditor's report to the directors pursuant to IPRU (INS) 9.35	431

Statement of solvency - long-term insurance business
Form 2

 Name of insurer **Aviva Life & Pensions UK Limited**

Global business

 Financial year ended **31st December 2012**

Adjusted solo solvency calculation

R2	Company registration number	GL/UK/CM	Period ended			units
			day	month	year	
	3253947	GL	31	12	2012	£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	5859288	6615870
Capital resources allocated towards long-term insurance business arising outside the long-term insurance fund	12	2544631	2247742
Capital resources available to cover long-term insurance business capital resources requirement (11+12)	13	8403919	8863612

Guarantee fund

Guarantee fund requirement	21	2110246	1988259
Excess (deficiency) of available capital resources to cover guarantee fund requirement	22	6293673	6875353

Minimum capital requirement (MCR)

Long-term insurance capital requirement	31	2378295	2429784
Resilience capital requirement	32		
Base capital resources requirement	33	2984	3056
Individual minimum capital requirement	34	2378295	2429784
Capital requirements of regulated related undertakings	35	1317481	1178331
Minimum capital requirement (34+35)	36	3695776	3608115
Excess (deficiency) of available capital resources to cover 50% of MCR	37	6556031	7059554
Excess (deficiency) of available capital resources to cover 75% of MCR	38	5632087	6157526

Enhanced capital requirement

With-profits insurance capital component	39	1566612	2120994
Enhanced capital requirement	40	5262388	5729108

Capital resources requirement (CRR)

Capital resources requirement (greater of 36 and 40)	41	5262388	5729108
Excess (deficiency) of available capital resources to cover long-term insurance business CRR (13-41)	42	3141531	3134504

Contingent liabilities

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

Returns under the Accounts and Statements Rules

Covering page to Form 2

Name of insurer **Aviva Life & Pensions UK Limited**

Global business

Financial year ended **31st December 2012**

.....
D B BARRAL
Chief Executive

.....
B A CURRAN
Director

.....
P WILLCOCK
Director

March 2013

Components of capital resources
**Form 3
(Sheet 1)**

Name of insurer **Aviva Life & Pensions UK Limited**

Global business

Financial year ended **31st December 2012**

	R3	Company registration number 3253947	GL/UK/CM GL	Period ended			units £000
				day	month	year	
				31	12	2012	
		General insurance business 1	Long-term insurance business 2	Total as at the end of this financial year 3	Total as at the end of the previous year 4		

Core tier one capital

Permanent share capital	11		100000	100000	100000
Profit and loss account and other reserves	12		3904119	3904119	3530179
Share premium account	13		622900	622900	622900
Positive valuation differences	14		3700124	3700124	4715407
Fund for future appropriations	15		2037849	2037849	1669514
Core tier one capital in related undertakings	16		(59003)	(59003)	276396
Core tier one capital (sum of 11 to 16)	19		10305989	10305989	10914396

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		10305989	10305989	10914396
Investments in own shares	32				
Intangible assets	33		92791	92791	149356
Amounts deducted from technical provisions for discounting	34				
Other negative valuation differences	35				
Deductions in related undertakings	36		384728	384728	259376
Deductions from tier one (32 to 36)	37		477519	477519	408732
Total tier one capital after deductions (31-37)	39		9828470	9828470	10505664

Components of capital resources
**Form 3
(Sheet 2)**

Name of insurer **Aviva Life & Pensions UK Limited**

Global business

Financial year ended **31st December 2012**

	Company registration number	GL/UK/CM	Period ended			units	
			day	month	year		
	R3	3253947	GL	31	12	2012	£000
	General insurance business	Long-term insurance business	Total as at the end of this financial year		Total as at the end of the previous year		
	1	2	3		4		

Tier two capital

Implicit items, (tier two waivers and amounts excluded from line 22)	41				
Perpetual non-cumulative preference shares excluded from line 25	42				
Innovative tier one capital excluded from line 27	43				
Tier two waivers, innovative tier one capital and perpetual non-cumulative preference shares treated as tier two capital (41 to 43)	44				
Perpetual cumulative preference shares	45				
Perpetual subordinated debt and securities	46				
Upper tier two capital in related undertakings	47	200000	200000	200000	
Upper tier two capital (44 to 47)	49	200000	200000	200000	

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

Components of capital resources
**Form 3
(Sheet 3)**

Name of insurer **Aviva Life & Pensions UK Limited**

Global business

Financial year ended **31st December 2012**

	Company registration number	GL/UK/CM	Period ended			units	
			day	month	year		
	R3	3253947	GL	31	12	2012	£000
	General insurance business 1	Long-term insurance business 2	Total as at the end of this financial year 3		Total as at the end of the previous year 4		

Total capital resources

Positive adjustments for regulated non-insurance related undertakings	71				
Total capital resources before deductions (39+69+71)	72		10028470	10028470	10705664
Inadmissible assets other than intangibles and own shares	73		1624551	1624551	1842052
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		8403919	8403919	8863612

Available capital resources for GENPRU/INSRU tests

Available capital resources for guarantee fund requirement	81		8403919	8403919	8863612
Available capital resources for 50% MCR requirement	82		8403919	8403919	8863612
Available capital resources for 75% MCR requirement	83		8403919	8403919	8863612

Financial engineering adjustments

Implicit items	91				
Financial reinsurance – ceded	92		606513	606513	368800
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		606513	606513	368800

Name of insurer **Aviva Life & Pensions UK Limited**

Global business

Financial year ended **31st December 2012**

Long-term insurance business

		Company registration number	GL/UK/CM	Period ended			units
		R11	3253947	GL	day	month	year
					31	12	2012
							£000
				This financial year		Previous year	
				1		2	
Gross premiums written		11					81845
Premiums taxes and levies (included in line 11)		12					
Premiums written net of taxes and levies (11-12)		13					81845
Premiums for classes 11, 12 or 13 (included in line 13)		14					
Premiums for "actuarial health insurance" (included in line 13)		15					
Sub-total A (13 + 1/2 14 - 2/3 15)		16					81845
Gross premiums earned		21			91592		81845
Premium taxes and levies (included in line 21)		22					
Premiums earned net of taxes and levies (21-22)		23			91592		81845
Premiums for classes 11, 12 or 13 (included in line 23)		24					
Premiums for "actuarial health insurance" (included in line 23)		25					
Sub-total H (23 + 1/2 24 - 2/3 25)		26			91592		81845
Sub-total I (higher of sub-total A and sub-total H)		30			91592		81845
Adjusted sub-total I if financial year is not a 12 month period to produce an annual figure		31					
Division of gross adjusted premiums amount: sub-total I (or adjusted sub-total I if appropriate)	x 0.18	32			16487		14732
	Excess (if any) over 61.3M EURO x 0.02	33			843		633
Sub-total J (32-33)		34			15644		14099
Claims paid in period of 3 financial years		41			174586		180435
Claims outstanding carried forward at the end of the 3 year period	For insurance business accounted for on an underwriting year basis	42					
	For insurance business accounted for on an accident year basis	43			210763		203802
Claims outstanding brought forward at the beginning of the 3 year period	For insurance business accounted for on an underwriting year basis	44					
	For insurance business accounted for on an accident year basis	45			183273		167472
Sub-total C (41+42+43-44-45)		46			202076		216765
Amounts recoverable from reinsurers in respect of claims included in Sub-total C		47			13185		17265
Sub-total D (46-47)		48			188891		199500
Reinsurance ratio (Sub-total D / sub-total C or, if more, 0.50 or, if less, 1.00)		49			0.93		0.92
Premiums amount (Sub-total J x reinsurance ratio)		50			14623		12976
Provisions for claims outstanding (before discounting and net of reinsurance)		51			184642		176119
Provisions for claims outstanding (before discounting and gross of reinsurance) if both 51.1 and 51.2 are zero, otherwise zero		52					
Brought forward amount (see instruction 4)		53			23832		23832
Greater of lines 50 and 53		54			23832		23832

Calculation of general insurance capital requirement - claims amount and result
Form 12

 Name of insurer **Aviva Life & Pensions UK Limited**

Global business

 Financial year ended **31st December 2012**

Long-term insurance business

		Company registration number	GL/UK/CM	Period ended			units	
		R12	3253947	GL	31 day	12 month	2012 year	£000
				This financial year		Previous year		
				1		2		
Reference period (No. of months) See <i>INSPRU</i> 1.1.63R			11	36		36		
Claims paid in reference period			21	174586		180435		
Claims outstanding carried forward at the end of the reference period	For insurance business accounted for on an underwriting year basis	22						
	For insurance business accounted for on an accident year basis	23	210763		203802			
Claims outstanding brought forward at the beginning of the reference period	For insurance business accounted for on an underwriting year basis	24						
	For insurance business accounted for on an accident year basis	25	183273		167472			
Claims incurred in reference period (21+22+23-24-25)			26	202076		216765		
Claims incurred for classes 11, 12 or 13 (included in 26)			27					
Claims incurred for "actuarial health insurance" (included in 26)			28					
Sub-total E (26 + 1/2 27 - 2/3 28)			29	202076		216765		
Sub-total F - Conversion of sub-total E to annual figure (multiply by 12 and divide by number of months in the reference period)			31	67359		72255		
Division of sub-total F (gross adjusted claims amount)	X 0.26	32	17513		18786			
	Excess (if any) over 42.9M EURO x 0.03	33	983		1112			
Sub-total G (32 - 33)			39	16530		17674		
Claims amount Sub-total G x reinsurance ratio (11.49)			41	15451		16266		
Higher of premiums amount and brought forward amount (11.54)			42	23832		23832		
General insurance capital requirement (higher of lines 41 and 42)			43	23832		23832		

Analysis of admissible assets
Form 13
(Sheet 1)

Name of insurer **Aviva Life & Pensions UK Limited**

Global business

Financial year ended **31st December 2012**

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	3253947	GL	31	12	2012	£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	217779	488198
	debts and loans	22		
Other insurance dependants	shares	23		
	debts and loans	24		
Non-insurance dependants	shares	25	33234	92196
	debts and loans	26		
Other group undertakings	shares	27		
	debts and loans	28	32000	19000
Participating interests	shares	29	3365	4375
	debts and loans	30		

Other financial investments

Equity shares	41		
Other shares and other variable yield participations	42		
Holdings in collective investment schemes	43		
Rights under derivative contracts	44		
Fixed interest securities	Approved	45	
	Other	46	
Variable interest securities	Approved	47	
	Other	48	9501 13387
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		2971
Bank and approved credit & financial institution deposits	One month or less withdrawal	54	658 5653
	More than one month withdrawal	55	1500
Other financial investments	56		

Analysis of admissible assets
**Form 13
(Sheet 2)**

Name of insurer **Aviva Life & Pensions UK Limited**

Global business

Financial year ended **31st December 2012**

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

	Company registration number	GL/UK/CM	Period ended			units	Category of assets	
	R13	3253947	GL	day	month	year	£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	9	6009
	due in more than 12 months	77		
Other	due in 12 months or less	78	6324	9122
	due in more than 12 months	79		

Other assets

Tangible assets	80		
Deposits not subject to time restriction on withdrawal with approved institutions	81	916946	427851
Cash in hand	82		
Other assets (particulars to be specified by way of supplementary note)	83		
Accrued interest and rent	84	235	204
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	1220051	1070466
---	-----------	---------	---------

Analysis of admissible assets
**Form 13
(Sheet 3)**

Name of insurer **Aviva Life & Pensions UK Limited**

Global business

Financial year ended **31st December 2012**

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	3253947	GL	31	12	2012	£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	1220051	1070466
Admissible assets in excess of market and counterparty limits	92		
Inadmissible assets directly held	93	77768	135068
Capital resources requirement deduction of regulated related undertakings	94	1317481	1178331
Ineligible surplus capital and restricted assets in regulated related insurance undertakings	95		
Inadmissible assets of regulated related undertakings	96	12120	
Book value of related ancillary services undertakings	97		
Other differences in the valuation of assets (other than for assets not valued above)	98	276424	(113154)
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	60	332
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	2903904	2271043
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 **Aviva Life & Pensions UK Limited**

Global business

Financial year ended **31st December 2012**

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	3253947	GL	31	12	2012	£000	10
				As at end of this financial year		As at end of the previous year		
				1		2		
Land and buildings			11	2217605		2647509		

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	150155	155950
	debts and loans	26	256155	305819
Other group undertakings	shares	27		
	debts and loans	28	352970	343399
Participating interests	shares	29	3365	3380
	debts and loans	30		

Other financial investments

Equity shares		41	6507927	7070224
Other shares and other variable yield participations		42		
Holdings in collective investment schemes		43	9207501	10359004
Rights under derivative contracts		44	213239	266693
Fixed interest securities	Approved	45	8070986	9784119
	Other	46	6175598	7116299
Variable interest securities	Approved	47	4717583	2876130
	Other	48	1465702	1436260
Participation in investment pools		49		
Loans secured by mortgages		50	1194491	1336236
Loans to public or local authorities and nationalised industries or undertakings		51		
Loans secured by policies of insurance issued by the company		52	25616	35631
Other loans		53	3603708	4441806
Bank and approved credit & financial institution deposits	One month or less withdrawal	54	10745	23965
	More than one month withdrawal	55	469066	319878
Other financial investments		56	50250	48300

Analysis of admissible assets
**Form 13
(Sheet 2)**

Name of insurer **Aviva Life & Pensions UK Limited**

Global business

Financial year ended **31st December 2012**

Category of assets **Total Long-term insurance business assets**

	Company registration number	GL/UK/CM	Period ended			units	Category of assets	
	R13	3253947	GL	31	12	2012	£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	231915			519061
	Property linked			59	38625683			35738407

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	145401	230932
	Intermediaries	72	17269	15102
Salvage and subrogation recoveries		73		
Reinsurance	Accepted	74	11651	81071
	Ceded	75	101611	15442
Dependants	due in 12 months or less	76		1533
	due in more than 12 months	77		
Other	due in 12 months or less	78	1068207	540036
	due in more than 12 months	79	148141	148141

Other assets

Tangible assets	80		
Deposits not subject to time restriction on withdrawal with approved institutions	81	2968953	2740481
Cash in hand	82		
Other assets (particulars to be specified by way of supplementary note)	83		
Accrued interest and rent	84	393319	451101
Deferred acquisition costs (general business only)	85		
Other prepayments and accrued income	86	7877	10074

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	88412689	89061983
---	-----------	----------	----------

Analysis of admissible assets
**Form 13
(Sheet 3)**

Name of insurer **Aviva Life & Pensions UK Limited**

Global business

Financial year ended **31st December 2012**

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	3253947	GL	31	12	2012	£000	10
				As at end of this financial year		As at end of the previous year	
				1		2	

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

Total admissible assets after deduction of admissible assets in excess of market risk and counterparty limits (as per line 89 above)	91	88412689	89061983
Admissible assets in excess of market and counterparty limits	92		
Inadmissible assets directly held	93	26843	495617
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	185499	
Deferred acquisition costs excluded from line 89	99	1209874	1257141
Reinsurers' share of technical provisions excluded from line 89	100	4225786	3836334
Other asset adjustments (may be negative)	101	473140	519275
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	94533831	95170350

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 **Aviva Life & Pensions UK Limited**

Global business

Financial year ended **31st December 2012**

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

	Company registration number	GL/UK/CM	Period ended			units	Category of assets	
			day	month	year			
	R13	3253947	GL	31	12	2012	£000	11
				As at end of this financial year		As at end of the previous year		
				1		2		
Land and buildings			11	938444		1042629		

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	37979	38031
Other group undertakings	shares	27		
	debts and loans	28	167379	156379
Participating interests	shares	29	900	950
	debts and loans	30		

Other financial investments

Equity shares		41	3236309	3335202
Other shares and other variable yield participations		42		
Holdings in collective investment schemes		43	3588746	3970925
Rights under derivative contracts		44	144034	159662
Fixed interest securities	Approved	45	4187511	5099597
	Other	46	1930982	2043145
Variable interest securities	Approved	47	1054607	495647
	Other	48	521201	602728
Participation in investment pools		49		
Loans secured by mortgages		50	504399	584428
Loans to public or local authorities and nationalised industries or undertakings		51		
Loans secured by policies of insurance issued by the company		52	15915	20718
Other loans		53	2126877	2564773
Bank and approved credit & financial institution deposits	One month or less withdrawal	54		20002
	More than one month withdrawal	55	76000	10010
Other financial investments		56		

Analysis of admissible assets
**Form 13
(Sheet 2)**

Name of insurer **Aviva Life & Pensions UK Limited**

Global business

Financial year ended **31st December 2012**

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

			Company registration number	GL/UK/CM	Period ended			units	Category of assets	
			R13	3253947	GL	31	12	2012	£000	11
						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	10032	(4328)
	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	429231	209752
	due in more than 12 months	79		

Other assets

Tangible assets	80		
Deposits not subject to time restriction on withdrawal with approved institutions	81	498149	364801
Cash in hand	82		
Other assets (particulars to be specified by way of supplementary note)	83		
Accrued interest and rent	84	218609	218466
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	19687304	20933517
---	-----------	----------	----------

Analysis of admissible assets
**Form 13
(Sheet 3)**

Name of insurer **Aviva Life & Pensions UK Limited**

Global business

Financial year ended **31st December 2012**

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

	Company registration number	GL/UK/CM	Period ended			units	Category of assets
			day	month	year		
R13	3253947	GL	31	12	2012	£000	11
			As at end of this financial year			As at end of the previous year	
			1			2	

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

Total admissible assets after deduction of admissible assets in excess of market risk and counterparty limits (as per line 89 above)	91	19687304	20933517
Admissible assets in excess of market and counterparty limits	92		
Inadmissible assets directly held	93		18275
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	86000	
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	(70026)	
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	19703278	20951792
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 **Aviva Life & Pensions UK Limited**

Global business

 Financial year ended **31st December 2012**

 Category of assets **Provident Mutual Sub-Fund**

	Company registration number	GL/UK/CM	Period ended			units	Category of assets	
			day	month	year			
	R13	3253947	GL	31	12	2012	£000	12
				As at end of this financial year		As at end of the previous year		
				1		2		
Land and buildings			11					

Investments in group undertakings and participating interests

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

Other financial investments

Equity shares		41	195057	215585
Other shares and other variable yield participations		42		
Holdings in collective investment schemes		43	159751	54736
Rights under derivative contracts		44	290	14596
Fixed interest securities	Approved	45	498922	438601
	Other	46	772976	741032
Variable interest securities	Approved	47	85050	336094
	Other	48	60464	58176
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		398
Other loans		53	263	263
Bank and approved credit & financial institution deposits	One month or less withdrawal	54		3000
	More than one month withdrawal	55	8000	40306
Other financial investments		56		

Analysis of admissible assets
**Form 13
(Sheet 2)**

Name of insurer **Aviva Life & Pensions UK Limited**

Global business

Financial year ended **31st December 2012**

Category of assets **Provident Mutual Sub-Fund**

	Company registration number	GL/UK/CM	Period ended			units	Category of assets	
	R13	3253947	GL	day	month	year	£000	12
				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	4930	4776
	Intermediaries	72	603	603
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	83847	13723
	due in more than 12 months	79		

Other assets

Tangible assets	80		
Deposits not subject to time restriction on withdrawal with approved institutions	81	131931	69780
Cash in hand	82		
Other assets (particulars to be specified by way of supplementary note)	83		
Accrued interest and rent	84	23787	27189
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	2025871	2018858
---	-----------	---------	---------

Analysis of admissible assets
**Form 13
(Sheet 3)**

Name of insurer **Aviva Life & Pensions UK Limited**

Global business

Financial year ended **31st December 2012**

Category of assets **Provident Mutual Sub-Fund**

	Company registration number	GL/UK/CM	Period ended			units	Category of assets
			day	month	year		
R13	3253947	GL	31	12	2012	£000	12
				As at end of this financial year		As at end of the previous year	
				1		2	

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

Total admissible assets after deduction of admissible assets in excess of market risk and counterparty limits (as per line 89 above)	91	2025871	2018858
Admissible assets in excess of market and counterparty limits	92		
Inadmissible assets directly held	93	1816	5150
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		1595
Other asset adjustments (may be negative)	101	(3030)	
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	2024657	2025603
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 **Aviva Life & Pensions UK Limited**

Global business

Financial year ended **31st December 2012**

Category of assets **Belgian Sub-Fund**

	Company registration number	GL/UK/CM	Period ended			units	Category of assets	
			day	month	year			
	R13	3253947	GL	31	12	2012	£000	13
				As at end of this financial year		As at end of the previous year		
				1		2		
Land and buildings			11					

Investments in group undertakings and participating interests

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

Other financial investments

Equity shares	41		
Other shares and other variable yield participations	42		
Holdings in collective investment schemes	43		
Rights under derivative contracts	44		
Fixed interest securities	Approved	45	22939
	Other	46	74822
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	1512	
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 **Aviva Life & Pensions UK Limited**

Global business

Financial year ended **31st December 2012**

Category of assets **Belgian Sub-Fund**

	Company registration number	GL/UK/CM	Period ended			units	Category of assets	
	R13	3253947	GL	day	month	year	£000	13
				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	1206	
	Intermediaries	72		
Salvage and subrogation recoveries		73		
Reinsurance	Accepted	74		
	Ceded	75	113	
Dependants	due in 12 months or less	76		1533
	due in more than 12 months	77		
Other	due in 12 months or less	78		1173
	due in more than 12 months	79		

Other assets

Tangible assets	80		
Deposits not subject to time restriction on withdrawal with approved institutions	81	52231	1821
Cash in hand	82		
Other assets (particulars to be specified by way of supplementary note)	83		
Accrued interest and rent	84	447	
Deferred acquisition costs (general business only)	85		
Other prepayments and accrued income	86		7

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	78448	79356
---	-----------	-------	-------

Analysis of admissible assets
**Form 13
(Sheet 3)**

Name of insurer **Aviva Life & Pensions UK Limited**

Global business

Financial year ended **31st December 2012**

Category of assets **Belgian Sub-Fund**

	Company registration number	GL/UK/CM	Period ended			units	Category of assets
			day	month	year		
R13	3253947	GL	31	12	2012	£000	13
				As at end of this financial year		As at end of the previous year	
				1		2	

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

Total admissible assets after deduction of admissible assets in excess of market risk and counterparty limits (as per line 89 above)	91	78448	79356
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	123000	
Other asset adjustments (may be negative)	101	45	(257)
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	201493	79099
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 **Aviva Life & Pensions UK Limited**

Global business

Financial year ended **31st December 2012**

Category of assets **Non-Profit Sub-Fund 1**

	Company registration number	GL/UK/CM	Period ended			units	Category of assets	
			day	month	year			
	R13	3253947	GL	31	12	2012	£000	14
				As at end of this financial year		As at end of the previous year		
				1		2		
Land and buildings			11	441		4476		

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	59908	58420
Participating interests	shares	29	2465	2430
	debts and loans	30		

Other financial investments

Equity shares		41	1314	7906
Other shares and other variable yield participations		42		
Holdings in collective investment schemes		43	72945	82606
Rights under derivative contracts		44	191	
Fixed interest securities	Approved	45	325828	110891
	Other	46	88580	386624
Variable interest securities	Approved	47	6711	6897
	Other	48	172075	90875
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	5813	6998
Other loans		53	(349031)	25
Bank and approved credit & financial institution deposits	One month or less withdrawal	54	9412	233
	More than one month withdrawal	55	359375	195832
Other financial investments		56		

Analysis of admissible assets
Form 13
(Sheet 2)

Name of insurer **Aviva Life & Pensions UK Limited**

Global business

Financial year ended **31st December 2012**

Category of assets **Non-Profit Sub-Fund 1**

		Company registration number	GL/UK/CM	Period ended			units	Category of assets	
		R13	3253947	GL	31	12	2012	£000	14
					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	231384			518508	
	Property linked			59	10327540			10838315	

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	22271	38706
	Intermediaries	72	40	26
Salvage and subrogation recoveries		73		
Reinsurance	Accepted	74	3359	38111
	Ceded	75	73118	10419
Dependants	due in 12 months or less	76		
	due in more than 12 months	77		
Other	due in 12 months or less	78	68858	(108704)
	due in more than 12 months	79		

Other assets

Tangible assets	80		
Deposits not subject to time restriction on withdrawal with approved institutions	81	909569	1070015
Cash in hand	82		
Other assets (particulars to be specified by way of supplementary note)	83		
Accrued interest and rent	84	7028	12201
Deferred acquisition costs (general business only)	85		
Other prepayments and accrued income	86	24	285

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	12399218	13372095
---	-----------	----------	----------

Analysis of admissible assets
**Form 13
(Sheet 3)**

 Name of insurer **Aviva Life & Pensions UK Limited**

Global business

 Financial year ended **31st December 2012**

 Category of assets **Non-Profit Sub-Fund 1**

	Company registration number	GL/UK/CM	Period ended			units	Category of assets	
	R13	3253947	GL	31	12	2012	£000	14
				As at end of this financial year			As at end of the previous year	
				1			2	

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

Total admissible assets after deduction of admissible assets in excess of market risk and counterparty limits (as per line 89 above)	91	12399218	13372095
Admissible assets in excess of market and counterparty limits	92		
Inadmissible assets directly held	93	23990	380887
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	(1488)	
Deferred acquisition costs excluded from line 89	99	776066	745443
Reinsurers' share of technical provisions excluded from line 89	100	1493522	1407486
Other asset adjustments (may be negative)	101	(71006)	(346631)
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	14620302	15559280
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 **Aviva Life & Pensions UK Limited**

Global business

Financial year ended **31st December 2012**

Category of assets **Non-Profit Sub-Fund 2**

	Company registration number	GL/UK/CM	Period ended			units	Category of assets	
			day	month	year			
	R13	3253947	GL	31	12	2012	£000	15
				As at end of this financial year		As at end of the previous year		
				1		2		
Land and buildings			11	3952		1561		

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	61705	60459
Participating interests	shares	29		
	debts and loans	30		

Other financial investments

Equity shares		41	42227	5993
Other shares and other variable yield participations		42		
Holdings in collective investment schemes		43	94745	38702
Rights under derivative contracts		44		
Fixed interest securities	Approved	45	19361	4163
	Other	46	215974	203565
Variable interest securities	Approved	47	124943	107120
	Other	48	18928	5937
Participation in investment pools		49		
Loans secured by mortgages		50	221318	243443
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	83	4
Bank and approved credit & financial institution deposits	One month or less withdrawal	54	1333	730
	More than one month withdrawal	55	4178	9766
Other financial investments		56		

Analysis of admissible assets
**Form 13
(Sheet 2)**

Name of insurer **Aviva Life & Pensions UK Limited**

Global business

Financial year ended **31st December 2012**

Category of assets **Non-Profit Sub-Fund 2**

	Company registration number	GL/UK/CM	Period ended			units	Category of assets	
	R13	3253947	GL	31 day	12 month	2012 year	£000	15
				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	28233293		24828365	

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	53255	96638
	Intermediaries	72	6166	3923
Salvage and subrogation recoveries		73		
Reinsurance	Accepted	74		7224
	Ceded	75	5209	
Dependants	due in 12 months or less	76		
	due in more than 12 months	77		
Other	due in 12 months or less	78	118738	142695
	due in more than 12 months	79	148141	148141

Other assets

Tangible assets	80		
Deposits not subject to time restriction on withdrawal with approved institutions	81	271441	412786
Cash in hand	82		
Other assets (particulars to be specified by way of supplementary note)	83		
Accrued interest and rent	84	8412	28545
Deferred acquisition costs (general business only)	85		
Other prepayments and accrued income	86	7853	9782

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	29661255	26359542
---	-----------	----------	----------

Analysis of admissible assets
**Form 13
(Sheet 3)**

Name of insurer **Aviva Life & Pensions UK Limited**

Global business

Financial year ended **31st December 2012**

Category of assets **Non-Profit Sub-Fund 2**

	Company registration number	GL/UK/CM	Period ended			units	Category of assets	
	R13	3253947	GL	31	12	2012	£000	15
				As at end of this financial year			As at end of the previous year	
				1			2	

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

Total admissible assets after deduction of admissible assets in excess of market risk and counterparty limits (as per line 89 above)	91	29661255	26359542
Admissible assets in excess of market and counterparty limits	92		
Inadmissible assets directly held	93		7724
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	433808	490471
Reinsurers' share of technical provisions excluded from line 89	100	2502930	2318059
Other asset adjustments (may be negative)	101	720570	866163
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	33318563	30041959
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 **Aviva Life & Pensions UK Limited**

Global business

Financial year ended **31st December 2012**

Category of assets **New With-Profits Sub-Fund**

	Company registration number	GL/UK/CM	Period ended			units	Category of assets	
			day	month	year			
	R13	3253947	GL	31	12	2012	£000	16
				As at end of this financial year		As at end of the previous year		
				1		2		
Land and buildings			11	1104229		1389218		

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	129215	134795
	debts and loans	26	209924	253468
Other group undertakings	shares	27		
	debts and loans	28	54996	59290
Participating interests	shares	29		
	debts and loans	30		

Other financial investments

Equity shares		41	2608462	3028156
Other shares and other variable yield participations		42		
Holdings in collective investment schemes		43	4555786	5372070
Rights under derivative contracts		44	61675	83257
Fixed interest securities	Approved	45	2634941	3499900
	Other	46	2598049	3101375
Variable interest securities	Approved	47	3051605	1700326
	Other	48	610991	592499
Participation in investment pools		49		
Loans secured by mortgages		50	413693	448632
Loans to public or local authorities and nationalised industries or undertakings		51		
Loans secured by policies of insurance issued by the company		52	1908	6309
Other loans		53	1823390	1763715
Bank and approved credit & financial institution deposits	One month or less withdrawal	54		
	More than one month withdrawal	55	21513	58690
Other financial investments		56	43528	41967

Analysis of admissible assets
**Form 13
(Sheet 2)**

Name of insurer **Aviva Life & Pensions UK Limited**

Global business

Financial year ended **31st December 2012**

Category of assets **New With-Profits Sub-Fund**

		Company registration number	GL/UK/CM	Period ended			units	Category of assets	
		R13	3253947	GL	31	12	2012	£000	16
					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	469			488	
	Property linked			59	57230			63299	

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	42105	77862
	Intermediaries	72	9206	9285
Salvage and subrogation recoveries		73		
Reinsurance	Accepted	74	7987	29356
	Ceded	75	19297	4420
Dependants	due in 12 months or less	76		
	due in more than 12 months	77		
Other	due in 12 months or less	78	288735	216663
	due in more than 12 months	79		

Other assets

Tangible assets	80		
Deposits not subject to time restriction on withdrawal with approved institutions	81	868598	809387
Cash in hand	82		
Other assets (particulars to be specified by way of supplementary note)	83		
Accrued interest and rent	84	116541	140118
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	21334073	22884545
---	----	----------	----------

Analysis of admissible assets
**Form 13
(Sheet 3)**

Name of insurer **Aviva Life & Pensions UK Limited**

Global business

Financial year ended **31st December 2012**

Category of assets **New With-Profits Sub-Fund**

	Company registration number	GL/UK/CM	Period ended			units	Category of assets
			day	month	year		
R13	3253947	GL	31	12	2012	£000	16
			As at end of this financial year			As at end of the previous year	
			1			2	

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

Total admissible assets after deduction of admissible assets in excess of market risk and counterparty limits (as per line 89 above)	91	21334073	22884545
Admissible assets in excess of market and counterparty limits	92		
Inadmissible assets directly held	93	915	74096
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	97728	
Deferred acquisition costs excluded from line 89	99		18733
Reinsurers' share of technical provisions excluded from line 89	100	88925	96913
Other asset adjustments (may be negative)	101	(87078)	
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	21434563	23074287
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 **Aviva Life & Pensions UK Limited**

Global business

Financial year ended **31st December 2012**

Category of assets **Old With-Profits Sub-Fund**

	Company registration number	GL/UK/CM	Period ended			units	Category of assets	
			day	month	year			
	R13	3253947	GL	31	12	2012	£000	17
				As at end of this financial year			As at end of the previous year	
				1			2	
Land and buildings			11	170539			209625	

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	20940	21155
	debts and loans	26	8252	14320
Other group undertakings	shares	27		
	debts and loans	28	8982	8851
Participating interests	shares	29		
	debts and loans	30		

Other financial investments

Equity shares		41	424558	477382
Other shares and other variable yield participations		42		
Holdings in collective investment schemes		43	735528	839965
Rights under derivative contracts		44	7049	9178
Fixed interest securities	Approved	45	381484	630967
	Other	46	569037	565736
Variable interest securities	Approved	47	394667	230046
	Other	48	82043	86045
Participation in investment pools		49		
Loans secured by mortgages		50	55081	59733
Loans to public or local authorities and nationalised industries or undertakings		51		
Loans secured by policies of insurance issued by the company		52	468	1208
Other loans		53	2126	113026
Bank and approved credit & financial institution deposits	One month or less withdrawal	54		
	More than one month withdrawal	55		5274
Other financial investments		56	6722	6333

Analysis of admissible assets
**Form 13
(Sheet 2)**

Name of insurer **Aviva Life & Pensions UK Limited**

Global business

Financial year ended **31st December 2012**

Category of assets **Old With-Profits Sub-Fund**

	Company registration number	GL/UK/CM	Period ended			units	Category of assets	
	R13	3253947	GL	31 day	12 month	2012 year	£000	17
				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	62			65
	Property linked			59	7620			8428

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	11602	17278
	Intermediaries	72	1254	1265
Salvage and subrogation recoveries		73		
Reinsurance	Accepted	74	305	6378
	Ceded	75	3821	603
Dependants	due in 12 months or less	76		
	due in more than 12 months	77		
Other	due in 12 months or less	78	78798	64734
	due in more than 12 months	79		

Other assets

Tangible assets	80		
Deposits not subject to time restriction on withdrawal with approved institutions	81	235230	9340
Cash in hand	82		
Other assets (particulars to be specified by way of supplementary note)	83		
Accrued interest and rent	84	18495	24582
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	3224663	3411517
---	-----------	---------	---------

Analysis of admissible assets
**Form 13
(Sheet 3)**

Name of insurer **Aviva Life & Pensions UK Limited**

Global business

Financial year ended **31st December 2012**

Category of assets **Old With-Profits Sub-Fund**

	Company registration number	GL/UK/CM	Period ended			units	Category of assets
			day	month	year		
R13	3253947	GL	31	12	2012	£000	17
				As at end of this financial year		As at end of the previous year	
				1		2	

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

Total admissible assets after deduction of admissible assets in excess of market risk and counterparty limits (as per line 89 above)	91	3224663	3411517
Admissible assets in excess of market and counterparty limits	92		
Inadmissible assets directly held	93	122	9485
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	3259	
Deferred acquisition costs excluded from line 89	99		2494
Reinsurers' share of technical provisions excluded from line 89	100	11402	12281
Other asset adjustments (may be negative)	101	(16335)	
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	3223111	3435777
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 **Aviva Life & Pensions UK Limited**

Global business

Financial year ended **31st December 2012**

Category of assets **With-Profits Sub-Fund 5**

	Company registration number	GL/UK/CM	Period ended			units	Category of assets	
			day	month	year			
	R13	3253947	GL	31	12	2012	£000	18
				As at end of this financial year		As at end of the previous year		
				1		2		
Land and buildings			11					

Investments in group undertakings and participating interests

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

Other financial investments

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

Analysis of admissible assets
Form 13
(Sheet 2)

Name of insurer **Aviva Life & Pensions UK Limited**

Global business

Financial year ended **31st December 2012**

Category of assets **With-Profits Sub-Fund 5**

		Company registration number	GL/UK/CM	Period ended			units	Category of assets	
				day	month	year			
		R13	3253947	GL	31	12	2012	£000	18
					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		2
	Ceded	75	53	
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	1804	2551
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	1857	2553
---	-----------	------	------

Analysis of admissible assets
**Form 13
(Sheet 3)**

 Name of insurer **Aviva Life & Pensions UK Limited**

Global business

 Financial year ended **31st December 2012**

 Category of assets **With-Profits Sub-Fund 5**

	Company registration number	GL/UK/CM	Period ended			units	Category of assets
			day	month	year		
R13	3253947	GL	31	12	2012	£000	18
				As at end of this financial year		As at end of the previous year	
				1		2	

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

Total admissible assets after deduction of admissible assets in excess of market risk and counterparty limits (as per line 89 above)	91	1857	2553
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	6007	
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	7864	2553
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 **Aviva Life & Pensions UK Limited**

Global business

Financial year ended **31st December 2012**

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	77202069	76640005
Cash bonuses which had not been paid to policyholders prior to end of the financial year	12		
Balance of surplus / (valuation deficit)	13	446936	320970
Long term insurance business fund carried forward (11 to 13)	14	77649005	76960975
Claims outstanding	Gross	15	477911
	Reinsurers' share	16	
	Net (15-16)	17	477911
Provisions	Taxation	21	
	Other risks and charges	22	
Deposits received from reinsurers	23	12262	3000
Creditors	Direct insurance business	31	463431
	Reinsurance accepted	32	2105
	Reinsurance ceded	33	76378
Debenture loans	Secured	34	
	Unsecured	35	
Amounts owed to credit institutions	36	143700	83218
Creditors	Taxation	37	203575
	Other	38	3957063
Accruals and deferred income	39	14907	30657
Provision for "reasonably foreseeable adverse variations"	41		
Total other insurance and non-insurance liabilities (17 to 41)	49	5351332	5806110
Excess of the value of net admissible assets	51	5412352	6294898
Total liabilities and margins	59	88412689	89061983
Amounts included in line 59 attributable to liabilities to related companies, other than those under contracts of insurance or reinsurance	61	12031	132369
Amounts included in line 59 attributable to liabilities in respect of property linked benefits	62	38625683	35738407
Total liabilities (11+12+49)	71	82553401	82446115
Increase to liabilities – DAC related	72		
Reinsurers' share of technical provisions	73	4225786	3836334
Other adjustments to liabilities (may be negative)	74	4000737	5235151
Capital and reserves and fund for future appropriations	75	3753907	3652750
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	94533831	95170350

Long-term insurance business liabilities and margins
Form 14

Name of insurer **Aviva Life & Pensions UK Limited**

Global business

Financial year ended **31st December 2012**

Fund **With-Profits Sub-Fund**

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	14470069	15347400
Cash bonuses which had not been paid to policyholders prior to end of the financial year	12		
Balance of surplus / (valuation deficit)	13		
Long term insurance business fund carried forward (11 to 13)	14	14470069	15347400
Claims outstanding	Gross	15	233691
	Reinsurers' share	16	
	Net (15-16)	17	233691
Provisions	Taxation	21	
	Other risks and charges	22	
Deposits received from reinsurers	23		
Creditors	Direct insurance business	31	29916
	Reinsurance accepted	32	
	Reinsurance ceded	33	
Debenture loans	Secured	34	
	Unsecured	35	
Amounts owed to credit institutions	36	10133	
Creditors	Taxation	37	81718
	Other	38	2111831
Accruals and deferred income	39	14694	15735
Provision for "reasonably foreseeable adverse variations"	41		
Total other insurance and non-insurance liabilities (17 to 41)	49	2481983	2618364
Excess of the value of net admissible assets	51	2735252	2967753
Total liabilities and margins	59	19687304	20933517
Amounts included in line 59 attributable to liabilities to related companies, other than those under contracts of insurance or reinsurance	61	(34852)	(3113)
Amounts included in line 59 attributable to liabilities in respect of property linked benefits	62		
Total liabilities (11+12+49)	71	16952052	17965764
Increase to liabilities – DAC related	72		
Reinsurers' share of technical provisions	73		
Other adjustments to liabilities (may be negative)	74		
Capital and reserves and fund for future appropriations	75		
Total liabilities under insurance accounts rules or international accounting standards as applicable to the firm for the purpose of its external financial reporting (71 to 75)	76		

Long-term insurance business liabilities and margins
Form 14

Name of insurer **Aviva Life & Pensions UK Limited**

Global business

Financial year ended **31st December 2012**

Fund **Provident Mutual Sub-Fund**

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	1554800	1584851
Cash bonuses which had not been paid to policyholders prior to end of the financial year	12		
Balance of surplus / (valuation deficit)	13		
Long term insurance business fund carried forward (11 to 13)	14	1554800	1584851
Claims outstanding	Gross	15	55737
	Reinsurers' share	16	
	Net (15-16)	17	55737
Provisions	Taxation	21	
	Other risks and charges	22	
Deposits received from reinsurers	23		
Creditors	Direct insurance business	31	24013
	Reinsurance accepted	32	
	Reinsurance ceded	33	
Debenture loans	Secured	34	
	Unsecured	35	
Amounts owed to credit institutions	36	2529	786
Creditors	Taxation	37	2977
	Other	38	79593
Accruals and deferred income	39		15
Provision for "reasonably foreseeable adverse variations"	41		
Total other insurance and non-insurance liabilities (17 to 41)	49	164849	128929
Excess of the value of net admissible assets	51	306222	305078
Total liabilities and margins	59	2025871	2018858
Amounts included in line 59 attributable to liabilities to related companies, other than those under contracts of insurance or reinsurance	61	482	(1854)
Amounts included in line 59 attributable to liabilities in respect of property linked benefits	62		
Total liabilities (11+12+49)	71	1719649	1713780
Increase to liabilities – DAC related	72		
Reinsurers' share of technical provisions	73		
Other adjustments to liabilities (may be negative)	74		
Capital and reserves and fund for future appropriations	75		
Total liabilities under insurance accounts rules or international accounting standards as applicable to the firm for the purpose of its external financial reporting (71 to 75)	76		

Long-term insurance business liabilities and margins
Form 14

Name of insurer **Aviva Life & Pensions UK Limited**

Global business

Financial year ended **31st December 2012**

Fund **Belgian Sub-Fund**

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		
Cash bonuses which had not been paid to policyholders prior to end of the financial year	12		
Balance of surplus / (valuation deficit)	13	9495	
Long term insurance business fund carried forward (11 to 13)	14	9495	
Claims outstanding	Gross	15	
	Reinsurers' share	16	
	Net (15-16)	17	
Provisions	Taxation	21	
	Other risks and charges	22	
Deposits received from reinsurers	23	12262	
Creditors	Direct insurance business	31	5921
	Reinsurance accepted	32	
	Reinsurance ceded	33	2590
Debenture loans	Secured	34	
	Unsecured	35	
Amounts owed to credit institutions	36	47890	
Creditors	Taxation	37	
	Other	38	268
Accruals and deferred income	39	22	
Provision for "reasonably foreseeable adverse variations"	41		
Total other insurance and non-insurance liabilities (17 to 41)	49	68953	69550
Excess of the value of net admissible assets	51		9806
Total liabilities and margins	59	78448	79356

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

Total liabilities (11+12+49)	71	68953	69550
Increase to liabilities – DAC related	72		
Reinsurers' share of technical provisions	73		
Other adjustments to liabilities (may be negative)	74		
Capital and reserves and fund for future appropriations	75		
Total liabilities under insurance accounts rules or international accounting standards as applicable to the firm for the purpose of its external financial reporting (71 to 75)	76		

Long-term insurance business liabilities and margins
Form 14

Name of insurer **Aviva Life & Pensions UK Limited**

Global business

Financial year ended **31st December 2012**

Fund **New With-Profits Sub-Fund**

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	17637951	18738058
Cash bonuses which had not been paid to policyholders prior to end of the financial year	12		
Balance of surplus / (valuation deficit)	13		
Long term insurance business fund carried forward (11 to 13)	14	17637951	18738058
Claims outstanding	Gross	15	84428
	Reinsurers' share	16	
	Net (15-16)	17	84428
Provisions	Taxation	21	
	Other risks and charges	22	
Deposits received from reinsurers	23		
Creditors	Direct insurance business	31	165162
	Reinsurance accepted	32	9381
	Reinsurance ceded	33	23853
Debenture loans	Secured	34	
	Unsecured	35	
Amounts owed to credit institutions	36	65029	68039
Creditors	Taxation	37	102545
	Other	38	1579134
Accruals and deferred income	39		11815
Provision for "reasonably foreseeable adverse variations"	41		
Total other insurance and non-insurance liabilities (17 to 41)	49	2029532	2369528
Excess of the value of net admissible assets	51	966747	1070655
Total liabilities and margins	59	20634230	22178241

Amounts included in line 59 attributable to liabilities to related companies, other than those under contracts of insurance or reinsurance	61		
Amounts included in line 59 attributable to liabilities in respect of property linked benefits	62	57230	63299

Total liabilities (11+12+49)	71	19667483	21107586
Increase to liabilities – DAC related	72		
Reinsurers' share of technical provisions	73		
Other adjustments to liabilities (may be negative)	74		
Capital and reserves and fund for future appropriations	75		
Total liabilities under insurance accounts rules or international accounting standards as applicable to the firm for the purpose of its external financial reporting (71 to 75)	76		

Long-term insurance business liabilities and margins
Form 14

 Name of insurer **Aviva Life & Pensions UK Limited**

Global business

 Financial year ended **31st December 2012**

 Fund **Old With-Profits Sub-Fund**

 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	2553242	2673411
Cash bonuses which had not been paid to policyholders prior to end of the financial year	12		
Balance of surplus / (valuation deficit)	13		
Long term insurance business fund carried forward (11 to 13)	14	2553242	2673411
Claims outstanding	Gross	15	5749
	Reinsurers' share	16	11091
	Net (15-16)	17	5749
Provisions	Taxation	21	11091
	Other risks and charges	22	
Deposits received from reinsurers	23		
Creditors	Direct insurance business	31	30773
	Reinsurance accepted	32	37088
	Reinsurance ceded	33	(7276)
Debenture loans	Secured	34	(6900)
	Unsecured	35	6380
Amounts owed to credit institutions	36	9795	9641
Creditors	Taxation	37	16335
	Other	38	23661
Accruals and deferred income	39	8449	124083
Provision for "reasonably foreseeable adverse variations"	41		1785
Total other insurance and non-insurance liabilities (17 to 41)	49	70205	204084
Excess of the value of net admissible assets	51	508035	439981
Total liabilities and margins	59	3131482	3317476
Amounts included in line 59 attributable to liabilities to related companies, other than those under contracts of insurance or reinsurance	61		
Amounts included in line 59 attributable to liabilities in respect of property linked benefits	62	7620	8428
Total liabilities (11+12+49)	71	2623447	2877495
Increase to liabilities – DAC related	72		
Reinsurers' share of technical provisions	73		
Other adjustments to liabilities (may be negative)	74		
Capital and reserves and fund for future appropriations	75		
Total liabilities under insurance accounts rules or international accounting standards as applicable to the firm for the purpose of its external financial reporting (71 to 75)	76		

Long-term insurance business liabilities and margins
Form 14

Name of insurer **Aviva Life & Pensions UK Limited**

Global business

Financial year ended **31st December 2012**

Fund **Stakeholder With-Profits Sub-Fund**

Units **£000**

		As at the end of this financial year 1	As at the end of the previous year 2
Mathematical reserves, after distribution of surplus	11	793024	800345
Cash bonuses which had not been paid to policyholders prior to end of the financial year	12		
Balance of surplus / (valuation deficit)	13		
Long term insurance business fund carried forward (11 to 13)	14	793024	800345
Claims outstanding	Gross	15	
	Reinsurers' share	16	
	Net (15-16)	17	
Provisions	Taxation	21	
	Other risks and charges	22	
Deposits received from reinsurers	23		
Creditors	Direct insurance business	31	
	Reinsurance accepted	32	
	Reinsurance ceded	33	
Debenture loans	Secured	34	
	Unsecured	35	
Amounts owed to credit institutions	36		
Creditors	Taxation	37	
	Other	38	
Accruals and deferred income	39		
Provision for "reasonably foreseeable adverse variations"	41		
Total other insurance and non-insurance liabilities (17 to 41)	49		
Excess of the value of net admissible assets	51		
Total liabilities and margins	59	793024	800345
Amounts included in line 59 attributable to liabilities to related companies, other than those under contracts of insurance or reinsurance	61		
Amounts included in line 59 attributable to liabilities in respect of property linked benefits	62		
Total liabilities (11+12+49)	71	793024	800345
Increase to liabilities – DAC related	72		
Reinsurers' share of technical provisions	73		
Other adjustments to liabilities (may be negative)	74		
Capital and reserves and fund for future appropriations	75		
Total liabilities under insurance accounts rules or international accounting standards as applicable to the firm for the purpose of its external financial reporting (71 to 75)	76		

Long-term insurance business liabilities and margins
Form 14

 Name of insurer **Aviva Life & Pensions UK Limited**

Global business

 Financial year ended **31st December 2012**

 Fund **With-Profits Sub-Fund 5**

 Units **£000**

		As at the end of this financial year 1	As at the end of the previous year 2
Mathematical reserves, after distribution of surplus	11	573	2095
Cash bonuses which had not been paid to policyholders prior to end of the financial year	12		
Balance of surplus / (valuation deficit)	13		
Long term insurance business fund carried forward (11 to 13)	14	573	2095
Claims outstanding	Gross	15	
	Reinsurers' share	16	
	Net (15-16)	17	
Provisions	Taxation	21	
	Other risks and charges	22	
Deposits received from reinsurers	23		
Creditors	Direct insurance business	31	
	Reinsurance accepted	32	
	Reinsurance ceded	33	
Debenture loans	Secured	34	
	Unsecured	35	
Amounts owed to credit institutions	36		
Creditors	Taxation	37	
	Other	38	31 8
Accruals and deferred income	39		
Provision for "reasonably foreseeable adverse variations"	41		
Total other insurance and non-insurance liabilities (17 to 41)	49	31	8
Excess of the value of net admissible assets	51	1253	450
Total liabilities and margins	59	1857	2553
Amounts included in line 59 attributable to liabilities to related companies, other than those under contracts of insurance or reinsurance	61	32	8
Amounts included in line 59 attributable to liabilities in respect of property linked benefits	62		
Total liabilities (11+12+49)	71	604	2103
Increase to liabilities – DAC related	72		
Reinsurers' share of technical provisions	73		
Other adjustments to liabilities (may be negative)	74		
Capital and reserves and fund for future appropriations	75		
Total liabilities under insurance accounts rules or international accounting standards as applicable to the firm for the purpose of its external financial reporting (71 to 75)	76		

Long-term insurance business liabilities and margins
Form 14

Name of insurer **Aviva Life & Pensions UK Limited**

Global business

Financial year ended **31st December 2012**

Fund **Non-Profit Sub-Fund 1**

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	10893324	11583582
Cash bonuses which had not been paid to policyholders prior to end of the financial year	12		
Balance of surplus / (valuation deficit)	13	272236	248959
Long term insurance business fund carried forward (11 to 13)	14	11165560	11832541
Claims outstanding	Gross	15	63927
	Reinsurers' share	16	
	Net (15-16)	17	63927
Provisions	Taxation	21	
	Other risks and charges	22	
Deposits received from reinsurers	23		3000
Creditors	Direct insurance business	31	99195
	Reinsurance accepted	32	
	Reinsurance ceded	33	35148
Debenture loans	Secured	34	
	Unsecured	35	
Amounts owed to credit institutions	36	2128	3146
Creditors	Taxation	37	(201844)
	Other	38	138226
Accruals and deferred income	39	191	1307
Provision for "reasonably foreseeable adverse variations"	41		
Total other insurance and non-insurance liabilities (17 to 41)	49	338815	168955
Excess of the value of net admissible assets	51	894843	1370599
Total liabilities and margins	59	12399218	13372095
Amounts included in line 59 attributable to liabilities to related companies, other than those under contracts of insurance or reinsurance	61	49339	91734
Amounts included in line 59 attributable to liabilities in respect of property linked benefits	62	10327540	10838315
Total liabilities (11+12+49)	71	11232139	11752537
Increase to liabilities – DAC related	72		
Reinsurers' share of technical provisions	73		
Other adjustments to liabilities (may be negative)	74		
Capital and reserves and fund for future appropriations	75		
Total liabilities under insurance accounts rules or international accounting standards as applicable to the firm for the purpose of its external financial reporting (71 to 75)	76		

Long-term insurance business liabilities and margins
Form 14

 Name of insurer **Aviva Life & Pensions UK Limited**

Global business

 Financial year ended **31st December 2012**

 Fund **Non-Profit Sub-Fund 2**

 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	29299086	25910263
Cash bonuses which had not been paid to policyholders prior to end of the financial year	12		
Balance of surplus / (valuation deficit)	13	165205	72011
Long term insurance business fund carried forward (11 to 13)	14	29464291	25982274
Claims outstanding	Gross	15	34379
	Reinsurers' share	16	
	Net (15-16)	17	34379
Provisions	Taxation	21	
	Other risks and charges	22	
Deposits received from reinsurers	23		
Creditors	Direct insurance business	31	108451
	Reinsurance accepted	32	
	Reinsurance ceded	33	8407
Debenture loans	Secured	34	
	Unsecured	35	
Amounts owed to credit institutions	36	6196	1606
Creditors	Taxation	37	(11506)
	Other	38	39531
Accruals and deferred income	39		
Provision for "reasonably foreseeable adverse variations"	41		
Total other insurance and non-insurance liabilities (17 to 41)	49	196964	246692
Excess of the value of net admissible assets	51		130576
Total liabilities and margins	59	29661255	26359542
Amounts included in line 59 attributable to liabilities to related companies, other than those under contracts of insurance or reinsurance	61	(2970)	45594
Amounts included in line 59 attributable to liabilities in respect of property linked benefits	62	28233293	24828365
Total liabilities (11+12+49)	71	29496050	26156955
Increase to liabilities – DAC related	72		
Reinsurers' share of technical provisions	73		
Other adjustments to liabilities (may be negative)	74		
Capital and reserves and fund for future appropriations	75		
Total liabilities under insurance accounts rules or international accounting standards as applicable to the firm for the purpose of its external financial reporting (71 to 75)	76		

Liabilities (other than long-term insurance business)
Form 15

 Name of insurer **Aviva Life & Pensions UK Limited**

Global business

 Financial year ended **31st December 2012**

R15	Company registration number	GL/UK/CM	Period ended			units
			day	month	year	
	3253947	GL	31	12	2012	£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		2197
	Foreseeable dividend	48		
	Other	49	(7175)	(1216)
Accruals and deferred income		51	76	72
Total (19 to 51)		59	(7099)	1053
Provision for "reasonably foreseeable adverse variations"		61		
Cumulative preference share capital		62		
Subordinated loan capital		63		
Total (59 to 63)		69	(7099)	1053

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	43	147
Capital and reserves	84	2910960	2269843
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	2903904	2271043

Profit and loss account (non-technical account)
Form 16

 Name of insurer **Aviva Life & Pensions UK Limited**

Global business

 Financial year ended **31st December 2012**

		Company registration number	GL/UK/CM	Period ended			units	
		R16	3253947	GL	31	12	2012	£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		554851			27592	
Investment income	Income	14		66281			7620	
	Value re-adjustments on investments	15		265946			123371	
	Gains on the realisation of investments	16		1123				
Investment charges	Investment management charges, including interest	17		849			4	
	Value re-adjustments on investments	18		60139			2468	
	Loss on the realisation of investments	19		5453				
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						
Profit or loss on ordinary activities before tax (11+12+13+14+15+16-17-18-19-20+21)		29		821760			156111	
Tax on profit or loss on ordinary activities		31		177			(5006)	
Profit or loss on ordinary activities after tax (29-31)		39		821583			161117	
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		821583			161117	
Dividends (paid or foreseeable)		51		123000			235000	
Profit or loss retained for the financial year (49-51)		59		698583			(73883)	

Analysis of derivative contracts

Form 17

Name of insurer **Aviva Life & Pensions UK Limited**

Global business

Financial year ended **31st December 2012**Category of assets **Total Long-term insurance business assets**

			Company registration number	GL/UK/CM	Period ended			units	Category of assets	
			R17	3253947	GL	31	12	2012	£000	10
Derivative contracts			Value as at the end of this financial year			Notional amount as at the end of this financial year				
			Assets 1	Liabilities 2	Bought / Long 3	Sold / Short 4				
Futures and contracts for differences	Fixed-interest securities	11	4076	13975	1336205	2139242				
	Interest rates	12	512331	539168	5048176	5257863				
	Inflation	13	12736	88426	399700	705237				
	Credit index / basket	14	12278	301	36498	418514				
	Credit single name	15	9527	4797		322898				
	Equity index	16	23030	12544	1878534	1386731				
	Equity stock	17								
	Land	18		1115		100000				
	Currencies	19	30244	4006	463201	3704861				
	Mortality	20								
	Other	21								
In the money options	Swaptions	31	31254		16280166					
	Equity index calls	32								
	Equity stock calls	33								
	Equity index puts	34								
	Equity stock puts	35								
	Other	36	20		450					
Out of the money options	Swaptions	41		11968		16000166				
	Equity index calls	42								
	Equity stock calls	43	73544	327	1431663	117510				
	Equity index puts	44								
	Equity stock puts	45	1898	6384	358712	134469				
	Other	46								
Total (11 to 46)		51	710938	683011	27233305	30287491				
Adjustment for variation margin		52	(497699)	(599276)						
Total (51 + 52)		53	213239	83735						

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

Analysis of derivative contracts

Form 17

Name of insurer **Aviva Life & Pensions UK Limited**

Global business

Financial year ended **31st December 2012**Category of assets **With-Profits Sub-Fund**

			Company registration number	GL/UK/CM	Period ended			units	Category of assets	
			R17	3253947	GL	31	12	2012	£000	11
Derivative contracts			Value as at the end of this financial year			Notional amount as at the end of this financial year				
			Assets	Liabilities	Bought / Long		Sold / Short			
			1	2	3		4			
Futures and contracts for differences	Fixed-interest securities	11	1937	4148	316576		987771			
	Interest rates	12	301919	95998	1129923		1704185			
	Inflation	13	12425		218700					
	Credit index / basket	14		301	36498					
	Credit single name	15	1084	1610			43930			
	Equity index	16	10794	8628	598494		1129070			
	Equity stock	17								
	Land	18								
	Currencies	19	13935	1717	238203		1631355			
	Mortality	20								
	Other	21								
In the money options	Swaptions	31	10952		6802357					
	Equity index calls	32								
	Equity stock calls	33								
	Equity index puts	34								
	Equity stock puts	35								
	Other	36	19		247					
Out of the money options	Swaptions	41		5088			6802357			
	Equity index calls	42								
	Equity stock calls	43	30342	135	590695		48590			
	Equity index puts	44								
	Equity stock puts	45	808	2632	152804		55439			
	Other	46								
Total (11 to 46)		51	384215	120257	10084497		12402697			
Adjustment for variation margin		52	(240181)	(59500)						
Total (51 + 52)		53	144034	60757						

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

Analysis of derivative contracts
Form 17

 Name of insurer **Aviva Life & Pensions UK Limited**

Global business

 Financial year ended **31st December 2012**

 Category of assets **Provident Mutual Sub-Fund**

			Company registration number	GL/UK/CM	Period ended			units	Category of assets	
			R17	3253947	GL	31	12	2012	£000	12
Derivative contracts			Value as at the end of this financial year			Notional amount as at the end of this financial year				
			Assets	Liabilities	Bought / Long		Sold / Short			
			1	2	3		4			
Futures and contracts for differences	Fixed-interest securities	11		223	77618					
	Interest rates	12	151223	416045	1072156		1141525			
	Inflation	13	311	16545	26000		95237			
	Credit index / basket	14								
	Credit single name	15								
	Equity index	16	30				36710			
	Equity stock	17								
	Land	18								
	Currencies	19		515			16221			
	Mortality	20								
	Other	21								
In the money options	Swaptions	31	5493		280000					
	Equity index calls	32								
	Equity stock calls	33								
	Equity index puts	34								
	Equity stock puts	35								
	Other	36								
Out of the money options	Swaptions	41								
	Equity index calls	42								
	Equity stock calls	43								
	Equity index puts	44								
	Equity stock puts	45								
	Other	46								
Total (11 to 46)		51	157057	433328	1455774		1289693			
Adjustment for variation margin		52	(156767)	(433053)						
Total (51 + 52)		53	290	275						

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

Analysis of derivative contracts
Form 17

 Name of insurer **Aviva Life & Pensions UK Limited**

Global business

 Financial year ended **31st December 2012**

 Category of assets **Non-Profit Sub-Fund 1**

			Company registration number	GL/UK/CM	Period ended			units	Category of assets	
			R17	3253947	GL	31	12	2012	£000	14
						day	month	year		
Derivative contracts			Value as at the end of this financial year			Notional amount as at the end of this financial year				
			Assets	Liabilities		Bought / Long		Sold / Short		
			1	2		3		4		
Futures and contracts for differences	Fixed-interest securities	11								
	Interest rates	12								
	Inflation	13								
	Credit index / basket	14								
	Credit single name	15	200	226				13603		
	Equity index	16								
	Equity stock	17								
	Land	18								
	Currencies	19	155	5				690		
	Mortality	20								
	Other	21								
In the money options	Swaptions	31								
	Equity index calls	32								
	Equity stock calls	33								
	Equity index puts	34								
	Equity stock puts	35								
	Other	36				5				
Out of the money options	Swaptions	41								
	Equity index calls	42								
	Equity stock calls	43								
	Equity index puts	44								
	Equity stock puts	45								
	Other	46								
Total (11 to 46)		51	355	231		5		14293		
Adjustment for variation margin		52	(164)	(103)						
Total (51 + 52)		53	191	128						

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

Analysis of derivative contracts

Form 17

Name of insurer **Aviva Life & Pensions UK Limited**

Global business

Financial year ended **31st December 2012**Category of assets **Non-Profit Sub-Fund 2**

			Company registration number	GL/UK/CM	Period ended			units	Category of assets	
			R17	3253947	GL	31	12	2012	£000	15
						day	month	year		
Derivative contracts			Value as at the end of this financial year			Notional amount as at the end of this financial year				
			Assets	Liabilities		Bought / Long		Sold / Short		
			1	2		3		4		
Futures and contracts for differences	Fixed-interest securities	11								
	Interest rates	12	22097	5597		76097		19418		
	Inflation	13								
	Credit index / basket	14								
	Credit single name	15								
	Equity index	16								
	Equity stock	17								
	Land	18								
	Currencies	19								
	Mortality	20								
	Other	21								
In the money options	Swaptions	31								
	Equity index calls	32								
	Equity stock calls	33								
	Equity index puts	34								
	Equity stock puts	35								
	Other	36				16				
Out of the money options	Swaptions	41								
	Equity index calls	42								
	Equity stock calls	43								
	Equity index puts	44								
	Equity stock puts	45								
	Other	46								
Total (11 to 46)		51	22097	5597		76113		19418		
Adjustment for variation margin		52	(22097)	(5597)						
Total (51 + 52)		53								

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

Analysis of derivative contracts
Form 17

 Name of insurer **Aviva Life & Pensions UK Limited**

Global business

 Financial year ended **31st December 2012**

 Category of assets **New With-Profits Sub-Fund**

			Company registration number	GL/UK/CM	Period ended			units	Category of assets	
			R17	3253947	GL	31	12	2012	£000	16
Derivative contracts			Value as at the end of this financial year			Notional amount as at the end of this financial year				
			Assets 1	Liabilities 2	Bought / Long 3	Sold / Short 4				
Futures and contracts for differences	Fixed-interest securities	11	1841	8286	813566	990989				
	Interest rates	12	36800	21356	2712057	2229953				
	Inflation	13		67529	155000	510000				
	Credit index / basket	14	12278			418514				
	Credit single name	15	7963	2740		255364				
	Equity index	16	10507	3370	1101009	190120				
	Equity stock	17								
	Land	18		960		86057				
	Currencies	19	13920	1531	193023	1781023				
	Mortality	20								
	Other	21								
In the money options	Swaptions	31	12744		7915337					
	Equity index calls	32								
	Equity stock calls	33								
	Equity index puts	34								
	Equity stock puts	35								
	Other	36	1		165					
Out of the money options	Swaptions	41		5921		7915337				
	Equity index calls	42								
	Equity stock calls	43	37177	165	723710	59310				
	Equity index puts	44								
	Equity stock puts	45	938	3229	177198	68011				
	Other	46								
Total (11 to 46)		51	134169	115087	13791065	14504678				
Adjustment for variation margin		52	(72494)	(92512)						
Total (51 + 52)		53	61675	22575						

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

Analysis of derivative contracts

Form 17

Name of insurer **Aviva Life & Pensions UK Limited**

Global business

Financial year ended **31st December 2012**Category of assets **Old With-Profits Sub-Fund**

			Company registration number	GL/UK/CM	Period ended			units	Category of assets	
			R17	3253947	GL	31	12	2012	£000	17
Derivative contracts			Value as at the end of this financial year			Notional amount as at the end of this financial year				
			Assets 1	Liabilities 2	Bought / Long 3	Sold / Short 4				
Futures and contracts for differences	Fixed-interest securities	11	298	1318	128445	160482				
	Interest rates	12	292	172	57943	162782				
	Inflation	13		4352		100000				
	Credit index / basket	14								
	Credit single name	15	280	221		10001				
	Equity index	16	1699	546	179031	30831				
	Equity stock	17								
	Land	18		155		13943				
	Currencies	19	2234	238	31975	275572				
	Mortality	20								
	Other	21								
In the money options	Swaptions	31	2065		1282472					
	Equity index calls	32								
	Equity stock calls	33								
	Equity index puts	34								
	Equity stock puts	35								
	Other	36			17					
Out of the money options	Swaptions	41		959		1282472				
	Equity index calls	42								
	Equity stock calls	43	6025	27	117258	9610				
	Equity index puts	44								
	Equity stock puts	45	152	523	28710	11019				
	Other	46								
Total (11 to 46)		51	13045	8511	1825851	2056712				
Adjustment for variation margin		52	(5996)	(8511)						
Total (51 + 52)		53	7049							

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

With-profits insurance capital component for the fund
Form 18

 Name of insurer **Aviva Life & Pensions UK Limited**

Global business

 Financial year ended **31st December 2012**

 With-profits fund **With-Profits Sub-Fund**

 Units **£000**

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

Regulatory excess capital

Regulatory value of assets	Long-term admissible assets of the fund	11	19687304	20933517
	Implicit items allocated to the fund	12		
	Mathematical reserves in respect of the fund's non-profit insurance contracts	13	874449	859983
	Long-term admissible assets of the fund covering the LTICR of the fund's non-profit insurance contracts	14	35018	34401
	Long-term admissible assets of the fund covering the RCR of the fund's non-profit insurance contracts	15		
	Total (11+12-(13+14+15))	19	18777837	20039133
Regulatory value of liabilities	Mathematical reserves (after distribution of surplus) in respect of the fund's with-profit insurance contracts	21	13595620	14487417
	Regulatory current liabilities of the fund	22	2481983	2618364
	Total (21+22)	29	16077603	17105781
Long-term insurance capital requirement in respect of the fund's with-profits insurance contracts		31	545662	581960
Resilience capital requirement in respect of the fund's with-profits insurance contracts		32		
Sum of regulatory value of liabilities, LTICR and RCR (29+31+32)		39	16623265	17687741
Regulatory excess capital (19-39)		49	2154572	2351392

Realistic excess capital

Realistic excess capital	51	1337985	1020560
--------------------------	-----------	---------	---------

Excess assets allocated to with-profits insurance business

Excess (deficiency) of assets allocated to with-profits insurance business in fund (49-51)	61	816587	1330832
Face amount of capital instruments attributed to the fund and included in the capital resources (unstressed)	62		
Realistic amount of capital instruments attributed to the fund and included in the capital resources (stressed)	63		
Present value of future shareholder transfers arising from distribution of surplus	64	35072	22451
Present value of other future internal transfers not already taken into account	65		
With-profits insurance capital component for fund (if 62 exceeds 63, greater of 61+62-63-64-65 and zero; else greater of 61-64-65 and zero)	66	781515	1308381

With-profits insurance capital component for the fund
Form 18

Name of insurer **Aviva Life & Pensions UK Limited**

Global business

Financial year ended **31st December 2012**

With-profits fund **Provident Mutual Sub-Fund**

Units **£000**

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

Regulatory excess capital

Regulatory value of assets	Long-term admissible assets of the fund	11	2025871	2018858
	Implicit items allocated to the fund	12		
	Mathematical reserves in respect of the fund's non-profit insurance contracts	13	193641	185590
	Long-term admissible assets of the fund covering the LTICR of the fund's non-profit insurance contracts	14	61059	54414
	Long-term admissible assets of the fund covering the RCR of the fund's non-profit insurance contracts	15		
	Total (11+12-(13+14+15))	19	1771171	1778854
Regulatory value of liabilities	Mathematical reserves (after distribution of surplus) in respect of the fund's with-profit insurance contracts	21	1361158	1399261
	Regulatory current liabilities of the fund	22	164849	128929
	Total (21+22)	29	1526007	1528190
Long-term insurance capital requirement in respect of the fund's with-profits insurance contracts		31	57290	58356
Resilience capital requirement in respect of the fund's with-profits insurance contracts		32		
Sum of regulatory value of liabilities, LTICR and RCR (29+31+32)		39	1583297	1586546
Regulatory excess capital (19-39)		49	187874	192308

Realistic excess capital

Realistic excess capital	51		
--------------------------	-----------	--	--

Excess assets allocated to with-profits insurance business

Excess (deficiency) of assets allocated to with-profits insurance business in fund (49-51)	61	187874	192308
Face amount of capital instruments attributed to the fund and included in the capital resources (unstressed)	62		
Realistic amount of capital instruments attributed to the fund and included in the capital resources (stressed)	63		
Present value of future shareholder transfers arising from distribution of surplus	64	31883	36353
Present value of other future internal transfers not already taken into account	65		
With-profits insurance capital component for fund (if 62 exceeds 63, greater of 61+62-63-64-65 and zero; else greater of 61-64-65 and zero)	66	155991	155955

With-profits insurance capital component for the fund
Form 18

 Name of insurer **Aviva Life & Pensions UK Limited**

Global business

 Financial year ended **31st December 2012**

 With-profits fund **New With-Profits Sub-Fund**

 Units **£000**

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

Regulatory excess capital

Regulatory value of assets	Long-term admissible assets of the fund	11	21334073	22884545
	Implicit items allocated to the fund	12		
	Mathematical reserves in respect of the fund's non-profit insurance contracts	13	2993752	2659183
	Long-term admissible assets of the fund covering the LTICR of the fund's non-profit insurance contracts	14	168398	163800
	Long-term admissible assets of the fund covering the RCR of the fund's non-profit insurance contracts	15		
	Total (11+12-(13+14+15))	19	18171923	20061562
Regulatory value of liabilities	Mathematical reserves (after distribution of surplus) in respect of the fund's with-profit insurance contracts	21	15344043	16785180
	Regulatory current liabilities of the fund	22	2029532	2369527
	Total (21+22)	29	17373575	19154707
Long-term insurance capital requirement in respect of the fund's with-profits insurance contracts		31	618959	677559
Resilience capital requirement in respect of the fund's with-profits insurance contracts		32		
Sum of regulatory value of liabilities, LTICR and RCR (29+31+32)		39	17992534	19832266
Regulatory excess capital (19-39)		49	179389	229296

Realistic excess capital

Realistic excess capital	51	(372037)	(389124)
--------------------------	-----------	----------	----------

Excess assets allocated to with-profits insurance business

Excess (deficiency) of assets allocated to with-profits insurance business in fund (49-51)	61	551426	618420
Face amount of capital instruments attributed to the fund and included in the capital resources (unstressed)	62		
Realistic amount of capital instruments attributed to the fund and included in the capital resources (stressed)	63		
Present value of future shareholder transfers arising from distribution of surplus	64	91267	90256
Present value of other future internal transfers not already taken into account	65		
With-profits insurance capital component for fund (if 62 exceeds 63, greater of 61+62-63-64-65 and zero; else greater of 61-64-65 and zero)	66	460159	528164

With-profits insurance capital component for the fund
Form 18

Name of insurer **Aviva Life & Pensions UK Limited**

Global business

Financial year ended **31st December 2012**

With-profits fund **Old With-Profits Sub-Fund**

Units **£000**

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

Regulatory excess capital

Regulatory value of assets	Long-term admissible assets of the fund	11	3224663	3411517
	Implicit items allocated to the fund	12		
	Mathematical reserves in respect of the fund's non-profit insurance contracts	13	395213	354406
	Long-term admissible assets of the fund covering the LTICR of the fund's non-profit insurance contracts	14	23112	22785
	Long-term admissible assets of the fund covering the RCR of the fund's non-profit insurance contracts	15		
	Total (11+12-(13+14+15))	19	2806338	3034326
Regulatory value of liabilities	Mathematical reserves (after distribution of surplus) in respect of the fund's with-profit insurance contracts	21	2251210	2413046
	Regulatory current liabilities of the fund	22	70205	204084
	Total (21+22)	29	2321415	2617130
Long-term insurance capital requirement in respect of the fund's with-profits insurance contracts		31	91011	97672
Resilience capital requirement in respect of the fund's with-profits insurance contracts		32		
Sum of regulatory value of liabilities, LTICR and RCR (29+31+32)		39	2412426	2714802
Regulatory excess capital (19-39)		49	393912	319524

Realistic excess capital

Realistic excess capital	51	199611	165432
--------------------------	-----------	--------	--------

Excess assets allocated to with-profits insurance business

Excess (deficiency) of assets allocated to with-profits insurance business in fund (49-51)	61	194301	154092
Face amount of capital instruments attributed to the fund and included in the capital resources (unstressed)	62		
Realistic amount of capital instruments attributed to the fund and included in the capital resources (stressed)	63		
Present value of future shareholder transfers arising from distribution of surplus	64	25354	25598
Present value of other future internal transfers not already taken into account	65		
With-profits insurance capital component for fund (if 62 exceeds 63, greater of 61+62-63-64-65 and zero; else greater of 61-64-65 and zero)	66	168947	128494

Realistic balance sheet
Form 19
(Sheet 1)

Name of insurer **Aviva Life & Pensions UK Limited**

Global business

Financial year ended **31st December 2012**

With-profits fund **With-Profits Sub-Fund**

Units **£000**

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

Realistic value of assets available to the fund

Regulatory value of assets	11	18777837	20039133
Implicit items allocated to the fund	12		
Value of shares in subsidiaries held in the fund (regulatory)	13		
Excess admissible assets	21		
Present value of future profits (or losses) on non-profit insurance contracts written in the fund	22	315583	258206
Value of derivatives and quasi-derivatives not already reflected in lines 11 to 22	23		
Value of shares in subsidiaries held in the fund (realistic)	24		
Prepayments made from the fund	25		
Realistic value of assets of the fund (11+21+22+23+24+25-(12+13))	26	19093420	20297339
Support arrangement assets	27		
Assets available to the fund (26+27)	29	19093420	20297339

Realistic value of liabilities of fund

With-profits benefits reserve		31	11953861	12649039
Future policy related liabilities	Past miscellaneous surplus attributed to with-profits benefits reserve	32		
	Past miscellaneous deficit attributed to with-profits benefits reserve	33		
	Planned enhancements to with-profits benefits reserve	34		305291
	Planned deductions for the cost of guarantees, options and smoothing from with-profits benefits reserve	35	422321	416601
	Planned deductions for other costs deemed chargeable to with-profits benefits reserve	36	10350	12973
	Future costs of contractual guarantees (other than financial options)	41	1922880	2209783
	Future costs of non-contractual commitments	42	548115	670639
	Future costs of financial options	43	626152	644515
	Future costs of smoothing (possibly negative)	44	(146333)	(238005)
	Financing costs	45		
	Any other liabilities related to regulatory duty to treat customers fairly	46		
	Other long-term insurance liabilities	47	256287	263234
	Total (32+34+41+42+43+44+45+46+47-(33+35+36))	49	2774430	3425883
Realistic current liabilities of the fund		51	2475057	2608169
Realistic value of liabilities of the fund (31+49+51)		59	17203348	18683091

Realistic balance sheet**Form 19
(Sheet 2)**Name of insurer **Aviva Life & Pensions UK Limited**

Global business

Financial year ended **31st December 2012**With-profits fund **With-Profits Sub-Fund**Units **£000**

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

Realistic excess capital and additional capital available

Value of relevant assets before applying the most adverse scenario other than present value of future profits arising from business outside with-profits funds	62	17755435	19276779
Amount of present value of future profits (or losses) on long-term insurance contracts written outside the fund included in the value of relevant assets before applying most adverse scenario	63		
Value of relevant assets before applying the most adverse scenario (62+ 63)	64	17755435	19276779
Risk capital margin for fund (62-59)	65	552087	593688
Realistic excess capital for fund (26-(59+65))	66	1337985	1020560
Realistic excess available capital for fund (29-(59+65))	67	1337985	1020560
Working capital for for fund (29-59)	68	1890072	1614248
Working capital ratio for fund (68/29)	69	9.90	7.95

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

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

Realistic balance sheet
Form 19
(Sheet 1)

Name of insurer **Aviva Life & Pensions UK Limited**

Global business

Financial year ended **31st December 2012**

With-profits fund **Provident Mutual Sub-Fund**

Units **£000**

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

Realistic value of assets available to the fund

Regulatory value of assets	11	1771171	1778854
Implicit items allocated to the fund	12		
Value of shares in subsidiaries held in the fund (regulatory)	13		
Excess admissible assets	21		
Present value of future profits (or losses) on non-profit insurance contracts written in the fund	22	87723	76800
Value of derivatives and quasi-derivatives not already reflected in lines 11 to 22	23		
Value of shares in subsidiaries held in the fund (realistic)	24		
Prepayments made from the fund	25		
Realistic value of assets of the fund (11+21+22+23+24+25-(12+13))	26	1858894	1855654
Support arrangement assets	27		
Assets available to the fund (26+27)	29	1858894	1855654

Realistic value of liabilities of fund

With-profits benefits reserve		31	1243821	1325239
Future policy related liabilities	Past miscellaneous surplus attributed to with-profits benefits reserve	32		
	Past miscellaneous deficit attributed to with-profits benefits reserve	33		
	Planned enhancements to with-profits benefits reserve	34	28264	36666
	Planned deductions for the cost of guarantees, options and smoothing from with-profits benefits reserve	35		
	Planned deductions for other costs deemed chargeable to with-profits benefits reserve	36	5900	7342
	Future costs of contractual guarantees (other than financial options)	41	73154	19532
	Future costs of non-contractual commitments	42		
	Future costs of financial options	43	313984	274982
	Future costs of smoothing (possibly negative)	44	(15109)	(18928)
	Financing costs	45		
	Any other liabilities related to regulatory duty to treat customers fairly	46		
	Other long-term insurance liabilities	47	55928	96894
	Total (32+34+41+42+43+44+45+46+47-(33+35+36))	49	450321	401804
Realistic current liabilities of the fund		51	164752	128611
Realistic value of liabilities of the fund (31+49+51)		59	1858894	1855654

Realistic balance sheet**Form 19**
(Sheet 2)Name of insurer **Aviva Life & Pensions UK Limited**

Global business

Financial year ended **31st December 2012**With-profits fund **Provident Mutual Sub-Fund**Units **£000**

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

Realistic excess capital and additional capital available

Value of relevant assets before applying the most adverse scenario other than present value of future profits arising from business outside with-profits funds	62	1858894	1855654
Amount of present value of future profits (or losses) on long-term insurance contracts written outside the fund included in the value of relevant assets before applying most adverse scenario	63		
Value of relevant assets before applying the most adverse scenario (62+ 63)	64	1858894	1855654
Risk capital margin for fund (62-59)	65		
Realistic excess capital for fund (26-(59+65))	66		
Realistic excess available capital for fund (29-(59+65))	67		
Working capital for for fund (29-59)	68		
Working capital ratio for fund (68/29)	69		

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

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

Realistic balance sheet
Form 19
(Sheet 1)

Name of insurer **Aviva Life & Pensions UK Limited**

Global business

Financial year ended **31st December 2012**

With-profits fund **New With-Profits Sub-Fund**

Units **£000**

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

Realistic value of assets available to the fund

Regulatory value of assets	11	18171923	20061562
Implicit items allocated to the fund	12		
Value of shares in subsidiaries held in the fund (regulatory)	13		
Excess admissible assets	21		
Present value of future profits (or losses) on non-profit insurance contracts written in the fund	22	1060833	833969
Value of derivatives and quasi-derivatives not already reflected in lines 11 to 22	23		
Value of shares in subsidiaries held in the fund (realistic)	24		
Prepayments made from the fund	25		
Realistic value of assets of the fund (11+21+22+23+24+25-(12+13))	26	19232756	20895531
Support arrangement assets	27	737857	997825
Assets available to the fund (26+27)	29	19970613	21893356

Realistic value of liabilities of fund

With-profits benefits reserve		31	15605996	16635885
Future policy related liabilities	Past miscellaneous surplus attributed to with-profits benefits reserve	32		
	Past miscellaneous deficit attributed to with-profits benefits reserve	33		
	Planned enhancements to with-profits benefits reserve	34	9181	12366
	Planned deductions for the cost of guarantees, options and smoothing from with-profits benefits reserve	35	54508	66883
	Planned deductions for other costs deemed chargeable to with-profits benefits reserve	36	21038	25500
	Future costs of contractual guarantees (other than financial options)	41	1651596	2051900
	Future costs of non-contractual commitments	42		
	Future costs of financial options	43	179636	193014
	Future costs of smoothing (possibly negative)	44	(66965)	(99067)
	Financing costs	45		
	Any other liabilities related to regulatory duty to treat customers fairly	46		
	Other long-term insurance liabilities	47	(72236)	(126701)
	Total (32+34+41+42+43+44+45+46+47-(33+35+36))	49	1625666	1939129
Realistic current liabilities of the fund		51	2001094	2320517
Realistic value of liabilities of the fund (31+49+51)		59	19232756	20895531

Realistic balance sheet**Form 19
(Sheet 2)**Name of insurer **Aviva Life & Pensions UK Limited**

Global business

Financial year ended **31st December 2012**With-profits fund **New With-Profits Sub-Fund**Units **£000**

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

Realistic excess capital and additional capital available

Value of relevant assets before applying the most adverse scenario other than present value of future profits arising from business outside with-profits funds	62	19604793	21284655
Amount of present value of future profits (or losses) on long-term insurance contracts written outside the fund included in the value of relevant assets before applying most adverse scenario	63		
Value of relevant assets before applying the most adverse scenario (62+ 63)	64	19604793	21284655
Risk capital margin for fund (62-59)	65	372037	389124
Realistic excess capital for fund (26-(59+65))	66	(372037)	(389124)
Realistic excess available capital for fund (29-(59+65))	67	365820	608701
Working capital for for fund (29-59)	68	737857	997825
Working capital ratio for fund (68/29)	69	3.69	4.56

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

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

Realistic balance sheet
Form 19
(Sheet 1)

Name of insurer **Aviva Life & Pensions UK Limited**

Global business

Financial year ended **31st December 2012**

With-profits fund **Old With-Profits Sub-Fund**

Units **£000**

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

Realistic value of assets available to the fund

Regulatory value of assets	11	2806338	3034326
Implicit items allocated to the fund	12		
Value of shares in subsidiaries held in the fund (regulatory)	13		
Excess admissible assets	21		
Present value of future profits (or losses) on non-profit insurance contracts written in the fund	22	126755	114347
Value of derivatives and quasi-derivatives not already reflected in lines 11 to 22	23		
Value of shares in subsidiaries held in the fund (realistic)	24		
Prepayments made from the fund	25		
Realistic value of assets of the fund (11+21+22+23+24+25-(12+13))	26	2933093	3148673
Support arrangement assets	27		
Assets available to the fund (26+27)	29	2933093	3148673

Realistic value of liabilities of fund

With-profits benefits reserve		31	2271847	2377965
Future policy related liabilities	Past miscellaneous surplus attributed to with-profits benefits reserve	32		
	Past miscellaneous deficit attributed to with-profits benefits reserve	33		
	Planned enhancements to with-profits benefits reserve	34	739	1001
	Planned deductions for the cost of guarantees, options and smoothing from with-profits benefits reserve	35	7258	8905
	Planned deductions for other costs deemed chargeable to with-profits benefits reserve	36	3319	3978
	Future costs of contractual guarantees (other than financial options)	41	290718	340703
	Future costs of non-contractual commitments	42		
	Future costs of financial options	43	31715	33081
	Future costs of smoothing (possibly negative)	44	(8522)	(12337)
	Financing costs	45		
	Any other liabilities related to regulatory duty to treat customers fairly	46		
	Other long-term insurance liabilities	47	1379	(13116)
	Total (32+34+41+42+43+44+45+46+47-(33+35+36))	49	305452	336449
Realistic current liabilities of the fund		51	66973	197179
Realistic value of liabilities of the fund (31+49+51)		59	2644272	2911593

Realistic balance sheet**Form 19
(Sheet 2)**Name of insurer **Aviva Life & Pensions UK Limited**

Global business

Financial year ended **31st December 2012**With-profits fund **Old With-Profits Sub-Fund**Units **£000**

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

Realistic excess capital and additional capital available

Value of relevant assets before applying the most adverse scenario other than present value of future profits arising from business outside with-profits funds	62	2733482	2983241
Amount of present value of future profits (or losses) on long-term insurance contracts written outside the fund included in the value of relevant assets before applying most adverse scenario	63		
Value of relevant assets before applying the most adverse scenario (62+ 63)	64	2733482	2983241
Risk capital margin for fund (62-59)	65	89210	71648
Realistic excess capital for fund (26-(59+65))	66	199611	165432
Realistic excess available capital for fund (29-(59+65))	67	199611	165432
Working capital for for fund (29-59)	68	288821	237080
Working capital ratio for fund (68/29)	69	9.85	7.53

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

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

Long-term insurance business: Revenue account
Form 40

 Name of insurer **Aviva Life & Pensions UK Limited**

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

 Financial year ended **31st December 2012**

 Units **£000**

	Financial year	Previous year
	1	2

Income

Earned premiums	11	5855586	5714806
Investment income receivable before deduction of tax	12	2598922	2685565
Increase (decrease) in the value of non-linked assets brought into account	13	1806171	2020080
Increase (decrease) in the value of linked assets	14	2311572	(1437237)
Other income	15	8338	
Total income	19	12580589	8983214

Expenditure

Claims incurred	21	10033751	9938509
Expenses payable	22	1215565	1070589
Interest payable before deduction of tax	23	58182	89417
Taxation	24	30210	203739
Other expenditure	25		
Transfer to (from) non technical account	26	554851	27592
Total expenditure	29	11892559	11329846

Business transfers-in	31		2740163
Business transfers-out	32		
Increase (decrease) in fund in financial year (19-29+31-32)	39	688030	393531
Fund brought forward	49	76960975	76567444
Fund carried forward (39+49)	59	77649005	76960975

Long-term insurance business: Revenue account
Form 40

 Name of insurer **Aviva Life & Pensions UK Limited**

 Name and number of fund/Summary **With-Profits Sub-Fund**

 Financial year ended **31st December 2012**

 Units **£000**

	Financial year	Previous year
	1	2

Income

Earned premiums	11	252468	261624
Investment income receivable before deduction of tax	12	612282	706251
Increase (decrease) in the value of non-linked assets brought into account	13	573915	984237
Increase (decrease) in the value of linked assets	14		
Other income	15		
Total income	19	1438665	1952112

Expenditure

Claims incurred	21	2165273	2072991
Expenses payable	22	40464	63655
Interest payable before deduction of tax	23	12925	5797
Taxation	24	34983	95860
Other expenditure	25	58492	61263
Transfer to (from) non technical account	26	3859	(10154)
Total expenditure	29	2315996	2289412

Business transfers-in	31		
Business transfers-out	32		
Increase (decrease) in fund in financial year (19-29+31-32)	39	(877331)	(337300)
Fund brought forward	49	15347400	15684700
Fund carried forward (39+49)	59	14470069	15347400

Long-term insurance business: Revenue account
Form 40

Name of insurer **Aviva Life & Pensions UK Limited**
 Name and number of fund/Summary **Provident Mutual Sub-Fund**
 Financial year ended **31st December 2012**
 Units **£000**

	Financial year	Previous year
	1	2

Income

Earned premiums	11	20633	25297
Investment income receivable before deduction of tax	12	82493	80278
Increase (decrease) in the value of non-linked assets brought into account	13	91952	105818
Increase (decrease) in the value of linked assets	14		
Other income	15	1103	2914
Total income	19	196181	214307

Expenditure

Claims incurred	21	211731	237804
Expenses payable	22	11849	9419
Interest payable before deduction of tax	23	338	611
Taxation	24	(2343)	2976
Other expenditure	25		
Transfer to (from) non technical account	26	4657	5350
Total expenditure	29	226232	256160

Business transfers-in	31		
Business transfers-out	32		
Increase (decrease) in fund in financial year (19-29+31-32)	39	(30051)	(41853)
Fund brought forward	49	1584851	1626704
Fund carried forward (39+49)	59	1554800	1584851

Long-term insurance business: Revenue account
Form 40

 Name of insurer **Aviva Life & Pensions UK Limited**

 Name and number of fund/Summary **Belgian Sub-Fund**

 Financial year ended **31st December 2012**

 Units **£000**

	Financial year	Previous year
	1	2

Income

Earned premiums	11		
Investment income receivable before deduction of tax	12	1588	
Increase (decrease) in the value of non-linked assets brought into account	13	9137	204
Increase (decrease) in the value of linked assets	14		
Other income	15	7142	
Total income	19	17867	204

Expenditure

Claims incurred	21		
Expenses payable	22	6880	
Interest payable before deduction of tax	23	1492	204
Taxation	24		
Other expenditure	25		
Transfer to (from) non technical account	26		
Total expenditure	29	8372	204

Business transfers-in	31		
Business transfers-out	32		
Increase (decrease) in fund in financial year (19-29+31-32)	39	9495	
Fund brought forward	49		
Fund carried forward (39+49)	59	9495	

Long-term insurance business: Revenue account
Form 40

Name of insurer **Aviva Life & Pensions UK Limited**

Name and number of fund/Summary **New With-Profits Sub-Fund**

Financial year ended **31st December 2012**

Units **£000**

	Financial year	Previous year
	1	2

Income

Earned premiums	11	448222	433567
Investment income receivable before deduction of tax	12	593074	655555
Increase (decrease) in the value of non-linked assets brought into account	13	530229	504339
Increase (decrease) in the value of linked assets	14	(8348)	(7228)
Other income	15	26260	25037
Total income	19	1589437	1611270

Expenditure

Claims incurred	21	2432129	2747700
Expenses payable	22	165499	115607
Interest payable before deduction of tax	23	10620	11604
Taxation	24	62517	141938
Other expenditure	25		
Transfer to (from) non technical account	26	18779	29127
Total expenditure	29	2689544	3045976

Business transfers-in	31		
Business transfers-out	32		
Increase (decrease) in fund in financial year (19-29+31-32)	39	(1100107)	(1434706)
Fund brought forward	49	18738058	20172764
Fund carried forward (39+49)	59	17637951	18738058

Long-term insurance business: Revenue account
Form 40

Name of insurer **Aviva Life & Pensions UK Limited**

Name and number of fund/Summary **Old With-Profits Sub-Fund**

Financial year ended **31st December 2012**

Units **£000**

	Financial year	Previous year
	1	2

Income

Earned premiums	11	70204	76035
Investment income receivable before deduction of tax	12	93632	101504
Increase (decrease) in the value of non-linked assets brought into account	13	30300	73717
Increase (decrease) in the value of linked assets	14	(1111)	(962)
Other income	15	3497	3335
Total income	19	196522	253629

Expenditure

Claims incurred	21	276738	286078
Expenses payable	22	25298	16361
Interest payable before deduction of tax	23	473	1052
Taxation	24	11626	20231
Other expenditure	25		
Transfer to (from) non technical account	26	2556	3269
Total expenditure	29	316691	326991

Business transfers-in	31		
Business transfers-out	32		
Increase (decrease) in fund in financial year (19-29+31-32)	39	(120169)	(73362)
Fund brought forward	49	2673411	2746773
Fund carried forward (39+49)	59	2553242	2673411

Long-term insurance business: Revenue account
Form 40

 Name of insurer **Aviva Life & Pensions UK Limited**

 Name and number of fund/Summary **Stakeholder With-Profits Sub-Fund**

 Financial year ended **31st December 2012**

 Units **£000**

	Financial year	Previous year
	1	2

Income

Earned premiums	11	38305	34023
Investment income receivable before deduction of tax	12	25645	23414
Increase (decrease) in the value of non-linked assets brought into account	13	3506	3831
Increase (decrease) in the value of linked assets	14		
Other income	15		
Total income	19	67456	61268

Expenditure

Claims incurred	21	74777	69730
Expenses payable	22		
Interest payable before deduction of tax	23		
Taxation	24		
Other expenditure	25		
Transfer to (from) non technical account	26		
Total expenditure	29	74777	69730

Business transfers-in	31		
Business transfers-out	32		
Increase (decrease) in fund in financial year (19-29+31-32)	39	(7321)	(8462)
Fund brought forward	49	800345	808807
Fund carried forward (39+49)	59	793024	800345

Long-term insurance business: Revenue account
Form 40

Name of insurer **Aviva Life & Pensions UK Limited**
 Name and number of fund/Summary **With-Profits Sub-Fund 5**
 Financial year ended **31st December 2012**
 Units **£000**

	Financial year	Previous year
	1	2

Income

Earned premiums	11	(6)	
Investment income receivable before deduction of tax	12	3	1
Increase (decrease) in the value of non-linked assets brought into account	13	(1442)	(141)
Increase (decrease) in the value of linked assets	14		
Other income	15		
Total income	19	(1445)	(140)

Expenditure

Claims incurred	21	34	
Expenses payable	22	43	6
Interest payable before deduction of tax	23		
Taxation	24		
Other expenditure	25		
Transfer to (from) non technical account	26		
Total expenditure	29	77	6

Business transfers-in	31		2241
Business transfers-out	32		
Increase (decrease) in fund in financial year (19-29+31-32)	39	(1522)	2095
Fund brought forward	49	2095	
Fund carried forward (39+49)	59	573	2095

Long-term insurance business: Revenue account
Form 40

 Name of insurer **Aviva Life & Pensions UK Limited**

 Name and number of fund/Summary **Non-Profit Sub-Fund 1**

 Financial year ended **31st December 2012**

 Units **£000**

	Financial year	Previous year
	1	2

Income

Earned premiums	11	877800	1090539
Investment income receivable before deduction of tax	12	384088	368197
Increase (decrease) in the value of non-linked assets brought into account	13	478478	259288
Increase (decrease) in the value of linked assets	14	573362	(189137)
Other income	15	7706	8148
Total income	19	2321434	1537035

Expenditure

Claims incurred	21	1853330	1730722
Expenses payable	22	673817	570089
Interest payable before deduction of tax	23	18164	39531
Taxation	24	(81896)	(78013)
Other expenditure	25		
Transfer to (from) non technical account	26	525000	
Total expenditure	29	2988415	2262329

Business transfers-in	31		2737922
Business transfers-out	32		
Increase (decrease) in fund in financial year (19-29+31-32)	39	(666981)	2012628
Fund brought forward	49	11832541	9819913
Fund carried forward (39+49)	59	11165560	11832541

Long-term insurance business: Revenue account
Form 40

 Name of insurer **Aviva Life & Pensions UK Limited**

 Name and number of fund/Summary **Non-Profit Sub-Fund 2**

 Financial year ended **31st December 2012**

 Units **£000**

	Financial year	Previous year
	1	2

Income

Earned premiums	11	4147960	3793721
Investment income receivable before deduction of tax	12	806117	750365
Increase (decrease) in the value of non-linked assets brought into account	13	90096	88787
Increase (decrease) in the value of linked assets	14	1747669	(1239910)
Other income	15	21122	21829
Total income	19	6812964	3414792

Expenditure

Claims incurred	21	3019739	2793484
Expenses payable	22	291715	295452
Interest payable before deduction of tax	23	14170	30618
Taxation	24	5323	20747
Other expenditure	25		
Transfer to (from) non technical account	26		
Total expenditure	29	3330947	3140301

Business transfers-in	31		
Business transfers-out	32		
Increase (decrease) in fund in financial year (19-29+31-32)	39	3482017	274491
Fund brought forward	49	25982274	25707783
Fund carried forward (39+49)	59	29464291	25982274

Long-term insurance business: Analysis of premiums
Form 41

Name of insurer **Aviva Life & Pensions UK Limited**
 Total business / subfund **Total Long-term insurance business**
 Financial year ended **31st December 2012**
 Units **£000**

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

Gross

Regular premiums	11	1265660	2120139	47408	3433207	3158067
Single premiums	12	405893	2514061	13921	2933875	3330226

Reinsurance - external

Regular premiums	13	531196	(336539)		194657	391263
Single premiums	14	(93924)	410763		316839	354685

Reinsurance - intra-group

Regular premiums	15					27539
Single premiums	16					

Net of reinsurance

Regular premiums	17	734464	2456678	47408	3238550	2739265
Single premiums	18	499817	2103298	13921	2617036	2975541

Total

Gross	19	1671553	4634200	61329	6367082	6488293
Reinsurance	20	437272	74224		511496	773487
Net	21	1234281	4559976	61329	5855586	5714806

Long-term insurance business: Analysis of premiums
Form 41

 Name of insurer **Aviva Life & Pensions UK Limited**

 Total business / subfund **With-Profits Sub-Fund**

 Financial year ended **31st December 2012**

 Units **£000**

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

Gross

Regular premiums	11	94605	56876	8646	160127	188676
Single premiums	12	(3912)	94007	2246	92341	72948

Reinsurance - external

Regular premiums	13					
Single premiums	14					

Reinsurance - intra-group

Regular premiums	15					
Single premiums	16					

Net of reinsurance

Regular premiums	17	94605	56876	8646	160127	188676
Single premiums	18	(3912)	94007	2246	92341	72948

Total

Gross	19	90693	150883	10892	252468	261624
Reinsurance	20					
Net	21	90693	150883	10892	252468	261624

Long-term insurance business: Analysis of premiums
Form 41

 Name of insurer **Aviva Life & Pensions UK Limited**

 Total business / subfund **Provident Mutual Sub-Fund**

 Financial year ended **31st December 2012**

 Units **£000**

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

Gross

Regular premiums	11	3574	10231		13805	18162
Single premiums	12	303	6525		6828	7135

Reinsurance - external

Regular premiums	13					
Single premiums	14					

Reinsurance - intra-group

Regular premiums	15					
Single premiums	16					

Net of reinsurance

Regular premiums	17	3574	10231		13805	18162
Single premiums	18	303	6525		6828	7135

Total

Gross	19	3877	16756		20633	25297
Reinsurance	20					
Net	21	3877	16756		20633	25297

Long-term insurance business: Analysis of premiums
Form 41

 Name of insurer **Aviva Life & Pensions UK Limited**

 Total business / subfund **Belgian Sub-Fund**

 Financial year ended **31st December 2012**

 Units **£000**

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

Gross

Regular premiums	11	23997		23997	27539
Single premiums	12	209		209	

Reinsurance - external

Regular premiums	13	23997		23997	
Single premiums	14	209		209	

Reinsurance - intra-group

Regular premiums	15				27539
Single premiums	16				

Net of reinsurance

Regular premiums	17				
Single premiums	18				

Total

Gross	19	24206		24206	27539
Reinsurance	20	24206		24206	27539
Net	21				

Long-term insurance business: Analysis of premiums
Form 41

 Name of insurer **Aviva Life & Pensions UK Limited**

 Total business / subfund **New With-Profits Sub-Fund**

 Financial year ended **31st December 2012**

 Units **£000**

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

Gross

Regular premiums	11	157714	68098	3808	229620	242843
Single premiums	12	112072	73921	2120	188113	213962

Reinsurance - external

Regular premiums	13	18060	(6)		18054	19090
Single premiums	14	(48543)			(48543)	4148

Reinsurance - intra-group

Regular premiums	15					
Single premiums	16					

Net of reinsurance

Regular premiums	17	139654	68104	3808	211566	223753
Single premiums	18	160615	73921	2120	236656	209814

Total

Gross	19	269786	142019	5928	417733	456805
Reinsurance	20	(30483)	(6)		(30489)	23238
Net	21	300269	142025	5928	448222	433567

Long-term insurance business: Analysis of premiums
Form 41

 Name of insurer **Aviva Life & Pensions UK Limited**

 Total business / subfund **Old With-Profits Sub-Fund**

 Financial year ended **31st December 2012**

 Units **£000**

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

Gross

Regular premiums	11	24241	12267	779	37287	43598
Single premiums	12	15552	12804	496	28852	35531

Reinsurance - external

Regular premiums	13	2398			2398	2542
Single premiums	14	(6463)			(6463)	552

Reinsurance - intra-group

Regular premiums	15					
Single premiums	16					

Net of reinsurance

Regular premiums	17	21843	12267	779	34889	41056
Single premiums	18	22015	12804	496	35315	34979

Total

Gross	19	39793	25071	1275	66139	79129
Reinsurance	20	(4065)			(4065)	3094
Net	21	43858	25071	1275	70204	76035

Long-term insurance business: Analysis of premiums
Form 41

 Name of insurer **Aviva Life & Pensions UK Limited**

 Total business / subfund **Stakeholder With-Profits Sub-Fund**

 Financial year ended **31st December 2012**

 Units **£000**

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

Gross

Regular premiums	11		33780		33780	35190
Single premiums	12		4525		4525	(1167)

Reinsurance - external

Regular premiums	13					
Single premiums	14					

Reinsurance - intra-group

Regular premiums	15					
Single premiums	16					

Net of reinsurance

Regular premiums	17		33780		33780	35190
Single premiums	18		4525		4525	(1167)

Total

Gross	19		38305		38305	34023
Reinsurance	20					
Net	21		38305		38305	34023

Long-term insurance business: Analysis of premiums
Form 41

 Name of insurer **Aviva Life & Pensions UK Limited**

 Total business / subfund **With-Profits Sub-Fund 5**

 Financial year ended **31st December 2012**

 Units **£000**

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

Gross

Regular premiums	11	137	(55)	82	40
Single premiums	12		(76)	(76)	(17)

Reinsurance - external

Regular premiums	13	134	(122)	12	23
Single premiums	14				

Reinsurance - intra-group

Regular premiums	15				
Single premiums	16				

Net of reinsurance

Regular premiums	17	3	67	70	17
Single premiums	18		(76)	(76)	(17)

Total

Gross	19	137	(131)	6	23
Reinsurance	20	134	(122)	12	23
Net	21	3	(9)	(6)	

Long-term insurance business: Analysis of premiums
Form 41

 Name of insurer **Aviva Life & Pensions UK Limited**

 Total business / subfund **Non-Profit Sub-Fund 1**

 Financial year ended **31st December 2012**

 Units **£000**

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

Gross

Regular premiums	11	866195	93742	427	960364	746173
Single premiums	12	285528	73427		358955	738844

Reinsurance - external

Regular premiums	13	474921	5725		480646	384034
Single premiums	14	(39127)			(39127)	10444

Reinsurance - intra-group

Regular premiums	15					
Single premiums	16					

Net of reinsurance

Regular premiums	17	391274	88017	427	479718	362139
Single premiums	18	324655	73427		398082	728400

Total

Gross	19	1151723	167169	427	1319319	1485017
Reinsurance	20	435794	5725		441519	394478
Net	21	715929	161444	427	877800	1090539

Long-term insurance business: Analysis of premiums
Form 41

 Name of insurer **Aviva Life & Pensions UK Limited**

 Total business / subfund **Non-Profit Sub-Fund 2**

 Financial year ended **31st December 2012**

 Units **£000**

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

Gross

Regular premiums	11	95197	1845200	33748	1974145	1855846
Single premiums	12	(3859)	2248928	9059	2254128	2262990

Reinsurance - external

Regular premiums	13	11686	(342136)		(330450)	(14426)
Single premiums	14		410763		410763	339541

Reinsurance - intra-group

Regular premiums	15					
Single premiums	16					

Net of reinsurance

Regular premiums	17	83511	2187336	33748	2304595	1870272
Single premiums	18	(3859)	1838165	9059	1843365	1923449

Total

Gross	19	91338	4094128	42807	4228273	4118836
Reinsurance	20	11686	68627		80313	325115
Net	21	79652	4025501	42807	4147960	3793721

Long-term insurance business: Analysis of claims
Form 42

Name of insurer **Aviva Life & Pensions UK Limited**
 Total business / subfund **Total Long-term insurance business**
 Financial year ended **31st December 2012**
 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	940340	225125	15580	1181045	1099925
Disability periodic payments	12	48732	933	7	49672	54028
Surrender or partial surrender	13	2740221	2704152	85358	5529731	6046105
Annuity payments	14	14022	198759	2632	215413	209888
Lump sums on maturity	15	1742318	1807590	63579	3613487	2863029
Total	16	5485633	4936559	167156	10589348	10272975

Reinsurance - external

Death or disability lump sums	21	337538	4822	5629	347989	270082
Disability periodic payments	22	29605	4		29609	13684
Surrender or partial surrender	23	3966	42068		46034	24677
Annuity payments	24	3120	2275		5395	754
Lump sums on maturity	25	90229	36341		126570	11975
Total	26	464458	85510	5629	555597	321172

Reinsurance - intra-group

Death or disability lump sums	31					13294
Disability periodic payments	32					
Surrender or partial surrender	33					
Annuity payments	34					
Lump sums on maturity	35					
Total	36					13294

Net of reinsurance

Death or disability lump sums	41	602802	220303	9951	833056	816549
Disability periodic payments	42	19127	929	7	20063	40344
Surrender or partial surrender	43	2736255	2662084	85358	5483697	6021428
Annuity payments	44	10902	196484	2632	210018	209134
Lump sums on maturity	45	1652089	1771249	63579	3486917	2851054
Total	46	5021175	4851049	161527	10033751	9938509

Long-term insurance business: Analysis of claims
Form 42

 Name of insurer **Aviva Life & Pensions UK Limited**

 Total business / subfund **With-Profits Sub-Fund**

 Financial year ended **31st December 2012**

 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	61367	31913	692	93972	98051
Disability periodic payments	12	510	26		536	661
Surrender or partial surrender	13	173783	262779	18274	454836	572591
Annuity payments	14		14484		14484	13639
Lump sums on maturity	15	905388	658021	38036	1601445	1388049
Total	16	1141048	967223	57002	2165273	2072991

Reinsurance - external

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

Reinsurance - intra-group

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

Net of reinsurance

Death or disability lump sums	41	61367	31913	692	93972	98051
Disability periodic payments	42	510	26		536	661
Surrender or partial surrender	43	173783	262779	18274	454836	572591
Annuity payments	44		14484		14484	13639
Lump sums on maturity	45	905388	658021	38036	1601445	1388049
Total	46	1141048	967223	57002	2165273	2072991

Long-term insurance business: Analysis of claims
Form 42

 Name of insurer **Aviva Life & Pensions UK Limited**

 Total business / subfund **Provident Mutual Sub-Fund**

 Financial year ended **31st December 2012**

 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	2497	3019	5516	6218
Disability periodic payments	12	736	811	1547	1863
Surrender or partial surrender	13	1659	14300	15959	23363
Annuity payments	14	1064	38503	39567	39606
Lump sums on maturity	15	31533	117609	149142	166754
Total	16	37489	174242	211731	237804

Reinsurance - external

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

Reinsurance - intra-group

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

Net of reinsurance

Death or disability lump sums	41	2497	3019	5516	6218
Disability periodic payments	42	736	811	1547	1863
Surrender or partial surrender	43	1659	14300	15959	23363
Annuity payments	44	1064	38503	39567	39606
Lump sums on maturity	45	31533	117609	149142	166754
Total	46	37489	174242	211731	237804

Long-term insurance business: Analysis of claims
Form 42

 Name of insurer **Aviva Life & Pensions UK Limited**

 Total business / subfund **Belgian Sub-Fund**

 Financial year ended **31st December 2012**

 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	11410		11410	13294
Disability periodic payments	12				
Surrender or partial surrender	13	1250		1250	
Annuity payments	14	24		24	
Lump sums on maturity	15	778		778	
Total	16	13462		13462	13294

Reinsurance - external

Death or disability lump sums	21	11410		11410	
Disability periodic payments	22				
Surrender or partial surrender	23	1250		1250	
Annuity payments	24	24		24	
Lump sums on maturity	25	778		778	
Total	26	13462		13462	

Reinsurance - intra-group

Death or disability lump sums	31				13294
Disability periodic payments	32				
Surrender or partial surrender	33				
Annuity payments	34				
Lump sums on maturity	35				
Total	36				13294

Net of reinsurance

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

Long-term insurance business: Analysis of claims
Form 42

 Name of insurer **Aviva Life & Pensions UK Limited**

 Total business / subfund **New With-Profits Sub-Fund**

 Financial year ended **31st December 2012**

 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	254922	7455	4418	266795	292992
Disability periodic payments	12	117	2		119	666
Surrender or partial surrender	13	1196021	179055	34735	1409811	1821052
Annuity payments	14	7144	113559	2256	122959	120345
Lump sums on maturity	15	414330	218758	14214	647302	524494
Total	16	1872534	518829	55623	2446986	2759549

Reinsurance - external

Death or disability lump sums	21	14857			14857	11849
Disability periodic payments	22					
Surrender or partial surrender	23					
Annuity payments	24					
Lump sums on maturity	25					
Total	26	14857			14857	11849

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	240065	7455	4418	251938	281143
Disability periodic payments	42	117	2		119	666
Surrender or partial surrender	43	1196021	179055	34735	1409811	1821052
Annuity payments	44	7144	113559	2256	122959	120345
Lump sums on maturity	45	414330	218758	14214	647302	524494
Total	46	1857677	518829	55623	2432129	2747700

Long-term insurance business: Analysis of claims
Form 42

 Name of insurer **Aviva Life & Pensions UK Limited**

 Total business / subfund **Old With-Profits Sub-Fund**

 Financial year ended **31st December 2012**

 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	37671	1973	740	40384	49301
Disability periodic payments	12	68	7		75	437
Surrender or partial surrender	13	129877	32012	5981	167870	158923
Annuity payments	14	957	14885	300	16142	15789
Lump sums on maturity	15	49892	1022	3331	54245	63206
Total	16	218465	49899	10352	278716	287656

Reinsurance - external

Death or disability lump sums	21	1978			1978	1578
Disability periodic payments	22					
Surrender or partial surrender	23					
Annuity payments	24					
Lump sums on maturity	25					
Total	26	1978			1978	1578

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	35693	1973	740	38406	47723
Disability periodic payments	42	68	7		75	437
Surrender or partial surrender	43	129877	32012	5981	167870	158923
Annuity payments	44	957	14885	300	16142	15789
Lump sums on maturity	45	49892	1022	3331	54245	63206
Total	46	216487	49899	10352	276738	286078

Long-term insurance business: Analysis of claims
Form 42

Name of insurer **Aviva Life & Pensions UK Limited**
 Total business / subfund **Stakeholder With-Profits Sub-Fund**
 Financial year ended **31st December 2012**
 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	1996		1996	1320
Disability periodic payments	12				
Surrender or partial surrender	13	37280		37280	41763
Annuity payments	14				
Lump sums on maturity	15	35501		35501	26647
Total	16	74777		74777	69730

Reinsurance - external

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

Reinsurance - intra-group

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

Net of reinsurance

Death or disability lump sums	41	1996		1996	1320
Disability periodic payments	42				
Surrender or partial surrender	43	37280		37280	41763
Annuity payments	44				
Lump sums on maturity	45	35501		35501	26647
Total	46	74777		74777	69730

Long-term insurance business: Analysis of claims
Form 42

 Name of insurer **Aviva Life & Pensions UK Limited**

 Total business / subfund **With-Profits Sub-Fund 5**

 Financial year ended **31st December 2012**

 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	64		64	
Disability periodic payments	12				
Surrender or partial surrender	13	292	433	725	112
Annuity payments	14				
Lump sums on maturity	15		69	69	
Total	16	356	502	858	112

Reinsurance - external

Death or disability lump sums	21	29		29	
Disability periodic payments	22				
Surrender or partial surrender	23	293	433	726	112
Annuity payments	24				
Lump sums on maturity	25		69	69	
Total	26	322	502	824	112

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	35		35	
Disability periodic payments	42				
Surrender or partial surrender	43	(1)		(1)	
Annuity payments	44				
Lump sums on maturity	45				
Total	46	34		34	

Long-term insurance business: Analysis of claims
Form 42

 Name of insurer **Aviva Life & Pensions UK Limited**

 Total business / subfund **Non-Profit Sub-Fund 1**

 Financial year ended **31st December 2012**

 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	568147	16245	7332	591724	486763
Disability periodic payments	12	3147	2	3	3152	7302
Surrender or partial surrender	13	1237353	94858		1332211	1370053
Annuity payments	14	4847	2071	6	6924	2268
Lump sums on maturity	15	340396	12050		352446	128251
Total	16	2153890	125226	7341	2286457	1994637

Reinsurance - external

Death or disability lump sums	21	306968	1114	5629	313711	252487
Disability periodic payments	22	24442	4		24446	4362
Surrender or partial surrender	23	2423			2423	278
Annuity payments	24	3096			3096	754
Lump sums on maturity	25	89451			89451	6034
Total	26	426380	1118	5629	433127	263915

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	261179	15131	1703	278013	234276
Disability periodic payments	42	(21295)	(2)	3	(21294)	2940
Surrender or partial surrender	43	1234930	94858		1329788	1369775
Annuity payments	44	1751	2071	6	3828	1514
Lump sums on maturity	45	250945	12050		262995	122217
Total	46	1727510	124108	1712	1853330	1730722

Long-term insurance business: Analysis of claims
Form 42

 Name of insurer **Aviva Life & Pensions UK Limited**

 Total business / subfund **Non-Profit Sub-Fund 2**

 Financial year ended **31st December 2012**

 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	4262	162524	2398	169184	151986
Disability periodic payments	12	44154	85	4	44243	43099
Surrender or partial surrender	13	(14)	2083435	26368	2109789	2058248
Annuity payments	14	(14)	15257	70	15313	18241
Lump sums on maturity	15	1	764560	7998	772559	565628
Total	16	48389	3025861	36838	3111088	2837202

Reinsurance - external

Death or disability lump sums	21	2296	3708		6004	4168
Disability periodic payments	22	5163			5163	9322
Surrender or partial surrender	23		41635		41635	24287
Annuity payments	24		2275		2275	
Lump sums on maturity	25		36272		36272	5941
Total	26	7459	83890		91349	43718

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	1966	158816	2398	163180	147818
Disability periodic payments	42	38991	85	4	39080	33777
Surrender or partial surrender	43	(14)	2041800	26368	2068154	2033961
Annuity payments	44	(14)	12982	70	13038	18241
Lump sums on maturity	45	1	728288	7998	736287	559687
Total	46	40930	2941971	36838	3019739	2793484

Long-term insurance business: Analysis of expenses
Form 43

Name of insurer **Aviva Life & Pensions UK Limited**
 Total business / subfund **Total Long-term insurance business**
 Financial year ended **31st December 2012**
 Units **£000**

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

Gross

Commission - acquisition	11	246947	96706	1000	344653	289509
Commission - other	12	34855	12736	816	48407	49784
Management - acquisition	13	132094	160177		292271	248737
Management - maintenance	14	163308	190720	786	354814	367585
Management - other	15	109626	65758	32	175416	114974
Total	16	686830	526097	2634	1215561	1070589

Reinsurance - external

Commission - acquisition	21	(4)			(4)	
Commission - other	22					
Management - acquisition	23					
Management - maintenance	24					
Management - other	25					
Total	26	(4)			(4)	

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	246951	96706	1000	344657	289509
Commission - other	42	34855	12736	816	48407	49784
Management - acquisition	43	132094	160177		292271	248737
Management - maintenance	44	163308	190720	786	354814	367585
Management - other	45	109626	65758	32	175416	114974
Total	46	686834	526097	2634	1215565	1070589

Long-term insurance business: Analysis of expenses
Form 43

 Name of insurer **Aviva Life & Pensions UK Limited**

 Total business / subfund **With-Profits Sub-Fund**

 Financial year ended **31st December 2012**

 Units **£000**

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

Gross

Commission - acquisition	11		974	11	985	601
Commission - other	12	1964	159	57	2180	2734
Management - acquisition	13	445	674		1119	306
Management - maintenance	14	14698	306	122	15126	73444
Management - other	15	11494	9560		21054	(13430)
Total	16	28601	11673	190	40464	63655

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		974	11	985	601
Commission - other	42	1964	159	57	2180	2734
Management - acquisition	43	445	674		1119	306
Management - maintenance	44	14698	306	122	15126	73444
Management - other	45	11494	9560		21054	(13430)
Total	46	28601	11673	190	40464	63655

Long-term insurance business: Analysis of expenses
Form 43

 Name of insurer **Aviva Life & Pensions UK Limited**

 Total business / subfund **Provident Mutual Sub-Fund**

 Financial year ended **31st December 2012**

 Units **£000**

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

Gross

Commission - acquisition	11	250	124	374	324
Commission - other	12	46	1566	1612	1584
Management - acquisition	13	23	72	95	(2210)
Management - maintenance	14	2384	1073	3457	10019
Management - other	15	1865	4446	6311	(298)
Total	16	4568	7281	11849	9419

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	250	124	374	324
Commission - other	42	46	1566	1612	1584
Management - acquisition	43	23	72	95	(2210)
Management - maintenance	44	2384	1073	3457	10019
Management - other	45	1865	4446	6311	(298)
Total	46	4568	7281	11849	9419

Long-term insurance business: Analysis of expenses
Form 43

 Name of insurer **Aviva Life & Pensions UK Limited**

 Total business / subfund **Belgian Sub-Fund**

 Financial year ended **31st December 2012**

 Units **£000**

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

Gross

Commission - acquisition	11	2084		2084	
Commission - other	12				
Management - acquisition	13				
Management - maintenance	14	4849		4849	
Management - other	15	(53)		(53)	
Total	16	6880		6880	

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	2084		2084	
Commission - other	42				
Management - acquisition	43				
Management - maintenance	44	4849		4849	
Management - other	45	(53)		(53)	
Total	46	6880		6880	

Long-term insurance business: Analysis of expenses
Form 43

 Name of insurer **Aviva Life & Pensions UK Limited**

 Total business / subfund **New With-Profits Sub-Fund**

 Financial year ended **31st December 2012**

 Units **£000**

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

Gross

Commission - acquisition	11	9840	(443)	629	10026	13894
Commission - other	12	4072	2828	423	7323	8258
Management - acquisition	13	4445	3421		7866	5457
Management - maintenance	14	47302	53534	512	101348	73077
Management - other	15	22946	15962	28	38936	14921
Total	16	88605	75302	1592	165499	115607

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	9840	(443)	629	10026	13894
Commission - other	42	4072	2828	423	7323	8258
Management - acquisition	43	4445	3421		7866	5457
Management - maintenance	44	47302	53534	512	101348	73077
Management - other	45	22946	15962	28	38936	14921
Total	46	88605	75302	1592	165499	115607

Long-term insurance business: Analysis of expenses
Form 43

 Name of insurer **Aviva Life & Pensions UK Limited**

 Total business / subfund **Old With-Profits Sub-Fund**

 Financial year ended **31st December 2012**

 Units **£000**

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

Gross

Commission - acquisition	11	1174	(75)	141	1240	1666
Commission - other	12	676	384	66	1126	1243
Management - acquisition	13	539	662		1201	795
Management - maintenance	14	6959	9377	103	16439	11298
Management - other	15	3129	2159	4	5292	1359
Total	16	12477	12507	314	25298	16361

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	1174	(75)	141	1240	1666
Commission - other	42	676	384	66	1126	1243
Management - acquisition	43	539	662		1201	795
Management - maintenance	44	6959	9377	103	16439	11298
Management - other	45	3129	2159	4	5292	1359
Total	46	12477	12507	314	25298	16361

Long-term insurance business: Analysis of expenses
Form 43

 Name of insurer **Aviva Life & Pensions UK Limited**

 Total business / subfund **With-Profits Sub-Fund 5**

 Financial year ended **31st December 2012**

 Units **£000**

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

Gross

Commission - acquisition	11				
Commission - other	12				
Management - acquisition	13				
Management - maintenance	14	28	15	43	6
Management - other	15				
Total	16	28	15	43	6

Reinsurance - external

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

Reinsurance - intra-group

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

Net of reinsurance

Commission - acquisition	41				
Commission - other	42				
Management - acquisition	43				
Management - maintenance	44	28	15	43	6
Management - other	45				
Total	46	28	15	43	6

Long-term insurance business: Analysis of expenses
Form 43

 Name of insurer **Aviva Life & Pensions UK Limited**

 Total business / subfund **Non-Profit Sub-Fund 1**

 Financial year ended **31st December 2012**

 Units **£000**

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

Gross

Commission - acquisition	11	216490	71235	10	287735	258234
Commission - other	12	27940	888		28828	28537
Management - acquisition	13	106875	81485		188360	144958
Management - maintenance	14	86278	10691	9	96978	80805
Management - other	15	63699	8213		71912	57555
Total	16	501282	172512	19	673813	570089

Reinsurance - external

Commission - acquisition	21	(4)			(4)	
Commission - other	22					
Management - acquisition	23					
Management - maintenance	24					
Management - other	25					
Total	26	(4)			(4)	

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	216494	71235	10	287739	258234
Commission - other	42	27940	888		28828	28537
Management - acquisition	43	106875	81485		188360	144958
Management - maintenance	44	86278	10691	9	96978	80805
Management - other	45	63699	8213		71912	57555
Total	46	501286	172512	19	673817	570089

Long-term insurance business: Analysis of expenses
Form 43

 Name of insurer **Aviva Life & Pensions UK Limited**

 Total business / subfund **Non-Profit Sub-Fund 2**

 Financial year ended **31st December 2012**

 Units **£000**

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

Gross

Commission - acquisition	11	17109	24891	209	42209	14790
Commission - other	12	157	6911	270	7338	7428
Management - acquisition	13	19767	73863		93630	99431
Management - maintenance	14	810	115724	40	116574	118936
Management - other	15	6546	25418		31964	54867
Total	16	44389	246807	519	291715	295452

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	17109	24891	209	42209	14790
Commission - other	42	157	6911	270	7338	7428
Management - acquisition	43	19767	73863		93630	99431
Management - maintenance	44	810	115724	40	116574	118936
Management - other	45	6546	25418		31964	54867
Total	46	44389	246807	519	291715	295452

Long-term insurance business: Linked funds balance sheet
Form 44

 Name of insurer **Aviva Life & Pensions UK Limited**

Total business

 Financial year ended **31st December 2012**

 Units **£000**

	Financial year	Previous year
	1	2

Internal linked funds (excluding cross investment)

Directly held assets (excluding collective investment schemes)	11	25259078	24140355
Directly held assets in collective investment schemes of connected companies	12	8261012	7097638
Directly held assets in other collective investment schemes	13	5331230	4848505
Total assets (excluding cross investment) (11+12+13)	14	38851320	36086498
Provision for tax on unrealised capital gains	15	25189	1782
Secured and unsecured loans	16		
Other liabilities	17	127942	269493
Total net assets (14-15-16-17)	18	38698189	35815223

Directly held linked assets

Value of directly held linked assets	21	11919	9684
--------------------------------------	-----------	-------	------

Total

Value of directly held linked assets and units held (18+21)	31	38710108	35824907
Surplus units	32	84425	86500
Deficit units	33		
Net unit liability (31-32+33)	34	38625683	35738407

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

Form 45

Name of insurer **Aviva Life & Pensions UK Limited**

Total business

Financial year ended **31st December 2012**

Units **£000**

	Financial year	Previous year
	1	2

Income

Value of total creation of units	11	2403916	2755143
Investment income attributable to the funds before deduction of tax	12	1175156	1039473
Increase (decrease) in the value of investments in the financial year	13	2252755	(1471320)
Other income	14	77718	1901968
Total income	19	5909545	4225264

Expenditure

Value of total cancellation of units	21	2742461	2872071
Charges for management	22	109068	101258
Charges in respect of tax on investment income	23	50183	53499
Taxation on realised capital gains	24	(13019)	30805
Increase (decrease) in amount set aside for tax on capital gains not yet realised	25	70479	(66616)
Other expenditure	26	67407	52538
Total expenditure	29	3026579	3043555

Increase (decrease) in funds in financial year (19-29)	39	2882966	1181709
Internal linked fund brought forward	49	35815223	34633514
Internal linked funds carried forward (39+49)	59	38698189	35815223

Long-term insurance business: Summary of new business
Form 46

 Name of insurer **Aviva Life & Pensions UK Limited**

Total business

 Financial year ended **31st December 2012**

 Units **£000**

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

Number of new policyholders / scheme members for direct insurance business

Regular premium business	11	250637	92159	4508	347304	326575
Single premium business	12	8681	46018	401	55100	105745
Total	13	259318	138177	4909	402404	432320

Amount of new regular premiums

Direct insurance business	21	133321	667072	6843	807236	343327
External reinsurance	22					
Intra-group reinsurance	23					
Total	24	133321	667072	6843	807236	343327

Amount of new single premiums

Direct insurance business	25	387079	2402120	13847	2803046	3234045
External reinsurance	26					
Intra-group reinsurance	27					
Total	28	387079	2402120	13847	2803046	3234045

Long-term insurance business: Analysis of new business

Form 47
(Sheet 1)

Name of insurer **Aviva Life & Pensions UK Limited**

Total business

Financial year ended **31st December 2012**

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
195	Annuity with-profits (PLA)			23	799
300	Regular premium non-profit WL/EA OB		10570		2399
325	Level term assurance	152023	56097		
330	Decreasing term assurance	47107	21883		
340	Accelerated critical illness (guaranteed premiums)	37820	23266		
345	Accelerated critical illness (reviewable premiums)	1858	1288		
360	Income protection non-profit (guaranteed premiums)	8652	18832		
365	Income protection non-profit (reviewable premiums)	3177	1087		
395	Annuity non-profit (PLA)			13	1696
400	Annuity non-profit (CPA)			162	7956
500	Life UWP single premium			4063	130791
505	Life UWP whole life regular premium		94		
700	Life property linked single premium			4420	243438
710	Life property linked whole life regular premium		178		
715	Life property linked endowment regular premium - savings		15		
780	Stand-alone critical illness rider		11		

Long-term insurance business: Analysis of new business
**Form 47
(Sheet 2)**

 Name of insurer **Aviva Life & Pensions UK Limited**

Total business

 Financial year ended **31st December 2012**

 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
175	Group conventional deferred annuity with-profits		5		
185	Group conventional pensions endowment with-profits		256		
200	Annuity with-profits (CPA)			467	31753
390	Deferred annuity non-profit			346	37505
395	Annuity non-profit (PLA)			311	14723
400	Annuity non-profit (CPA)			1935	68765
410	Group Life	475	41039		
525	Individual pensions UWP	1392	892	1982	6351
530	Individual pensions UWP - increments		2938		17598
535	Group money purchase pensions UWP	1626	10958	407	9642
540	Group money purchase pensions UWP - increments		4979		348
571	Miscellaneous protection rider			14	285
725	Individual pensions property linked - increments	3141	12042	19119	366550
730	Group money purchase pensions property linked		60608		411251
735	Group money purchase pensions property linked - increments	85525	204976	21381	419037
740	DWP National Insurance rebates property linked		328379		839415
745	Trustee investment plan				175952
755	Trustee investment plan			56	2945

Long-term insurance business: Analysis of new business

Form 47
(Sheet 3)

Name of insurer **Aviva Life & Pensions UK Limited**

Total business

Financial year ended **31st December 2012**

Units **£000**

Overseas / Direct insurance business

Product code number	Product description	Regular premium business		Single premium business	
		Number of policyholders / scheme members	Amount of premiums	Number of policyholders / scheme members	Amount of premiums
1	2	3	4	5	6
300	Regular premium non-profit WL/EA OB	3551	780		
525	Individual pensions UWP	55	40	62	229
530	Individual pensions UWP - increments		79		101
535	Group money purchase pensions UWP		38		
700	Life property linked single premium			101	5550
725	Individual pensions property linked	902	914	238	1206
730	Individual pensions property linked - increments		4992		6761

Long-term insurance business: Assets not held to match linked liabilities
Form 48

Name of insurer **Aviva Life & Pensions UK Limited**
 Financial year ended **31st December 2012**
 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	4393	8766	350	3.99	
Approved fixed interest securities	12	2836300	2838259	94153	1.80	
Other fixed interest securities	13	2392091	2455673	144664	4.21	
Variable interest securities	14	458115	458201	9872	2.82	
UK listed equity shares	15	43541	116013	4151	3.57	
Non-UK listed equity shares	16		10954	221	2.02	
Unlisted equity shares	17		14		2.02	
Other assets	18	1919486	1766046	21760	1.43	
Total	19	7653926	7653926	275171	2.58	

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

Land and buildings	21	2213212	5420139	166208	3.07	(1.81)
Approved fixed interest securities	22	5317835	6227769	216721	2.11	3.68
Other fixed interest securities	23	3912342	4238658	191614	4.11	10.82
Variable interest securities	24	5748860	7806541	87372	1.31	
UK listed equity shares	25	3859971	5943990	171840	2.89	13.53
Non-UK listed equity shares	26	2592948	4097916	95329	2.33	14.36
Unlisted equity shares	27	161622	160045	1732	1.08	7.47
Other assets	28	18094375	8006107	26977	1.00	1.18
Total	29	41901165	41901165	957793	2.20	4.99

Overall return on with-profits assets

Post investment costs but pre-tax	31					7.27
Return allocated to non taxable 'asset shares'	32					7.39
Return allocated to taxable 'asset shares'	33					6.17

Long-term insurance business: Assets not held to match linked liabilities
Form 48

 Name of insurer **Aviva Life & Pensions UK Limited**

 Financial year ended **31st December 2012**

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

 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	734861	734861	27981	2.36	
Other fixed interest securities	13	174605	174605	7079	5.22	
Variable interest securities	14					
UK listed equity shares	15					
Non-UK listed equity shares	16					
Unlisted equity shares	17					
Other assets	18					
Total	19	909466	909466	35060	2.91	

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

Land and buildings	21	938444	1991336	73774	3.70	0.63
Approved fixed interest securities	22	3494622	3543829	134939	2.36	3.46
Other fixed interest securities	23	1794961	1678331	68040	5.22	10.17
Variable interest securities	24	1576625	2796023	22363	0.97	
UK listed equity shares	25	1929114	2033925	63745	3.13	13.46
Non-UK listed equity shares	26	1295728	1644739	49216	2.99	12.64
Unlisted equity shares	27	11467	68162	1012	1.48	6.99
Other assets	28	7736877	5021493	(4815)	0.66	1.87
Total	29	18777838	18777838	408274	2.23	8.14

Overall return on with-profits assets

Post investment costs but pre-tax	31					8.01
Return allocated to non taxable 'asset shares'	32					8.14
Return allocated to taxable 'asset shares'	33					6.97

Long-term insurance business: Assets not held to match linked liabilities
Form 48

 Name of insurer **Aviva Life & Pensions UK Limited**

 Financial year ended **31st December 2012**

 Category of assets **Provident Mutual Sub-Fund**

 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	11969	11969	377	1.75	
Other fixed interest securities	13	108098	108098	3273	2.09	
Variable interest securities	14	134633	134633	4345	5.35	
UK listed equity shares	15					
Non-UK listed equity shares	16					
Unlisted equity shares	17					
Other assets	18					
Total	19	254700	254700	7995	3.80	

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

Land and buildings	21		61369	668	1.09	5.77
Approved fixed interest securities	22	493562	608288	19165	1.75	5.31
Other fixed interest securities	23	680227	1118534	33868	2.09	12.44
Variable interest securities	24	12742	60743	1960	5.35	
UK listed equity shares	25	166147	129417	4974	3.84	15.46
Non-UK listed equity shares	26	28910	62846	860	1.37	21.53
Unlisted equity shares	27		1698	2	0.12	
Other assets	28	389583	(271724)	19389	(7.13)	0.55
Total	29	1771171	1771171	80886	3.56	11.02

Overall return on with-profits assets

Post investment costs but pre-tax	31					10.89
Return allocated to non taxable 'asset shares'	32					11.02
Return allocated to taxable 'asset shares'	33					8.94

Long-term insurance business: Assets not held to match linked liabilities
Form 48

 Name of insurer **Aviva Life & Pensions UK Limited**

 Financial year ended **31st December 2012**

 Category of assets **Belgian Sub-Fund**

 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	23380	23380	697	2.37	
Other fixed interest securities	13					
Variable interest securities	14					
UK listed equity shares	15					
Non-UK listed equity shares	16					
Unlisted equity shares	17					
Other assets	18	55068	55068	269	0.49	
Total	19	78448	78448	966	1.05	

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

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

Overall return on with-profits assets

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

Long-term insurance business: Assets not held to match linked liabilities
Form 48

 Name of insurer **Aviva Life & Pensions UK Limited**

 Financial year ended **31st December 2012**

 Category of assets **Non-Profit Sub-Fund 1**

 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	441	4426	134	3.03	
Approved fixed interest securities	12	329612	331571	12934	0.62	
Other fixed interest securities	13	90162	105370	5429	4.31	
Variable interest securities	14	179140	179158	1749	1.21	
UK listed equity shares	15	1314	47307	1598	3.38	
Non-UK listed equity shares	16					
Unlisted equity shares	17					
Other assets	18	867588	800425	3794	0.93	
Total	19	1468257	1468257	25638	1.22	

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	372037	372037	364	0.10	
Total	29	372037	372037	364	0.10	

Overall return on with-profits assets

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

Long-term insurance business: Assets not held to match linked liabilities
Form 48

 Name of insurer **Aviva Life & Pensions UK Limited**

 Financial year ended **31st December 2012**

 Category of assets **Non-Profit Sub-Fund 2**

 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	3952	4340	216	4.97	
Approved fixed interest securities	12	19442	19442	548	1.94	
Other fixed interest securities	13	221169	269543	16657	3.15	
Variable interest securities	14	144342	144410	3778	2.46	
UK listed equity shares	15	42227	68706	2553	3.71	
Non-UK listed equity shares	16		10954	221	2.02	
Unlisted equity shares	17		14		2.02	
Other assets	18	996830	910553	17697	1.93	
Total	19	1427962	1427962	41670	2.31	

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

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

Overall return on with-profits assets

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

Long-term insurance business: Assets not held to match linked liabilities
Form 48

 Name of insurer **Aviva Life & Pensions UK Limited**

 Financial year ended **31st December 2012**

 Category of assets **New With-Profits Sub-Fund**

 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	1584599	1584599	47496	1.78	
Other fixed interest securities	13	1519852	1519852	92173	4.29	
Variable interest securities	14					
UK listed equity shares	15					
Non-UK listed equity shares	16					
Unlisted equity shares	17					
Other assets	18					
Total	19	3104451	3104451	139669	3.01	

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

Land and buildings	21	1104229	2833760	80964	2.86	(3.39)
Approved fixed interest securities	22	1076569	1720966	51584	1.78	3.59
Other fixed interest securities	23	1134587	1243576	75418	4.29	10.32
Variable interest securities	24	3680994	4198594	56078	1.51	
UK listed equity shares	25	1518682	3305623	88735	2.68	13.50
Non-UK listed equity shares	26	1089780	2050301	38873	1.90	15.35
Unlisted equity shares	27	129215	77385	618	0.80	7.97
Other assets	28	8437867	2741718	13825	0.93	0.06
Total	29	18171923	18171923	406095	2.10	7.21

Overall return on with-profits assets

Post investment costs but pre-tax	31					7.08
Return allocated to non taxable 'asset shares'	32					7.21
Return allocated to taxable 'asset shares'	33					5.87

Long-term insurance business: Assets not held to match linked liabilities
Form 48

 Name of insurer **Aviva Life & Pensions UK Limited**

 Financial year ended **31st December 2012**

 Category of assets **Old With-Profits Sub-Fund**

 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	132437	132437	4120	1.79	
Other fixed interest securities	13	278205	278205	20053	4.99	
Variable interest securities	14					
UK listed equity shares	15					
Non-UK listed equity shares	16					
Unlisted equity shares	17					
Other assets	18					
Total	19	410642	410642	24173	3.96	

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

Land and buildings	21	170539	533674	10802	2.02	(3.39)
Approved fixed interest securities	22	253082	354686	11033	1.79	3.59
Other fixed interest securities	23	302567	198217	14288	4.99	10.32
Variable interest securities	24	478499	751181	6971	1.12	
UK listed equity shares	25	246028	475025	14386	3.03	13.50
Non-UK listed equity shares	26	178530	340030	6380	1.88	15.35
Unlisted equity shares	27	20940	12800	100	0.78	7.97
Other assets	28	1156154	140726	(1786)	1.08	0.06
Total	29	2806339	2806339	62174	2.06	7.21

Overall return on with-profits assets

Post investment costs but pre-tax	31					7.08
Return allocated to non taxable 'asset shares'	32					7.21
Return allocated to taxable 'asset shares'	33					5.87

Long-term insurance business: Assets not held to match linked liabilities
Form 48

 Name of insurer **Aviva Life & Pensions UK Limited**

 Financial year ended **31st December 2012**

 Category of assets **With-Profits Sub-Fund 5**

 Units **£000**

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

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

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

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

Land and buildings	21					
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	1857	1857			
Total	29	1857	1857			

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: Fixed and variable interest assets
Form 49

Name of insurer **Aviva Life & Pensions UK Limited**
 Financial year ended **31st December 2012**
 Category of assets **Total Long-term insurance business assets**
 Units **£000**

		Value of assets 1	Mean term 2	Yield before adjustment 3	Yield after adjustment 4
UK government approved fixed interest securities	11	8519789	8.84	1.73	1.73
Other approved fixed interest securities	21	522859	17.85	6.20	6.16
Other fixed interest securities					
AAA/Aaa	31	1729550	6.86	2.05	1.79
AA/Aa	32	704905	5.08	2.37	1.95
A/A	33	2802378	4.21	2.31	1.83
BBB/Baa	34	1991350	4.11	3.68	2.67
BB/Ba	35	249176	3.30	5.98	3.97
B/B	36	8972	2.77	10.11	6.01
CCC/Caa	37	20771			
Other (including unrated)	38	(812771)	0.62	(6.83)	(5.04)
Total other fixed interest securities	39	6694331	5.34	3.91	3.00
Approved variable interest securities	41	5402803	9.20	1.51	1.51
Other variable interest securities	51	2861939	4.66	0.98	0.78
Total (11+21+39+41+51)	61	24001721	7.64	2.30	2.02

Long-term insurance business: Fixed and variable interest assets
Form 49

 Name of insurer **Aviva Life & Pensions UK Limited**

 Financial year ended **31st December 2012**

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

 Units **£000**

		Value of assets 1	Mean term 2	Yield before adjustment 3	Yield after adjustment 4
UK government approved fixed interest securities	11	4153852	10.21	2.03	2.03
Other approved fixed interest securities	21	124838	41.67	13.38	13.31
Other fixed interest securities					
AAA/Aaa	31	799459	7.78	2.23	1.92
AA/Aa	32	193611	3.82	2.13	1.71
A/A	33	756278	3.75	2.28	1.79
BBB/Baa	34	646289	3.73	4.26	3.00
BB/Ba	35	84095	2.94	7.64	4.71
B/B	36	3576	2.50	10.15	6.64
CCC/Caa	37	5253	5.40	14.72	7.16
Other (including unrated)	38	(635625)	1.88	(3.54)	(2.53)
Total other fixed interest securities	39	1852936	6.10	5.22	3.90
Approved variable interest securities	41	980928	27.97	1.48	1.48
Other variable interest securities	51	1815095	7.08	0.69	0.51
Total (11+21+39+41+51)	61	8927649	11.11	2.52	2.20

Long-term insurance business: Fixed and variable interest assets
Form 49

 Name of insurer **Aviva Life & Pensions UK Limited**

 Financial year ended **31st December 2012**

 Category of assets **Provident Mutual Sub-Fund**

 Units **£000**

		Value of assets 1	Mean term 2	Yield before adjustment 3	Yield after adjustment 4
UK government approved fixed interest securities	11	153864	8.88	1.78	1.78
Other approved fixed interest securities	21	466393	5.63	1.74	1.74
Other fixed interest securities					
AAA/Aaa	31	276247	6.61	1.97	1.81
AA/Aa	32	91805	9.26	3.67	3.26
A/A	33	294278	6.05	3.49	2.87
BBB/Baa	34	94812	4.53	4.65	3.53
BB/Ba	35	30208	4.12	6.58	4.78
B/B	36				
CCC/Caa	37				
Other (including unrated)	38	439282	3.91	0.02	0.01
Total other fixed interest securities	39	1226632	5.48	2.09	1.74
Approved variable interest securities	41	456684	13.56	1.95	1.95
Other variable interest securities	51	(261308)	18.71	(0.59)	(0.56)
Total (11+21+39+41+51)	61	2042265	5.88	2.30	2.08

Long-term insurance business: Fixed and variable interest assets
Form 49

 Name of insurer **Aviva Life & Pensions UK Limited**

 Financial year ended **31st December 2012**

 Category of assets **Non-Profit Sub-Fund 1**

 Units **£000**

		Value of assets 1	Mean term 2	Yield before adjustment 3	Yield after adjustment 4
UK government approved fixed interest securities	11	317496	3.08	0.59	0.59
Other approved fixed interest securities	21	14075	4.37	1.35	1.35
Other fixed interest securities					
AAA/Aaa	31	8069	7.28	2.65	2.51
AA/Aa	32	9321	9.47	3.80	3.57
A/A	33	27431	8.01	3.78	3.31
BBB/Baa	34	54032	6.29	4.73	3.32
BB/Ba	35	6135	5.49	6.05	2.32
B/B	36	47			
CCC/Caa	37	120	7.59	12.00	
Other (including unrated)	38	215	18.00	0.84	0.84
Total other fixed interest securities	39	105370	7.07	4.32	3.21
Approved variable interest securities	41	6772	0.07	(0.01)	(0.01)
Other variable interest securities	51	172386	7.15	1.26	1.26
Total (11+21+39+41+51)	61	616099	4.90	1.43	1.24

Long-term insurance business: Fixed and variable interest assets
Form 49

 Name of insurer **Aviva Life & Pensions UK Limited**

 Financial year ended **31st December 2012**

 Category of assets **Non-Profit Sub-Fund 2**

 Units **£000**

		Value of assets 1	Mean term 2	Yield before adjustment 3	Yield after adjustment 4
UK government approved fixed interest securities	11	19442	10.80	1.94	1.94
Other approved fixed interest securities	21				
Other fixed interest securities					
AAA/Aaa	31	4014	8.13	3.71	3.57
AA/Aa	32	22388	10.79	3.67	3.44
A/A	33	106383	8.28	3.18	2.71
BBB/Baa	34	66523	7.45	4.42	3.01
BB/Ba	35	16182	5.46	5.52	1.79
B/B	36	907	8.23	9.13	
CCC/Caa	37	559	6.89	12.00	
Other (including unrated)	38	52587	7.13	0.31	
Total other fixed interest securities	39	269543	7.88	3.15	2.26
Approved variable interest securities	41	125572	0.09	1.96	1.96
Other variable interest securities	51	18838	7.87	5.77	5.77
Total (11+21+39+41+51)	61	433395	5.75	2.86	2.31

Long-term insurance business: Fixed and variable interest assets
Form 49

 Name of insurer **Aviva Life & Pensions UK Limited**

 Financial year ended **31st December 2012**

 Category of assets **New With-Profits Sub-Fund**

 Units **£000**

		Value of assets 1	Mean term 2	Yield before adjustment 3	Yield after adjustment 4
UK government approved fixed interest securities	11	3418177	7.97	1.57	1.57
Other approved fixed interest securities	21	(112612)	(7.05)	(4.64)	(4.62)
Other fixed interest securities					
AAA/Aaa	31	549049	5.69	1.85	1.61
AA/Aa	32	326407	4.18	2.36	1.89
A/A	33	1313232	3.65	2.27	1.79
BBB/Baa	34	948706	3.91	3.60	2.65
BB/Ba	35	80923	2.74	5.52	3.81
B/B	36	3751	1.78	12.27	6.76
CCC/Caa	37	12925	4.63	15.79	7.32
Other (including unrated)	38	(471565)	2.01	(6.30)	(4.76)
Total other fixed interest securities	39	2763428	4.46	4.29	3.27
Approved variable interest securities	41	3391590	4.34	1.51	1.51
Other variable interest securities	51	807004	3.10	1.52	1.28
Total (11+21+39+41+51)	61	10267587	5.61	2.35	2.05

Long-term insurance business: Fixed and variable interest assets
Form 49

 Name of insurer **Aviva Life & Pensions UK Limited**

 Financial year ended **31st December 2012**

 Category of assets **Old With-Profits Sub-Fund**

 Units **£000**

		Value of assets 1	Mean term 2	Yield before adjustment 3	Yield after adjustment 4
UK government approved fixed interest securities	11	456958	6.87	1.39	1.39
Other approved fixed interest securities	21	30165	21.53	7.93	7.58
Other fixed interest securities					
AAA/Aaa	31	92712	6.53	2.15	1.87
AA/Aa	32	61373	4.78	2.51	2.04
A/A	33	304776	4.18	2.45	1.95
BBB/Baa	34	180988	4.46	3.96	2.93
BB/Ba	35	31633	3.37	6.32	4.44
B/B	36	691	2.60	12.00	6.98
CCC/Caa	37	1914	4.63	16.55	7.67
Other (including unrated)	38	(197665)	2.33	(1.62)	(1.21)
Total other fixed interest securities	39	476422	5.53	4.99	3.82
Approved variable interest securities	41	441257	3.02	1.52	1.52
Other variable interest securities	51	309924	4.84	0.56	0.47
Total (11+21+39+41+51)	61	1714726	5.40	2.39	2.04

Long-term insurance business: Summary of mathematical reserves
Form 50

 Name of insurer **Aviva Life & Pensions UK Limited**

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

 Financial year ended **31st December 2012**

 Units **£000**

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

Gross

Form 51 - with-profits	11	6161742	4746852	266220	11174814	12278922
Form 51 - non-profit	12	2705663	5248153	214531	8168347	7538415
Form 52	13	10737524	9820487	475139	21033150	22385271
Form 53 - linked	14	9051344	30673770	467459	40192573	37162575
Form 53 - non-linked	15	95837	326403	6125	428365	475538
Form 54 - linked	16	233136	531		233667	520485
Form 54 - non-linked	17	80857	115	4981	85953	87483
Total	18	29066103	50816311	1434455	81316869	80448689

Reinsurance - external

Form 51 - with-profits	21			86413	86413	87373
Form 51 - non-profit	22	1788798	956418	55054	2800270	2716841
Form 52	23	4107	1900		6007	6719
Form 53 - linked	24	36896	1529994		1566890	1424169
Form 53 - non-linked	25	1773	74		1847	4170
Form 54 - linked	26	1752			1752	1424
Form 54 - non-linked	27	8			8	5
Total	28	1833334	2488386	141467	4463187	4240701

Reinsurance - intra-group

Form 51 - with-profits	31					
Form 51 - non-profit	32	5115		109044	114159	109726
Form 52	33					
Form 53 - linked	34					
Form 53 - non-linked	35					
Form 54 - linked	36					
Form 54 - non-linked	37	667		4981	5648	4624
Total	38	5782		114025	119807	114350

Net of reinsurance

Form 51 - with-profits	41	6161742	4746852	179807	11088401	12191549
Form 51 - non-profit	42	911750	4291735	50433	5253918	4711848
Form 52	43	10733417	9818587	475139	21027143	22378552
Form 53 - linked	44	9014448	29143776	467459	38625683	35738406
Form 53 - non-linked	45	94064	326329	6125	426518	471368
Form 54 - linked	46	231384	531		231915	519061
Form 54 - non-linked	47	80182	115		80297	82854
Total	48	27226987	48327925	1178963	76733875	76093638

Long-term insurance business: Summary of mathematical reserves
Form 50

 Name of insurer **Aviva Life & Pensions UK Limited**

 Total business / subfund **With-Profits Sub-Fund**

 Financial year ended **31st December 2012**

 Units **£000**

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

Gross

Form 51 - with-profits	11	2941302	3768046	158811	6868159	7605239
Form 51 - non-profit	12		849528	24921	874449	859983
Form 52	13	1106032	5223633	233990	6563655	6707174
Form 53 - linked	14					
Form 53 - non-linked	15					
Form 54 - linked	16					
Form 54 - non-linked	17					
Total	18	4047334	9841207	417722	14306263	15172396

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	2941302	3768046	158811	6868159	7605239
Form 51 - non-profit	42		849528	24921	874449	859983
Form 52	43	1106032	5223633	233990	6563655	6707174
Form 53 - linked	44					
Form 53 - non-linked	45					
Form 54 - linked	46					
Form 54 - non-linked	47					
Total	48	4047334	9841207	417722	14306263	15172396

Long-term insurance business: Summary of mathematical reserves
Form 50

 Name of insurer **Aviva Life & Pensions UK Limited**

 Total business / subfund **Provident Mutual Sub-Fund**

 Financial year ended **31st December 2012**

 Units **£000**

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

Gross

Form 51 - with-profits	11	51008	462650		513658	514189
Form 51 - non-profit	12	18685	174956		193641	187185
Form 52	13		841350		841350	873199
Form 53 - linked	14					
Form 53 - non-linked	15					
Form 54 - linked	16					
Form 54 - non-linked	17					
Total	18	69693	1478956		1548649	1574573

Reinsurance - external

Form 51 - with-profits	21					
Form 51 - non-profit	22					1595
Form 52	23					
Form 53 - linked	24					
Form 53 - non-linked	25					
Form 54 - linked	26					
Form 54 - non-linked	27					
Total	28					1595

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	51008	462650		513658	514189
Form 51 - non-profit	42	18685	174956		193641	185590
Form 52	43		841350		841350	873199
Form 53 - linked	44					
Form 53 - non-linked	45					
Form 54 - linked	46					
Form 54 - non-linked	47					
Total	48	69693	1478956		1548649	1572978

Long-term insurance business: Summary of mathematical reserves
Form 50

 Name of insurer **Aviva Life & Pensions UK Limited**

 Total business / subfund **Belgian Sub-Fund**

 Financial year ended **31st December 2012**

 Units **£000**

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

Gross

Form 51 - with-profits	11			86413	86413	87373
Form 51 - non-profit	12			36606	36606	40103
Form 52	13					
Form 53 - linked	14					
Form 53 - non-linked	15					
Form 54 - linked	16					
Form 54 - non-linked	17					
Total	18			123019	123019	127476

Reinsurance - external

Form 51 - with-profits	21			86413	86413	87373
Form 51 - non-profit	22			36606	36606	40103
Form 52	23					
Form 53 - linked	24					
Form 53 - non-linked	25					
Form 54 - linked	26					
Form 54 - non-linked	27					
Total	28			123019	123019	127476

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					
Form 53 - non-linked	45					
Form 54 - linked	46					
Form 54 - non-linked	47					
Total	48					

Long-term insurance business: Summary of mathematical reserves
Form 50

 Name of insurer **Aviva Life & Pensions UK Limited**

 Total business / subfund **New With-Profits Sub-Fund**

 Financial year ended **31st December 2012**

 Units **£000**

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

Gross

Form 51 - with-profits	11	2694095	418662	17629	3130386	3449649
Form 51 - non-profit	12	500849	2439327	18974	2959150	2599144
Form 52	13	8630446	2448753	191083	11270282	12331553
Form 53 - linked	14	396	10541	46293	57230	63299
Form 53 - non-linked	15	20411	44742	2972	68125	92800
Form 54 - linked	16		469		469	488
Form 54 - non-linked	17		101		101	98
Total	18	11846197	5362595	276951	17485743	18537031

Reinsurance - external

Form 51 - with-profits	21					
Form 51 - non-profit	22	89732	952	639	91323	96646
Form 52	23					
Form 53 - linked	24					
Form 53 - non-linked	25					
Form 54 - linked	26					
Form 54 - non-linked	27					
Total	28	89732	952	639	91323	96646

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	2694095	418662	17629	3130386	3449649
Form 51 - non-profit	42	411117	2438375	18335	2867827	2502498
Form 52	43	8630446	2448753	191083	11270282	12331553
Form 53 - linked	44	396	10541	46293	57230	63299
Form 53 - non-linked	45	20411	44742	2972	68125	92800
Form 54 - linked	46		469		469	488
Form 54 - non-linked	47		101		101	98
Total	48	11756465	5361643	276312	17394420	18440385

Long-term insurance business: Summary of mathematical reserves
Form 50

 Name of insurer **Aviva Life & Pensions UK Limited**

 Total business / subfund **Old With-Profits Sub-Fund**

 Financial year ended **31st December 2012**

 Units **£000**

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

Gross

Form 51 - with-profits	11	475337	97494	3367	576198	622472
Form 51 - non-profit	12	73584	313991	2575	390150	345786
Form 52	13	996160	503972	49241	1549373	1657447
Form 53 - linked	14	53	1403	6164	7620	8428
Form 53 - non-linked	15	2718	5957	396	9071	12357
Form 54 - linked	16		62		62	65
Form 54 - non-linked	17		14		14	13
Total	18	1547852	922893	61743	2532488	2646568

Reinsurance - external

Form 51 - with-profits	21					
Form 51 - non-profit	22	11470	126	108	11704	12243
Form 52	23					
Form 53 - linked	24					
Form 53 - non-linked	25					
Form 54 - linked	26					
Form 54 - non-linked	27					
Total	28	11470	126	108	11704	12243

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	475337	97494	3367	576198	622472
Form 51 - non-profit	42	62114	313865	2467	378446	333543
Form 52	43	996160	503972	49241	1549373	1657447
Form 53 - linked	44	53	1403	6164	7620	8428
Form 53 - non-linked	45	2718	5957	396	9071	12357
Form 54 - linked	46		62		62	65
Form 54 - non-linked	47		14		14	13
Total	48	1536382	922767	61635	2520784	2634325

Long-term insurance business: Summary of mathematical reserves
Form 50

 Name of insurer **Aviva Life & Pensions UK Limited**

 Total business / subfund **Stakeholder With-Profits Sub-Fund**

 Financial year ended **31st December 2012**

 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		770777	770777	777614
Form 53 - linked	14				
Form 53 - non-linked	15				
Form 54 - linked	16				
Form 54 - non-linked	17				
Total	18		770777	770777	777614

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		770777	770777	777614
Form 53 - linked	44				
Form 53 - non-linked	45				
Form 54 - linked	46				
Form 54 - non-linked	47				
Total	48		770777	770777	777614

Long-term insurance business: Summary of mathematical reserves
Form 50

 Name of insurer **Aviva Life & Pensions UK Limited**

 Total business / subfund **With-Profits Sub-Fund 5**

 Financial year ended **31st December 2012**

 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	4466	2114	6580	8814
Form 53 - linked	14				
Form 53 - non-linked	15				
Form 54 - linked	16				
Form 54 - non-linked	17				
Total	18	4466	2114	6580	8814

Reinsurance - external

Form 51 - with-profits	21				
Form 51 - non-profit	22				
Form 52	23	4107	1900	6007	6719
Form 53 - linked	24				
Form 53 - non-linked	25				
Form 54 - linked	26				
Form 54 - non-linked	27				
Total	28	4107	1900	6007	6719

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	359	214	573	2095
Form 53 - linked	44				
Form 53 - non-linked	45				
Form 54 - linked	46				
Form 54 - non-linked	47				
Total	48	359	214	573	2095

Long-term insurance business: Summary of mathematical reserves
Form 50

 Name of insurer **Aviva Life & Pensions UK Limited**

 Total business / subfund **Non-Profit Sub-Fund 1**

 Financial year ended **31st December 2012**

 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	1782382	219536	2487	2004405	1819798
Form 52	13	420			420	808
Form 53 - linked	14	9050895	1312549	992	10364436	10876237
Form 53 - non-linked	15	72708	43881	200	116789	103940
Form 54 - linked	16	233136			233136	519932
Form 54 - non-linked	17	20821			20821	24678
Total	18	11160362	1575966	3679	12740007	13345393

Reinsurance - external

Form 51 - with-profits	21					
Form 51 - non-profit	22	1645120	149657	5621	1800398	1712067
Form 52	23					
Form 53 - linked	24	36896			36896	37922
Form 53 - non-linked	25	1773	74		1847	4170
Form 54 - linked	26	1752			1752	1424
Form 54 - non-linked	27	8			8	5
Total	28	1685549	149731	5621	1840901	1755588

Reinsurance - intra-group

Form 51 - with-profits	31					
Form 51 - non-profit	32	5115			5115	5584
Form 52	33					
Form 53 - linked	34					
Form 53 - non-linked	35					
Form 54 - linked	36					
Form 54 - non-linked	37	667			667	639
Total	38	5782			5782	6223

Net of reinsurance

Form 51 - with-profits	41					
Form 51 - non-profit	42	132147	69879	(3134)	198892	102147
Form 52	43	420			420	808
Form 53 - linked	44	9013999	1312549	992	10327540	10838315
Form 53 - non-linked	45	70935	43807	200	114942	99770
Form 54 - linked	46	231384			231384	518508
Form 54 - non-linked	47	20146			20146	24034
Total	48	9469031	1426235	(1942)	10893324	11583582

Long-term insurance business: Summary of mathematical reserves
Form 50

 Name of insurer **Aviva Life & Pensions UK Limited**

 Total business / subfund **Non-Profit Sub-Fund 2**

 Financial year ended **31st December 2012**

 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	330163	1250815	128968	1709946
Form 52	13		29888	825	30713
Form 53 - linked	14		29349277	414010	29763287
Form 53 - non-linked	15		231823	2557	234380
Form 54 - linked	16				
Form 54 - non-linked	17	60036		4981	65017
Total	18	390199	30861803	551341	31803343

Reinsurance - external

Form 51 - with-profits	21				
Form 51 - non-profit	22	42476	805683	12080	860239
Form 52	23				
Form 53 - linked	24		1529994		1529994
Form 53 - non-linked	25				
Form 54 - linked	26				
Form 54 - non-linked	27				
Total	28	42476	2335677	12080	2390233

Reinsurance - intra-group

Form 51 - with-profits	31				
Form 51 - non-profit	32			109044	109044
Form 52	33				
Form 53 - linked	34				
Form 53 - non-linked	35				
Form 54 - linked	36				
Form 54 - non-linked	37			4981	4981
Total	38			114025	114025

Net of reinsurance

Form 51 - with-profits	41				
Form 51 - non-profit	42	287687	445132	7844	740663
Form 52	43		29888	825	30713
Form 53 - linked	44		27819283	414010	28233293
Form 53 - non-linked	45		231823	2557	234380
Form 54 - linked	46				
Form 54 - non-linked	47	60036			60036
Total	48	347723	28526126	425236	29299085

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

Form 51
(Sheet 1)

Name of insurer **Aviva Life & Pensions UK Limited**

Total business / subfund **With-Profits Sub-Fund**

Financial year ended **31st December 2012**

Units **£000**

UK Life / Gross

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
100	Conventional whole life with-profits OB	19181	790091	9510	n/a	n/a	n/a	486981
120	Conventional endowment with-profits OB savings	19082	238816	6132	n/a	n/a	n/a	179028
125	Conventional endowment with-profits OB target cash	118582	1912548	55878	n/a	n/a	n/a	1667131
165	Conventional deferred annuity with-profits	4	1		n/a	n/a	n/a	11
210	Additional reserves with-profits OB				n/a	n/a	n/a	608151

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

Form 51
(Sheet 2)

Name of insurer **Aviva Life & Pensions UK Limited**

Total business / subfund **With-Profits Sub-Fund**

Financial year ended **31st December 2012**

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
155	Conventional pensions endowment with-profits	68247	2094753	3659	n/a	n/a	n/a	3232130
165	Conventional deferred annuity with-profits	5028	17315	476	n/a	n/a	n/a	250752
175	Group conventional deferred annuity with-profits	498	1814		n/a	n/a	n/a	26260
185	Group conventional pensions endowment with-profits	2165	126517	1499	n/a	n/a	n/a	94867
200	Annuity with-profits (CPA)	4184	16448	8	n/a	n/a	n/a	151725
210	Additional reserves with-profits OB				n/a	n/a	n/a	12312
305	Single premium non-profit WL/EA OB	2207	124160		n/a	n/a	n/a	123512
390	Deferred annuity non-profit	7297	26726		n/a	n/a	n/a	636893
400	Annuity non-profit (CPA)		13190		n/a	n/a	n/a	89123

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

Form 51
(Sheet 3)

Name of insurer **Aviva Life & Pensions UK Limited**

Total business / subfund **With-Profits Sub-Fund**

Financial year ended **31st December 2012**

Units **£000**

Overseas / Gross

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
100	Conventional whole life with-profits OB	100	13721	127	n/a	n/a	n/a	8492
120	Conventional endowment with-profits OB savings	264	5117	113	n/a	n/a	n/a	4224
125	Conventional endowment with-profits OB target cash	914	20849	602	n/a	n/a	n/a	18057
155	Conventional pensions endowment with-profits	2360	60535	385	n/a	n/a	n/a	83501
165	Conventional deferred annuity with-profits	379	2356	208	n/a	n/a	n/a	34430
185	Group conventional pensions endowment with-profits	539	18195	502	n/a	n/a	n/a	10107
305	Single premium non-profit WL/EA OB	21	1205		n/a	n/a	n/a	1164
390	Deferred annuity non-profit	262	1792		n/a	n/a	n/a	21555
395	Annuity non-profit (PLA)		323		n/a	n/a	n/a	2202

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

Form 51
(Sheet 4)

Name of insurer **Aviva Life & Pensions UK Limited**

Total business / subfund **Provident Mutual Sub-Fund**

Financial year ended **31st December 2012**

Units **£000**

UK Life / Gross

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
100	Conventional whole life with-profits OB	2007	6620	36	n/a	n/a	n/a	5271
120	Conventional endowment with-profits OB savings	2319	5114	88	n/a	n/a	n/a	4684
125	Conventional endowment with-profits OB target cash	3095	23381	705	n/a	n/a	n/a	21656
165	Conventional deferred annuity with-profits	261	49		n/a	n/a	n/a	1126
195	Annuity with-profits (PLA)	157	627		n/a	n/a	n/a	7718
205	Miscellaneous conventional with-profits	25284	66443	1260	n/a	n/a	n/a	7746
210	Additional reserves with-profits OB				n/a	n/a	n/a	2807
300	Regular premium non-profit WL/EA OB	2105	4830	49	n/a	n/a	n/a	3050
365	Income protection non-profit (reviewable premiums)	899	6568	131	n/a	n/a	n/a	259
385	Income protection claims in payment	43	389		n/a	n/a	n/a	2923
390	Deferred annuity non-profit	436	63		n/a	n/a	n/a	337
395	Annuity non-profit (PLA)	636	633		n/a	n/a	n/a	7984
410	Group Life	587	458	16	n/a	n/a	n/a	207
420	Group income protection	111	1175	21	n/a	n/a	n/a	91
425	Group income protection claims in payment	53	499		n/a	n/a	n/a	2982
435	Miscellaneous non-profit	1170	75518	171	n/a	n/a	n/a	852

Long-term insurance business : Valuation summary of non-linked contracts (other than accumulating with-profit contracts)**Form 51**
(Sheet 5)Name of insurer **Aviva Life & Pensions UK Limited**Total business / subfund **Provident Mutual Sub-Fund**Financial year ended **31st December 2012**Units **£000****UK Life / Reinsurance ceded external**

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
420	Group income protection		100		n/a	n/a	n/a	

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

Form 51
(Sheet 6)

Name of insurer **Aviva Life & Pensions UK Limited**

Total business / subfund **Provident Mutual Sub-Fund**

Financial year ended **31st December 2012**

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
165	Conventional deferred annuity with-profits	458	303		n/a	n/a	n/a	11241
200	Annuity with-profits (CPA)	10134	50271		n/a	n/a	n/a	451409
390	Deferred annuity non-profit	88431	17197		n/a	n/a	n/a	173935
410	Group Life	23	2450	19	n/a	n/a	n/a	334
435	Miscellaneous non-profit	779	42868	139	n/a	n/a	n/a	617
440	Additional reserves non-profit OB				n/a	n/a	n/a	70

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

Form 51
(Sheet 7)

Name of insurer **Aviva Life & Pensions UK Limited**

Total business / subfund **Belgian Sub-Fund**

Financial year ended **31st December 2012**

Units **£000**

Overseas / Gross

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
100	Conventional whole life with-profits OB	66537	231980	14168	n/a	n/a	n/a	71604
120	Conventional endowment with-profits OB savings	1711	10135	93	n/a	n/a	n/a	6573
175	Group conventional deferred annuity with-profits	165	8330	282	n/a	n/a	n/a	3143
195	Annuity with-profits (PLA)	15	22		n/a	n/a	n/a	264
210	Additional reserves with-profits OB				n/a	n/a	n/a	4829
300	Regular premium non-profit WL/EA OB		236914	495	n/a	n/a	n/a	223
325	Level term assurance	86013	3428209	8126	n/a	n/a	n/a	36383
435	Miscellaneous non-profit			141	n/a	n/a	n/a	

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

Form 51
(Sheet 8)

Name of insurer **Aviva Life & Pensions UK Limited**

Total business / subfund **Belgian Sub-Fund**

Financial year ended **31st December 2012**

Units **£000**

Overseas / Reinsurance ceded external

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
100	Conventional whole life with-profits OB		231980	14168	n/a	n/a	n/a	71604
120	Conventional endowment with-profits OB savings		10135	93	n/a	n/a	n/a	6573
175	Group conventional deferred annuity with-profits		8330	282	n/a	n/a	n/a	3143
195	Annuity with-profits (PLA)		22		n/a	n/a	n/a	264
210	Additional reserves with-profits OB				n/a	n/a	n/a	4829
300	Regular premium non-profit WL/EA OB		236914	495	n/a	n/a	n/a	223
325	Level term assurance		3428209	8126	n/a	n/a	n/a	36383
435	Miscellaneous non-profit			141	n/a	n/a	n/a	

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

Form 51
(Sheet 9)

Name of insurer **Aviva Life & Pensions UK Limited**

Total business / subfund **New With-Profits Sub-Fund**

Financial year ended **31st December 2012**

Units **£000**

UK Life / Gross

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
100	Conventional whole life with-profits OB	27180	755631	16614	n/a	n/a	n/a	309082
120	Conventional endowment with-profits OB savings	9469	166869	4206	n/a	n/a	n/a	123947
125	Conventional endowment with-profits OB target cash	128752	2426574	80409	n/a	n/a	n/a	1802977
175	Group conventional deferred annuity with-profits	11	2153	26	n/a	n/a	n/a	2462
205	Miscellaneous conventional with-profits	104	6709	64	n/a	n/a	n/a	4422
210	Additional reserves with-profits OB				n/a	n/a	n/a	451205
300	Regular premium non-profit WL/EA OB	28331	117625	1303	n/a	n/a	n/a	101148
305	Single premium non-profit WL/EA OB	365	930		n/a	n/a	n/a	1725
325	Level term assurance	42507	3511162	9907	n/a	n/a	n/a	14369
330	Decreasing term assurance	26186	3106269	17825	n/a	n/a	n/a	86848
340	Accelerated critical illness (guaranteed premiums)	41010	1741491	7771	n/a	n/a	n/a	53263
360	Income protection non-profit (guaranteed premiums)	2504	51608	327	n/a	n/a	n/a	(11)
390	Deferred annuity non-profit	10651	10110	29	n/a	n/a	n/a	27146
395	Annuity non-profit (PLA)	1025	977		n/a	n/a	n/a	9595
400	Annuity non-profit (CPA)	6108	11323		n/a	n/a	n/a	174643
410	Group Life	142	1033		n/a	n/a	n/a	27
415	Collective Life	941	32717	114	n/a	n/a	n/a	114
435	Miscellaneous non-profit	3227	448049	1375	n/a	n/a	n/a	23892
440	Additional reserves non-profit OB				n/a	n/a	n/a	8090

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

Form 51
(Sheet 10)

Name of insurer **Aviva Life & Pensions UK Limited**

Total business / subfund **New With-Profits Sub-Fund**

Financial year ended **31st December 2012**

Units **£000**

UK Life / Reinsurance ceded external

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
325	Level term assurance		2311130	5990	n/a	n/a	n/a	8587
330	Decreasing term assurance		733063	7102	n/a	n/a	n/a	55972
340	Accelerated critical illness (guaranteed premiums)		800082	3910	n/a	n/a	n/a	25502
395	Annuity non-profit (PLA)		(86)		n/a	n/a	n/a	(295)
400	Annuity non-profit (CPA)		5		n/a	n/a	n/a	21
435	Miscellaneous non-profit		(1287)	(13)	n/a	n/a	n/a	(55)

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

Form 51
(Sheet 11)

Name of insurer **Aviva Life & Pensions UK Limited**

Total business / subfund **New With-Profits Sub-Fund**

Financial year ended **31st December 2012**

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
155	Conventional pensions endowment with-profits	6060	224316	788	n/a	n/a	n/a	275108
175	Group conventional deferred annuity with-profits	1284	4069	19	n/a	n/a	n/a	57591
185	Group conventional pensions endowment with-profits	425	24402	128	n/a	n/a	n/a	30889
200	Annuity with-profits (CPA)	688	2643		n/a	n/a	n/a	14852
205	Miscellaneous conventional with-profits	1215	15420	28	n/a	n/a	n/a	(502)
210	Additional reserves with-profits OB				n/a	n/a	n/a	40724
300	Regular premium non-profit WL/EA OB	2600	4968		n/a	n/a	n/a	20024
325	Level term assurance	4061	271986	891	n/a	n/a	n/a	1670
330	Decreasing term assurance	739	4040	10	n/a	n/a	n/a	48
390	Deferred annuity non-profit	24673	33134	2	n/a	n/a	n/a	656640
400	Annuity non-profit (CPA)	74174	135449		n/a	n/a	n/a	1759544
410	Group Life	326	167633	831	n/a	n/a	n/a	732
435	Miscellaneous non-profit	7213	88957	148	n/a	n/a	n/a	669

Long-term insurance business : Valuation summary of non-linked contracts (other than accumulating with-profit contracts)**Form 51**
(Sheet 12)Name of insurer **Aviva Life & Pensions UK Limited**Total business / subfund **New With-Profits Sub-Fund**Financial year ended **31st December 2012**Units **£000****UK Pension / Reinsurance ceded external**

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
325	Level term assurance		186358	638	n/a	n/a	n/a	933
400	Annuity non-profit (CPA)		6		n/a	n/a	n/a	19

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

Form 51
(Sheet 13)

Name of insurer **Aviva Life & Pensions UK Limited**

Total business / subfund **New With-Profits Sub-Fund**

Financial year ended **31st December 2012**

Units **£000**

Overseas / Gross

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
100	Conventional whole life with-profits OB	84	2962	117	n/a	n/a	n/a	1104
120	Conventional endowment with-profits OB savings	64	1542	50	n/a	n/a	n/a	1107
125	Conventional endowment with-profits OB target cash	419	15254	497	n/a	n/a	n/a	10909
175	Group conventional deferred annuity with-profits	46	349	52	n/a	n/a	n/a	4507
205	Miscellaneous conventional with-profits	12	10	1	n/a	n/a	n/a	2
300	Regular premium non-profit WL/EA OB	34	152	1	n/a	n/a	n/a	127
325	Level term assurance	490	72422	243	n/a	n/a	n/a	222
330	Decreasing term assurance	559	46378	187	n/a	n/a	n/a	159
340	Accelerated critical illness (guaranteed premiums)	549	34514	182	n/a	n/a	n/a	575
360	Income protection non-profit (guaranteed premiums)	4	125	1	n/a	n/a	n/a	
390	Deferred annuity non-profit	1	1		n/a	n/a	n/a	26
400	Annuity non-profit (CPA)	228	1286		n/a	n/a	n/a	17724
435	Miscellaneous non-profit	48	4320	10	n/a	n/a	n/a	141

Long-term insurance business : Valuation summary of non-linked contracts (other than accumulating with-profit contracts)**Form 51**
(Sheet 14)Name of insurer **Aviva Life & Pensions UK Limited**Total business / subfund **New With-Profits Sub-Fund**Financial year ended **31st December 2012**Units **£000****Overseas / Reinsurance ceded external**

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
325	Level term assurance		41521	95	n/a	n/a	n/a	117
330	Decreasing term assurance		12899	55	n/a	n/a	n/a	77
340	Accelerated critical illness (guaranteed premiums)		16273	77	n/a	n/a	n/a	445

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

Form 51
(Sheet 15)

Name of insurer **Aviva Life & Pensions UK Limited**

Total business / subfund **Old With-Profits Sub-Fund**

Financial year ended **31st December 2012**

Units **£000**

UK Life / Gross

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
100	Conventional whole life with-profits OB	3885	104057	1875	n/a	n/a	n/a	35353
120	Conventional endowment with-profits OB savings	1993	34608	968	n/a	n/a	n/a	23691
125	Conventional endowment with-profits OB target cash	26444	478418	16395	n/a	n/a	n/a	319295
175	Group conventional deferred annuity with-profits	11	294	4	n/a	n/a	n/a	436
205	Miscellaneous conventional with-profits	31	1083	8	n/a	n/a	n/a	735
210	Additional reserves with-profits OB				n/a	n/a	n/a	95827
300	Regular premium non-profit WL/EA OB	3863	15661	174	n/a	n/a	n/a	13469
305	Single premium non-profit WL/EA OB	49	124		n/a	n/a	n/a	230
325	Level term assurance	6004	473960	1326	n/a	n/a	n/a	1928
330	Decreasing term assurance	3575	575344	2561	n/a	n/a	n/a	12830
340	Accelerated critical illness (guaranteed premiums)	7367	347614	1326	n/a	n/a	n/a	12568
360	Income protection non-profit (guaranteed premiums)	349	6876	44	n/a	n/a	n/a	(1)
390	Deferred annuity non-profit	1450	1352	4	n/a	n/a	n/a	3737
395	Annuity non-profit (PLA)	137	130		n/a	n/a	n/a	1278
400	Annuity non-profit (CPA)	834	1508		n/a	n/a	n/a	23253
410	Group Life	38	61		n/a	n/a	n/a	7
415	Collective Life	125	4356	15	n/a	n/a	n/a	15
435	Miscellaneous non-profit	428	58773	178	n/a	n/a	n/a	3193
445	Additional reserves non-profit IB				n/a	n/a	n/a	1077

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

Form 51
(Sheet 16)

Name of insurer **Aviva Life & Pensions UK Limited**

Total business / subfund **Old With-Profits Sub-Fund**

Financial year ended **31st December 2012**

Units **£000**

UK Life / Reinsurance ceded external

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
325	Level term assurance		307791	798	n/a	n/a	n/a	1144
330	Decreasing term assurance		108473	794	n/a	n/a	n/a	6974
340	Accelerated critical illness (guaranteed premiums)		106526	521	n/a	n/a	n/a	3395
395	Annuity non-profit (PLA)		(11)		n/a	n/a	n/a	(39)
400	Annuity non-profit (CPA)		1		n/a	n/a	n/a	3
435	Miscellaneous non-profit		(171)	(2)	n/a	n/a	n/a	(7)

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

Form 51
(Sheet 17)

Name of insurer **Aviva Life & Pensions UK Limited**

Total business / subfund **Old With-Profits Sub-Fund**

Financial year ended **31st December 2012**

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
155	Conventional pensions endowment with-profits	1824	46913	150	n/a	n/a	n/a	57061
175	Group conventional deferred annuity with-profits	964	1211	1	n/a	n/a	n/a	16580
185	Group conventional pensions endowment with-profits	461	14335	63	n/a	n/a	n/a	17627
200	Annuity with-profits (CPA)	42	119		n/a	n/a	n/a	640
205	Miscellaneous conventional with-profits	247	2816	6	n/a	n/a	n/a	49
210	Additional reserves with-profits OB				n/a	n/a	n/a	5537
300	Regular premium non-profit WL/EA OB	355	661		n/a	n/a	n/a	2666
325	Level term assurance	554	36213	119	n/a	n/a	n/a	222
330	Decreasing term assurance	98	538	1	n/a	n/a	n/a	6
390	Deferred annuity non-profit	4417	4685		n/a	n/a	n/a	76636
400	Annuity non-profit (CPA)	10086	18034		n/a	n/a	n/a	234273
410	Group Life	84	22627	111	n/a	n/a	n/a	100
435	Miscellaneous non-profit	967	14077	20	n/a	n/a	n/a	88

Long-term insurance business : Valuation summary of non-linked contracts (other than accumulating with-profit contracts)**Form 51**
(Sheet 18)Name of insurer **Aviva Life & Pensions UK Limited**Total business / subfund **Old With-Profits Sub-Fund**Financial year ended **31st December 2012**Units **£000****UK Pension / Reinsurance ceded external**

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
325	Level term assurance		24813	85	n/a	n/a	n/a	124
400	Annuity non-profit (CPA)		1		n/a	n/a	n/a	2

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

Form 51
(Sheet 19)

Name of insurer **Aviva Life & Pensions UK Limited**

Total business / subfund **Old With-Profits Sub-Fund**

Financial year ended **31st December 2012**

Units **£000**

Overseas / Gross

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
100	Conventional whole life with-profits OB	16	128	4	n/a	n/a	n/a	61
120	Conventional endowment with-profits OB savings	19	592	24	n/a	n/a	n/a	311
125	Conventional endowment with-profits OB target cash	102	3056	102	n/a	n/a	n/a	2054
175	Group conventional deferred annuity with-profits	16	69	5	n/a	n/a	n/a	941
205	Miscellaneous conventional with-profits	2	1		n/a	n/a	n/a	
300	Regular premium non-profit WL/EA OB	5	20		n/a	n/a	n/a	17
325	Level term assurance	67	9643	32	n/a	n/a	n/a	30
330	Decreasing term assurance	75	6619	27	n/a	n/a	n/a	53
340	Accelerated critical illness (guaranteed premiums)	75	5145	27	n/a	n/a	n/a	94
360	Income protection non-profit (guaranteed premiums)		17		n/a	n/a	n/a	
390	Deferred annuity non-profit				n/a	n/a	n/a	3
400	Annuity non-profit (CPA)	31	171		n/a	n/a	n/a	2360
410	Group Life	10	78		n/a	n/a	n/a	
435	Miscellaneous non-profit	6	514	1	n/a	n/a	n/a	18

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

Form 51
(Sheet 20)

Name of insurer **Aviva Life & Pensions UK Limited**

Total business / subfund **Old With-Profits Sub-Fund**

Financial year ended **31st December 2012**

Units **£000**

Overseas / Reinsurance ceded external

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
325	Level term assurance		5528	13	n/a	n/a	n/a	16
330	Decreasing term assurance		1709	8	n/a	n/a	n/a	33
340	Accelerated critical illness (guaranteed premiums)		2167	10	n/a	n/a	n/a	59

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

Form 51
(Sheet 21)

Name of insurer **Aviva Life & Pensions UK Limited**

Total business / subfund **Non-Profit Sub-Fund 1**

Financial year ended **31st December 2012**

Units **£000**

UK Life / Gross

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
300	Regular premium non-profit WL/EA OB	258103	964925	50028	n/a	n/a	n/a	230691
305	Single premium non-profit WL/EA OB	2050	30285		n/a	n/a	n/a	33752
325	Level term assurance	1112852	168470387	341691	n/a	n/a	n/a	690247
330	Decreasing term assurance	453720	46380806	114131	n/a	n/a	n/a	(3703)
340	Accelerated critical illness (guaranteed premiums)	504246	34952606	199170	n/a	n/a	n/a	361271
345	Accelerated critical illness (reviewable premiums)	162002	13438221	83692	n/a	n/a	n/a	22084
350	Stand-alone critical illness (guaranteed premiums)	2915	187940	1017	n/a	n/a	n/a	4029
355	Stand-alone critical illness (reviewable premiums)	905	34843	256	n/a	n/a	n/a	410
360	Income protection non-profit (guaranteed premiums)	1886	80769	464	n/a	n/a	n/a	899
390	Deferred annuity non-profit	744	1177	529	n/a	n/a	n/a	22945
395	Annuity non-profit (PLA)	2039	1706	1	n/a	n/a	n/a	52132
400	Annuity non-profit (CPA)	545	202		n/a	n/a	n/a	2058
410	Group Life	50073	9085350	11090	n/a	n/a	n/a	5206
415	Collective Life		1565096		n/a	n/a	n/a	21675
435	Miscellaneous non-profit	266	59821	27	n/a	n/a	n/a	42551
440	Additional reserves non-profit OB		2496310	268	n/a	n/a	n/a	296135

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

Form 51
(Sheet 22)

Name of insurer **Aviva Life & Pensions UK Limited**

Total business / subfund **Non-Profit Sub-Fund 1**

Financial year ended **31st December 2012**

Units **£000**

UK Life / Reinsurance ceded external

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
300	Regular premium non-profit WL/EA OB		427145	6946	n/a	n/a	n/a	148268
325	Level term assurance		158555555	231898	n/a	n/a	n/a	853892
330	Decreasing term assurance		41846132	70278	n/a	n/a	n/a	69024
340	Accelerated critical illness (guaranteed premiums)		28787301	117418	n/a	n/a	n/a	374776
345	Accelerated critical illness (reviewable premiums)		10349900	54925	n/a	n/a	n/a	67062
350	Stand-alone critical illness (guaranteed premiums)		137861	737	n/a	n/a	n/a	3440
355	Stand-alone critical illness (reviewable premiums)		24790	180	n/a	n/a	n/a	255
360	Income protection non-profit (guaranteed premiums)		4934	158	n/a	n/a	n/a	846
395	Annuity non-profit (PLA)				n/a	n/a	n/a	161
410	Group Life				n/a	n/a	n/a	10086
415	Collective Life		166807		n/a	n/a	n/a	19665
435	Miscellaneous non-profit		844		n/a	n/a	n/a	6415
440	Additional reserves non-profit OB			4141	n/a	n/a	n/a	91230

Long-term insurance business : Valuation summary of non-linked contracts (other than accumulating with-profit contracts)**Form 51**
(Sheet 23)Name of insurer **Aviva Life & Pensions UK Limited**Total business / subfund **Non-Profit Sub-Fund 1**Financial year ended **31st December 2012**Units **£000****UK Life / Reinsurance ceded intra-group**

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
395	Annuity non-profit (PLA)		354		n/a	n/a	n/a	3057
400	Annuity non-profit (CPA)		202		n/a	n/a	n/a	2058

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

Form 51
(Sheet 24)

Name of insurer **Aviva Life & Pensions UK Limited**

Total business / subfund **Non-Profit Sub-Fund 1**

Financial year ended **31st December 2012**

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
325	Level term assurance	2399	422111	2695	n/a	n/a	n/a	891
330	Decreasing term assurance	728	91148	310	n/a	n/a	n/a	(213)
390	Deferred annuity non-profit		53512		n/a	n/a	n/a	46773
395	Annuity non-profit (PLA)		17430		n/a	n/a	n/a	14437
400	Annuity non-profit (CPA)	12920	7857		n/a	n/a	n/a	147970
440	Additional reserves non-profit OB				n/a	n/a	n/a	9678

Long-term insurance business : Valuation summary of non-linked contracts (other than accumulating with-profit contracts)**Form 51**
(Sheet 25)Name of insurer **Aviva Life & Pensions UK Limited**Total business / subfund **Non-Profit Sub-Fund 1**Financial year ended **31st December 2012**Units **£000****UK Pension / Reinsurance ceded external**

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
325	Level term assurance		343483	844	n/a	n/a	n/a	1569
330	Decreasing term assurance		71595	244	n/a	n/a	n/a	118
400	Annuity non-profit (CPA)		7857		n/a	n/a	n/a	147970

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

Form 51
(Sheet 26)

Name of insurer **Aviva Life & Pensions UK Limited**

Total business / subfund **Non-Profit Sub-Fund 1**

Financial year ended **31st December 2012**

Units **£000**

Overseas / Gross

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
325	Level term assurance	1372	468643	1104	n/a	n/a	n/a	1742
330	Decreasing term assurance	1433	340060	617	n/a	n/a	n/a	289
340	Accelerated critical illness (guaranteed premiums)	2229	167867	957	n/a	n/a	n/a	450
345	Accelerated critical illness (reviewable premiums)	236	20697	100	n/a	n/a	n/a	3
440	Additional reserves non-profit OB			2	n/a	n/a	n/a	3

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

Form 51
(Sheet 27)

Name of insurer **Aviva Life & Pensions UK Limited**

Total business / subfund **Non-Profit Sub-Fund 1**

Financial year ended **31st December 2012**

Units **£000**

Overseas / Reinsurance ceded external

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
325	Level term assurance		467181	425	n/a	n/a	n/a	2930
330	Decreasing term assurance		338081	188	n/a	n/a	n/a	879
340	Accelerated critical illness (guaranteed premiums)		150591	422	n/a	n/a	n/a	1717
345	Accelerated critical illness (reviewable premiums)		16180	28	n/a	n/a	n/a	93
440	Additional reserves non-profit OB			2	n/a	n/a	n/a	2

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

Form 51
(Sheet 28)

Name of insurer **Aviva Life & Pensions UK Limited**

Total business / subfund **Non-Profit Sub-Fund 2**

Financial year ended **31st December 2012**

Units **£000**

UK Life / Gross

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
350	Stand-alone critical illness (guaranteed premiums)	9115	687750	3356	n/a	n/a	n/a	25552
355	Stand-alone critical illness (reviewable premiums)	1203	95631	492	n/a	n/a	n/a	1883
360	Income protection non-profit (guaranteed premiums)	24639	416287	11432	n/a	n/a	n/a	(7156)
365	Income protection non-profit (reviewable premiums)	78228	966378	26227	n/a	n/a	n/a	(18673)
370	Long-term care policy	7187	39414	4765	n/a	n/a	n/a	100306
385	Income protection claims in payment				n/a	n/a	n/a	32231
415	Collective Life	16608	337782		n/a	n/a	n/a	16080
420	Group income protection	191566	6621164	49990	n/a	n/a	n/a	37300
425	Group income protection claims in payment				n/a	n/a	n/a	100473
435	Miscellaneous non-profit	448	3481	530	n/a	n/a	n/a	
440	Additional reserves non-profit OB				n/a	n/a	n/a	42167

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

Form 51
(Sheet 29)

Name of insurer **Aviva Life & Pensions UK Limited**

Total business / subfund **Non-Profit Sub-Fund 2**

Financial year ended **31st December 2012**

Units **£000**

UK Life / Reinsurance ceded external

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
350	Stand-alone critical illness (guaranteed premiums)		423201	2051	n/a	n/a	n/a	16056
355	Stand-alone critical illness (reviewable premiums)		70507	311	n/a	n/a	n/a	1567
360	Income protection non-profit (guaranteed premiums)		118528	1728	n/a	n/a	n/a	1989
365	Income protection non-profit (reviewable premiums)		251705	4446	n/a	n/a	n/a	(2367)
385	Income protection claims in payment				n/a	n/a	n/a	14497
415	Collective Life				n/a	n/a	n/a	784
420	Group income protection		23040	444	n/a	n/a	n/a	101
425	Group income protection claims in payment				n/a	n/a	n/a	9849

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

Form 51
(Sheet 30)

Name of insurer **Aviva Life & Pensions UK Limited**

Total business / subfund **Non-Profit Sub-Fund 2**

Financial year ended **31st December 2012**

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
300	Regular premium non-profit WL/EA OB	19	5		n/a	n/a	n/a	6
325	Level term assurance	26421	4134689	7495	n/a	n/a	n/a	14919
330	Decreasing term assurance	705	97938	238	n/a	n/a	n/a	(270)
390	Deferred annuity non-profit	22173	53809	8	n/a	n/a	n/a	822933
400	Annuity non-profit (CPA)	6950	19402		n/a	n/a	n/a	261786
410	Group Life	282	118352627	128826	n/a	n/a	n/a	60260
411	Group death in service dependants' annuities		912487	28147	n/a	n/a	n/a	13464
435	Miscellaneous non-profit	6592	5394	23	n/a	n/a	n/a	11399
440	Additional reserves non-profit OB				n/a	n/a	n/a	66318

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

Form 51
(Sheet 31)

Name of insurer **Aviva Life & Pensions UK Limited**

Total business / subfund **Non-Profit Sub-Fund 2**

Financial year ended **31st December 2012**

Units **£000**

UK Pension / Reinsurance ceded external

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
325	Level term assurance		3515063	6223	n/a	n/a	n/a	14187
330	Decreasing term assurance		86545	148	n/a	n/a	n/a	13
390	Deferred annuity non-profit		50745		n/a	n/a	n/a	790144
410	Group Life		6633744	4388	n/a	n/a	n/a	1339

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

Form 51
(Sheet 32)

Name of insurer **Aviva Life & Pensions UK Limited**

Total business / subfund **Non-Profit Sub-Fund 2**

Financial year ended **31st December 2012**

Units **£000**

Overseas / Gross

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
300	Regular premium non-profit WL/EA OB	29	152	2	n/a	n/a	n/a	119
325	Level term assurance	5739	1297691	2892	n/a	n/a	n/a	8057
330	Decreasing term assurance	6319	866222	2117	n/a	n/a	n/a	856
340	Accelerated critical illness (guaranteed premiums)	5331	546767	3206	n/a	n/a	n/a	5637
345	Accelerated critical illness (reviewable premiums)	421	60593	328	n/a	n/a	n/a	435
390	Deferred annuity non-profit	42	190		n/a	n/a	n/a	2810
400	Annuity non-profit (CPA)	3430	7188		n/a	n/a	n/a	109044
410	Group Life	4873	1957435	2364	n/a	n/a	n/a	1168
411	Group death in service dependants' annuities		26836	765	n/a	n/a	n/a	308
435	Miscellaneous non-profit	8	8883		n/a	n/a	n/a	476
440	Additional reserves non-profit OB			10	n/a	n/a	n/a	58

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

Form 51
(Sheet 33)

Name of insurer **Aviva Life & Pensions UK Limited**

Total business / subfund **Non-Profit Sub-Fund 2**

Financial year ended **31st December 2012**

Units **£000**

Overseas / Reinsurance ceded external

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
325	Level term assurance		1163316	2479	n/a	n/a	n/a	6486
330	Decreasing term assurance		756752	1520	n/a	n/a	n/a	1060
340	Accelerated critical illness (guaranteed premiums)		435280	2179	n/a	n/a	n/a	4308
345	Accelerated critical illness (reviewable premiums)		44573	217	n/a	n/a	n/a	215
440	Additional reserves non-profit OB			11	n/a	n/a	n/a	11

Long-term insurance business : Valuation summary of non-linked contracts (other than accumulating with-profit contracts)**Form 51**
(Sheet 34)Name of insurer **Aviva Life & Pensions UK Limited**Total business / subfund **Non-Profit Sub-Fund 2**Financial year ended **31st December 2012**Units **£000****Overseas / Reinsurance ceded intra-group**

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
400	Annuity non-profit (CPA)		7188		n/a	n/a	n/a	109044

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

**Form 52
(Sheet 1)**

Name of insurer **Aviva Life & Pensions UK Limited**

Total business / subfund **With-Profits Sub-Fund**

Financial year ended **31st December 2012**

Units **£000**

UK Life / Gross

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
500	Life UWP single premium	29018	876201		866483	891794		891794
505	Life UWP whole life regular premium	9754	32376	5150	32376	32895		32895
510	Life UWP endowment regular premium - savings	1155	15850	745	15850	15971		15971
515	Life UWP endowment regular premium – target cash	11052	164480	9192	164480	165372		165372

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

**Form 52
(Sheet 2)**

Name of insurer **Aviva Life & Pensions UK Limited**

Total business / subfund **With-Profits Sub-Fund**

Financial year ended **31st December 2012**

Units **£000**

UK Pension / Gross

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
525	Individual pensions UWP	225910	3899980	24547	3899901	4247850		4247850
535	Group money purchase pensions UWP	94398	814158	16489	814022	926388		926388
570	Income drawdown UWP	6	981		981	1025		1025
575	Miscellaneous UWP						48370	48370

Long-term insurance business: Valuation summary of accumulating with-profits contracts**Form 52
(Sheet 3)**Name of insurer **Aviva Life & Pensions UK Limited**Total business / subfund **With-Profits Sub-Fund**Financial year ended **31st December 2012**Units **£000****Overseas / Gross**

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
525	Individual pensions UWP	7771	152824	2638	152824	160745		160745
535	Group money purchase pensions UWP	3443	69467	3980	69467	73245		73245

Long-term insurance business: Valuation summary of accumulating with-profits contracts**Form 52
(Sheet 4)**Name of insurer **Aviva Life & Pensions UK Limited**Total business / subfund **Provident Mutual Sub-Fund**Financial year ended **31st December 2012**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
555	Group deposit administration with-profits		81228	4768	81229	81229	46967	128196
575	Miscellaneous UWP	36500	354601	2290	478189	427447	285707	713154

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

**Form 52
(Sheet 5)**

Name of insurer **Aviva Life & Pensions UK Limited**

Total business / subfund **New With-Profits Sub-Fund**

Financial year ended **31st December 2012**

Units **£000**

UK Life / Gross

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
500	Life UWP single premium	214350	8008531		7920958	8068751	15	8068766
505	Life UWP whole life regular premium	2245	9493	1740	9493	9558	(2)	9556
515	Life UWP endowment regular premium – target cash	3327	52023	3876	52023	51544	(11)	51533
575	Miscellaneous UWP	3885	520018		514870	500591		500591

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

**Form 52
(Sheet 6)**

Name of insurer **Aviva Life & Pensions UK Limited**

Total business / subfund **New With-Profits Sub-Fund**

Financial year ended **31st December 2012**

Units **£000**

UK Pension / Gross

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
525	Individual pensions UWP	44368	1260714	18594	1260714	1288865	39681	1328546
535	Group money purchase pensions UWP	22824	520630	26492	520630	525171	(7)	525164
571	Trustee investment plan UWP	382	36592		35435	36100		36100
575	Miscellaneous UWP	7333	177300	1944	455073	455073	92562	547635
610	Additional reserves UWP						11308	11308

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

**Form 52
(Sheet 7)**

Name of insurer **Aviva Life & Pensions UK Limited**

Total business / subfund **New With-Profits Sub-Fund**

Financial year ended **31st December 2012**

Units **£000**

Overseas / Gross

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
500	Life UWP single premium	2341	88651		87933	87558		87559
505	Life UWP whole life regular premium	75	1026	68	1016	1011		1011
510	Life UWP endowment regular premium - savings	167	4576	231	2602	2597		2597
525	Individual pensions UWP	1543	89339	2134	89339	91930	322	92252
571	Trustee investment plan UWP	18	1238		1238	1300		1300
575	Miscellaneous UWP	43	2421	61	5731	5731	633	6364

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

Form 52
(Sheet 8)

Name of insurer **Aviva Life & Pensions UK Limited**

Total business / subfund **Old With-Profits Sub-Fund**

Financial year ended **31st December 2012**

Units **£000**

UK Life / Gross

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
500	Life UWP single premium	26667	878553		878247	897707	(1)	897706
505	Life UWP whole life regular premium	536	2479	448	2479	2494	(1)	2493
515	Life UWP endowment regular premium – target cash	1114	19824	1409	19824	19655	(4)	19651
575	Miscellaneous UWP	731	78757		77977	76310		76310

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

**Form 52
(Sheet 9)**

Name of insurer **Aviva Life & Pensions UK Limited**

Total business / subfund **Old With-Profits Sub-Fund**

Financial year ended **31st December 2012**

Units **£000**

UK Pension / Gross

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
525	Individual pensions UWP	18306	303157	3919	303157	315612	5403	321015
535	Group money purchase pensions UWP	5686	111083	5028	111083	114290	(2)	114289
571	Trustee investment plan UWP	92	9716		9716	9840		9840
575	Miscellaneous UWP	2408	24923	185	50806	50806	6516	57322
610	Additional reserves UWP						1506	1506

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

Form 52
(Sheet 10)

Name of insurer **Aviva Life & Pensions UK Limited**

Total business / subfund **Old With-Profits Sub-Fund**

Financial year ended **31st December 2012**

Units **£000**

Overseas / Gross

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
500	Life UWP single premium	578	19631		19488	19416		19416
505	Life UWP whole life regular premium	19	253	17	250	249		249
510	Life UWP endowment regular premium - savings	77	2240	111	1211	1209		1209
525	Individual pensions UWP	672	26377	599	26377	27743	134	27877
571	Trustee investment plan UWP	1	34		34	34		34
575	Miscellaneous UWP	8	123	2	429	429	27	456

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

**Form 52
(Sheet 11)**

Name of insurer **Aviva Life & Pensions UK Limited**

Total business / subfund **Stakeholder With-Profits Sub-Fund**

Financial year ended **31st December 2012**

Units **£000**

UK Pension / Gross

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
525	Individual pensions UWP	53703	610096	25291	610096	609279		609279
535	Group money purchase pensions UWP	10427	162019	14467	161663	161498		161498

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

**Form 52
(Sheet 12)**

Name of insurer **Aviva Life & Pensions UK Limited**

Total business / subfund **With-Profits Sub-Fund 5**

Financial year ended **31st December 2012**

Units **£000**

UK Life / Gross

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
515	Life UWP endowment regular premium – target cash	403	7392	142	3621	3621	488	4109
610	Additional reserves UWP						357	357

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

**Form 52
(Sheet 13)**

Name of insurer **Aviva Life & Pensions UK Limited**

Total business / subfund **With-Profits Sub-Fund 5**

Financial year ended **31st December 2012**

Units **£000**

UK Life / Reinsurance ceded external

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
515	Life UWP endowment regular premium – target cash		7288	142	3621	3621	486	4107

Long-term insurance business: Valuation summary of accumulating with-profits contracts**Form 52
(Sheet 14)**Name of insurer **Aviva Life & Pensions UK Limited**Total business / subfund **With-Profits Sub-Fund 5**Financial year ended **31st December 2012**Units **£000****UK Pension / Gross**

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
525	Individual pensions UWP	140	1563	4	1563	1532	423	1955
610	Additional reserves UWP						159	159

Long-term insurance business: Valuation summary of accumulating with-profits contracts**Form 52
(Sheet 15)**Name of insurer **Aviva Life & Pensions UK Limited**Total business / subfund **With-Profits Sub-Fund 5**Financial year ended **31st December 2012**Units **£000****UK Pension / Reinsurance ceded external**

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
525	Individual pensions UWP		1563	4	1563	1532	368	1900

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

Form 52
(Sheet 16)

Name of insurer **Aviva Life & Pensions UK Limited**

Total business / subfund **Non-Profit Sub-Fund 1**

Financial year ended **31st December 2012**

Units **£000**

UK Life / Gross

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
500	Life UWP single premium		22477				109	109
505	Life UWP whole life regular premium		1214618	271			95	95
510	Life UWP endowment regular premium - savings		389	39			1	1
515	Life UWP endowment regular premium – target cash		466750	484			215	215

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

**Form 52
(Sheet 17)**

Name of insurer **Aviva Life & Pensions UK Limited**

Total business / subfund **Non-Profit Sub-Fund 1**

Financial year ended **31st December 2012**

Units **£000**

UK Life / Reinsurance ceded external

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
505	Life UWP whole life regular premium		120160	570				
515	Life UWP endowment regular premium – target cash		81355	194				

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

**Form 52
(Sheet 18)**

Name of insurer **Aviva Life & Pensions UK Limited**

Total business / subfund **Non-Profit Sub-Fund 2**

Financial year ended **31st December 2012**

Units **£000**

UK Pension / Gross

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
525	Individual pensions UWP		64169	1292			10135	10135
535	Group money purchase pensions UWP		26236	463			19748	19748
570	Income drawdown UWP		93				5	5
605	Miscellaneous protection rider		3978	155				

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

**Form 52
(Sheet 19)**

Name of insurer **Aviva Life & Pensions UK Limited**

Total business / subfund **Non-Profit Sub-Fund 2**

Financial year ended **31st December 2012**

Units **£000**

Overseas / Gross

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
525	Individual pensions UWP		7091	139			290	290
535	Group money purchase pensions UWP		638	10			535	535
605	Miscellaneous protection rider		436	10				

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

**Form 53
(Sheet 1)**

Name of insurer **Aviva Life & Pensions UK Limited**

Total business / subfund **New With-Profits Sub-Fund**

Financial year ended **31st December 2012**

Units **£000**

UK Life / Gross

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
700	Life property linked single premium	57559	216451				3280	3280
710	Life property linked whole life regular premium	2264	40413	296			89	89
715	Life property linked endowment regular premium - savings	389	2142	1	501	501	32	533
720	Life property linked endowment regular premium – target cash	3780	43556	128			164	164
795	Miscellaneous property linked		85077	213	(105)	(105)	9	(96)
800	Additional reserves property linked						16837	16837

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

**Form 53
(Sheet 2)**

Name of insurer **Aviva Life & Pensions UK Limited**

Total business / subfund **New With-Profits Sub-Fund**

Financial year ended **31st December 2012**

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	207027	72136	1356			39253	39253
735	Group money purchase pensions property linked	66530	20258	312	15059	15059	5440	20499
755	Trustee investment plan	73					49	49
795	Miscellaneous property linked		282	1	(4518)	(4518)		(4518)

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

**Form 53
(Sheet 3)**

Name of insurer **Aviva Life & Pensions UK Limited**

Total business / subfund **New With-Profits Sub-Fund**

Financial year ended **31st December 2012**

Units **£000**

Overseas / Gross

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
700	Life property linked single premium	1519	46257		45789	45789	40	45829
710	Life property linked whole life regular premium	75	509	34	504	504		504
715	Life property linked endowment regular premium - savings	262	3	6			2184	2184
725	Individual pensions property linked	1621		65			748	748

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

**Form 53
(Sheet 4)**

Name of insurer **Aviva Life & Pensions UK Limited**

Total business / subfund **Old With-Profits Sub-Fund**

Financial year ended **31st December 2012**

Units **£000**

UK Life / Gross

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
700	Life property linked single premium	5345	28819				437	437
710	Life property linked whole life regular premium	340	5381	39			12	12
715	Life property linked endowment regular premium - savings	53	285		67	67	4	71
720	Life property linked endowment regular premium – target cash	845	5799	17			22	22
795	Miscellaneous property linked		11328	28	(14)	(14)	1	(13)
800	Additional reserves property linked						2242	2242

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

**Form 53
(Sheet 5)**

Name of insurer **Aviva Life & Pensions UK Limited**

Total business / subfund **Old With-Profits Sub-Fund**

Financial year ended **31st December 2012**

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	21580	9604	181			5226	5226
735	Group money purchase pensions property linked	9021	2697	42	2005	2005	724	2729
755	Trustee investment plan	10					7	7
795	Miscellaneous property linked		37		(602)	(602)		(602)

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

**Form 53
(Sheet 6)**

Name of insurer **Aviva Life & Pensions UK Limited**

Total business / subfund **Old With-Profits Sub-Fund**

Financial year ended **31st December 2012**

Units **£000**

Overseas / Gross

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
700	Life property linked single premium	210	6159		6097	6097	5	6102
710	Life property linked whole life regular premium	10	68	5	67	67		67
715	Life property linked endowment regular premium - savings	38		1			291	291
725	Individual pensions property linked	425		9			100	100

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

**Form 53
(Sheet 7)**

Name of insurer **Aviva Life & Pensions UK Limited**

Total business / subfund **Non-Profit Sub-Fund 1**

Financial year ended **31st December 2012**

Units **£000**

UK Life / Gross

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
700	Life property linked single premium	228737	8209500		8259294	8300630	(52308)	8248322
710	Life property linked whole life regular premium	36390	2521914	17746	162079	161456	7656	169113
715	Life property linked endowment regular premium - savings	10086	442387	4525	99311	99311	192	99504
720	Life property linked endowment regular premium – target cash	28624	981239	20499	482933	473243	(546)	472697
780	Stand-alone critical illness rider	5256	367853	2212	7569	7569	11	7580
790	Miscellaneous protection rider		14595	111			126	126
795	Miscellaneous property linked	3628	26933	324	8686	8686	76159	84845
800	Additional reserves property linked						41418	41418

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

**Form 53
(Sheet 8)**

Name of insurer **Aviva Life & Pensions UK Limited**

Total business / subfund **Non-Profit Sub-Fund 1**

Financial year ended **31st December 2012**

Units **£000**

UK Life / Reinsurance ceded external

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
700	Life property linked single premium		37265		36896	36896		36896
710	Life property linked whole life regular premium		812095	2007			271	271
720	Life property linked endowment regular premium – target cash		140802	654			95	95
780	Stand-alone critical illness rider		218520	216			165	165
790	Miscellaneous protection rider		7532	68			90	90
795	Miscellaneous property linked						1152	1152

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

**Form 53
(Sheet 9)**

Name of insurer **Aviva Life & Pensions UK Limited**

Total business / subfund **Non-Profit Sub-Fund 1**

Financial year ended **31st December 2012**

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	91940	1415371	38331	1332674	1310449	8122	1318571
735	Group money purchase pensions property linked						35603	35603
755	Trustee investment plan	7	2100		2100	2100		2100
790	Miscellaneous protection rider		6578	111			156	156

Long-term insurance business: Valuation summary of property linked contracts**Form 53
(Sheet 10)**Name of insurer **Aviva Life & Pensions UK Limited**Total business / subfund **Non-Profit Sub-Fund 1**Financial year ended **31st December 2012**Units **£000****UK Pension / Reinsurance ceded external**

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
790	Miscellaneous protection rider		1732	25			74	74

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

**Form 53
(Sheet 11)**

Name of insurer **Aviva Life & Pensions UK Limited**

Total business / subfund **Non-Profit Sub-Fund 1**

Financial year ended **31st December 2012**

Units **£000**

Overseas / Gross

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
700	Life property linked single premium		736		736	736		736
715	Life property linked endowment regular premium - savings		256	10	256	256	(3)	254
725	Individual pensions property linked						203	203

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

**Form 53
(Sheet 12)**

Name of insurer **Aviva Life & Pensions UK Limited**

Total business / subfund **Non-Profit Sub-Fund 2**

Financial year ended **31st December 2012**

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	829044	16451132	450246	16095072	16084602	89114	16173716
735	Group money purchase pensions property linked	672709	12608980	1475730	12665708	12664696	128912	12793608
745	DWP National Insurance rebates property linked	4728	69190		69190	69190	28	69218
750	Income drawdown property linked	7754	287808		398038	398038	139	398176
755	Trustee investment plan	1582	133710		129919	132751	204	132954
790	Miscellaneous protection rider		7546	317			14	14
800	Additional reserves property linked						13412	13412

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

**Form 53
(Sheet 13)**

Name of insurer **Aviva Life & Pensions UK Limited**

Total business / subfund **Non-Profit Sub-Fund 2**

Financial year ended **31st December 2012**

Units **£000**

UK Pension / Reinsurance ceded external

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
725	Individual pensions property linked		13840		69027	69027		69027
735	Group money purchase pensions property linked		1460967		1460967	1460967		1460967
790	Miscellaneous protection rider		694	9				

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

**Form 53
(Sheet 14)**

Name of insurer **Aviva Life & Pensions UK Limited**

Total business / subfund **Non-Profit Sub-Fund 2**

Financial year ended **31st December 2012**

Units **£000**

Overseas / Gross

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
700	Life property linked single premium	258	4953		4953	4953		4953
715	Life property linked endowment regular premium - savings	480	7237	251	5231	5231	915	6145
725	Individual pensions property linked	16359	386014	27544	399483	399485	1631	401116
735	Group money purchase pensions property linked	93	3205	173	3205	3205	11	3216
755	Trustee investment plan	8	1136		1136	1136		1136
790	Miscellaneous protection rider		1514	31				

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

**Form 54
(Sheet 1)**

Name of insurer **Aviva Life & Pensions UK Limited**

Total business / subfund **New With-Profits Sub-Fund**

Financial year ended **31st December 2012**

Units **£000**

UK Pension / Gross

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
905	Index linked annuity (CPA)	322	72		481	481	61	542
910	Miscellaneous index linked				(12)	(12)	40	28

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

**Form 54
(Sheet 2)**

Name of insurer **Aviva Life & Pensions UK Limited**

Total business / subfund **Old With-Profits Sub-Fund**

Financial year ended **31st December 2012**

Units **£000**

UK Pension / Gross

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
905	Index linked annuity (CPA)	43	10		64	64	8	72
910	Miscellaneous index linked				(2)	(2)	6	4

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

**Form 54
(Sheet 3)**

Name of insurer **Aviva Life & Pensions UK Limited**

Total business / subfund **Non-Profit Sub-Fund 1**

Financial year ended **31st December 2012**

Units **£000**

UK Life / Gross

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
900	Life index linked single premium	10916	228290		231384	231384	664	232048
901	Index linked income protection claims in payment	2364	35814	989	1752	1752	8	1760
905	Index linked annuity (CPA)	16	475				20097	20097
915	Additional reserves index linked						52	52

Long-term insurance business: Valuation summary of index linked contracts**Form 54
(Sheet 4)**Name of insurer **Aviva Life & Pensions UK Limited**Total business / subfund **Non-Profit Sub-Fund 1**Financial year ended **31st December 2012**Units **£000****UK Life / Reinsurance ceded external**

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
901	Index linked income protection claims in payment		35814	989	1752	1752	8	1760

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

**Form 54
(Sheet 5)**

Name of insurer **Aviva Life & Pensions UK Limited**

Total business / subfund **Non-Profit Sub-Fund 1**

Financial year ended **31st December 2012**

Units **£000**

UK Life / Reinsurance ceded intra-group

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
905	Index linked annuity (CPA)		90				667	667

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

**Form 54
(Sheet 6)**

Name of insurer **Aviva Life & Pensions UK Limited**

Total business / subfund **Non-Profit Sub-Fund 2**

Financial year ended **31st December 2012**

Units **£000**

UK Life / Gross

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
901	Index linked income protection claims in payment						45014	45014
902	Group index linked income protection claims in payment						15022	15022

Long-term insurance business: Valuation summary of index linked contracts**Form 54
(Sheet 7)**Name of insurer **Aviva Life & Pensions UK Limited**Total business / subfund **Non-Profit Sub-Fund 2**Financial year ended **31st December 2012**Units **£000****Overseas / Gross**

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
905	Index linked annuity (CPA)	131	218				4981	4981

Long-term insurance business: Valuation summary of index linked contracts**Form 54
(Sheet 8)**Name of insurer **Aviva Life & Pensions UK Limited**Total business / subfund **Non-Profit Sub-Fund 2**Financial year ended **31st December 2012**Units **£000****Overseas / Reinsurance ceded intra-group**

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
905	Index linked annuity (CPA)		218				4981	4981

Long-term insurance business: Unit prices for internal linked funds
Form 55

 Name of insurer **Aviva Life & Pensions UK Limited**

Total business

 Financial year ended **31st December 2012**

 Units **£000**

Fund name	Type of fund	Net assets	Main series	Unit mgmt char	Price at previous valuation date	Price at current	Change in price during year
1	2	3	4	5	6	7	8
Aviva Pensions Mixed Investment (40-85% Shares)	12 - individual pension - balanced managed fund	13351616405	Aviva Pensions Mixed Investment (40-85% Shares) Accumulation S2	1.00	6.4556	7.1922	11.41
Aviva Pensions UK Equity	15 - individual pension - UK equity	1661181725	Aviva Pensions UK Equity Accumulation S2	1.00	7.1286	8.0750	13.28
Aviva Life Mixed Investment (40-85% Shares)	02 - life - balanced managed fund	1316199215	Aviva Life Mixed Investment (40-85% Shares) Accumulation S1	0.88	3.1356	3.4292	9.36
Aviva Pensions Mixed Investment (0-35% Shares)	13 - individual pension - defensive managed fund	1300058565	Aviva Pensions Mixed Investment (0-35% Shares) Accumulation S2	1.00	3.0299	3.2937	8.71
Aviva Pensions Property	17 - individual pension - property	1096795459	Aviva Pensions Property Accumulation S2	0.88	6.1625	6.2012	0.63
Aviva Pensions Growth Managed	14 - individual pension - other managed fund	841201899	Aviva Pension Growth Managed Accumulation A	0.75	2.8570	3.1614	10.65
Aviva Life Balanced Distribution	02 - life - balanced managed fund	789537281	Aviva Life Balanced Distribution Accumulation S4		1.1756	1.2511	6.42
Aviva Life Property	07 - life - property	695521751	Aviva Life Property Accumulation S4	0.88	3.1865	3.1719	(0.46)
Aviva Pensions European Equity	16 - individual pension - overseas equity	601405165	Aviva Pensions European Equity Accumulation S2	1.00	9.6042	11.3202	17.87
Aviva Pensions Global Equity	16 - individual pension - overseas equity	554463427	Aviva Pensions Global Equity Accumulation S2	1.00	5.5079	6.2818	14.05
Aviva Life Mixed Investment (0-35% Shares)	03 - life - defensive managed fund	378562142	Aviva Life Mixed Investment (0-35% Shares) Accumulation S4	0.88	2.6449	2.8436	7.51
Aviva Pensions Mixed Investment (20-60% Shares)	14 - individual pension - other managed fund	348852641	Aviva Pensions Mixed Investment (20-60% Shares) Accumulation	1.00	1.1483	1.2582	9.57
Aviva Life Mixed Investment (20-60% Shares)	04 - life - other managed fund	324585003	Aviva Life Mixed Investment (20-60% Shares) Accumulation S4		2.8499	3.0953	8.61
Aviva Pensions Sustainable Future Managed	14 - individual pension - other managed fund	283606175	Aviva Pensions Sustainable Future Managed Accumulation S2	1.00	1.3573	1.5477	14.03
Aviva Pensions Growth Managed	14 - individual pension - other managed fund	276853545	Aviva Pensions Growth Managed Accumulation	1.00	4.0728	4.5083	10.69
Aviva Pensions Pacific Equity	16 - individual pension - overseas equity	262241386	Aviva Pensions Pacific Equity Accumulation S2	1.00	3.9361	4.6091	17.10
Aviva Life Growth Managed	04 - life - other managed fund	241602171	Aviva Life Growth Managed Accumulation	1.00	3.2518	3.5621	9.54
Aviva Life Growth Managed	04 - life - other managed fund	234053226	Aviva Life Growth Managed Accumulation S1	0.64	2.2972	2.5141	9.44
Aviva Pensions US Equity	16 - individual pension - overseas equity	220982574	Aviva Pensions US Equity Accumulation S2	1.00	5.0701	5.6179	10.80
Aviva Pensions UK Ethical	15 - individual pension - UK equity	168655300	Aviva Pensions UK Ethical Accumulation S2	1.00	1.6374	1.9148	16.94
Aviva Life UK Equity	05 - life - UK equity	155993173	Aviva Life UK Equity Accumulation S4	0.88	3.6160	4.0641	12.39
Aviva Pensions Flexible Investment	14 - individual pension - other managed fund	109393967	Aviva Pensions Flexible Investment Accumulation A	0.75	2.8444	3.1394	10.37

Long-term insurance business: index linked business
Form 56

 Name of insurer **Aviva Life & Pensions UK Limited**

Total business

 Financial year ended **31st December 2012**

 Units **£000**

		Value of assets	Mean term
		1	2
Analysis of assets			
Approved variable interest securities	11		
Other variable interest securities	12	124299	1.54
Approved fixed interest securities	13		
Other fixed interest securities	14		
Cash and deposits	15	107616	
Equity index derivatives	16		
Inflation swaps	17		
Other assets	18		
Variation margin	19		
Total (11 to 19)	20	231915	
Credit rating of other fixed interest and other variable interest securities			
AAA/Aaa	31	44387	1.96
AA/Aa	32	65675	1.27
A/A	33	14237	1.51
BBB/Baa	34		
BB/Ba	35		
B/B	36		
CCC/Caa	37		
Other (including unrated)	38		
Total other fixed interest and other variable interest securities	39	124299	1.54

Long-term insurance business - analysis of valuation interest rate
Form 57
(Sheet 1)

Name of insurer **Aviva Life & Pensions UK Limited**

Total business / subfund **With-Profits Sub-Fund**

Financial year ended **31st December 2012**

Units **£000**

Product Group 1	Net mathematical reserves 2	Net valuation interest rate 3	Gross valuation interest rate 4	Risk adjusted yield on matching assets 5
UK Life WP Form 51	2925200	2.30	2.63	3.11
UK Pens WP Form 51 With Profit Annuity	153027		3.00	3.59
UK Pens WP Form 51 Other Pensions	3573883		2.70	3.11
UK Pens NP Form 51	839457		1.80	2.50
OS Life WP Form 51	30890	2.30	2.63	3.11
OS Pens WP Form 51	127640		2.70	3.11
OS NP Form 51	24379		1.80	2.50
Misc Form 51	77713			3.11
UK Life WP Form 52 (Other)	1121751	1.85	2.14	2.58
UK Pens WP Form 52	5356520		2.20	2.58
OS WP Form 52	239609		2.20	2.58
TOTAL	14470069	n/a	n/a	n/a

Long-term insurance business - analysis of valuation interest rate
**Form 57
(Sheet 2)**

 Name of insurer **Aviva Life & Pensions UK Limited**

 Total business / subfund **Provident Mutual Sub-Fund**

 Financial year ended **31st December 2012**

 Units **£000**

Product Group 1	Net mathematical reserves 2	Net valuation interest rate 3	Gross valuation interest rate 4	Risk adjusted yield on matching assets 5
UK Life WP Form 51 Assurances	42163	2.50	2.91	3.04
UK Life NP Form 51 Assurances	4108	2.20	2.75	2.90
UK Life WP Form 51 Annuities	7768		2.95	3.09
UK Life NP Form 51 Annuities	7984	3.15	3.94	4.07
UK Pens WP Form 51 With Profit Annuity	457510		2.95	3.09
UK Pens NP Form 51 Deferred Annuity	175224		2.60	2.71
UK Pens WP Form 51 Deferred Annuity	12368		2.75	3.04
UK Pens WP Form 52 Compact	28774		2.20	2.30
UK Pens WP Form 52 (DAF valued at 0%)	81228			2.09
UK Pens WP Form 52 (Other)	731348		2.75	3.04
Misc	6325			2.71
TOTAL	1554800	n/a	n/a	n/a

Long-term insurance business - analysis of valuation interest rate
**Form 57
(Sheet 3)**

 Name of insurer **Aviva Life & Pensions UK Limited**

 Total business / subfund **New With-Profits Sub-Fund**

 Financial year ended **31st December 2012**

 Units **£000**

Product Group 1	Net mathematical reserves 2	Net valuation interest rate 3	Gross valuation interest rate 4	Risk adjusted yield on matching assets 5
UK Life WP Form 51	2699113	3.45	3.81	4.00
OS Life WP Form 51	13156	3.45	3.81	4.00
UK Life NP Form 51	199371	0.90	1.13	1.51
OS Life NP Form 51	586	0.90	1.13	1.51
UK Life NP Form 51 Immediate Annuities	184601		2.60	2.87
OS Life NP Form 51 Immediate Annuities	17724		2.60	2.87
UK Pens WP Form 51	406355		3.50	4.00
OS Pens WP Form 51	4507		3.50	4.00
UK Pens WP Form 51 Immediate Annuities	15298		3.95	4.17
UK Pens NP Form 51	705996		1.20	1.51
OS Pens NP Form 51	26		1.20	1.51
UK Pens NP Form 51 Immediate Annuities	1759524		2.60	2.87
UK Life WP Form 52 (Other)	8293736	1.35	1.56	1.87
UK Life WP Form 52 Aviva International	518872		1.60	1.87
UK Pens WP Form 52	2110572		1.60	1.87
UK Pens WP Form 52 SEDA & GAO	389121		3.50	4.00
OS Pens WP Form 52 SEDA	6364		3.50	4.00
OS WP Form 52	187105		1.60	1.87
UK Life NP Form 53	22585	2.10	2.63	2.83
UK Pens NP Form 53	46072		2.50	2.83
Misc	37			1.51
TOTAL	17580721	n/a	n/a	n/a

Long-term insurance business - analysis of valuation interest rate
**Form 57
(Sheet 4)**

 Name of insurer **Aviva Life & Pensions UK Limited**

 Total business / subfund **Old With-Profits Sub-Fund**

 Financial year ended **31st December 2012**

 Units **£000**

Product Group 1	Net mathematical reserves 2	Net valuation interest rate 3	Gross valuation interest rate 4	Risk adjusted yield on matching assets 5
UK Life WP Form 51	474529	3.45	3.86	4.09
OS Life WP Form 51	2432	3.45	3.86	4.09
UK Life NP Form 51	33799	0.90	1.13	1.74
OS Life NP Form 51	103	0.90	1.13	1.74
UK Life NP Form 51 Immediate Annuities	24579		2.60	2.86
OS Life NP Form 51 Immediate Annuities	2360		2.60	2.86
UK Pens WP Form 51	97305		3.50	4.09
OS Pens WP Form 51	941		3.50	4.09
UK Pens WP Form 51 Immediate Annuities	660		3.95	4.17
UK Pens NP Form 51	83331		1.20	1.74
OS Pens NP Form 51	3		1.20	1.74
UK Pens NP Form 51 Immediate Annuities	234271		2.60	2.86
UK Life WP Form 52 (Other)	939883	1.35	1.56	2.13
UK Life WP Form 52 Aviva International	78899		1.60	2.13
UK Pens WP Form 52	463658		1.60	2.13
UK Pens WP Form 52 SEDA & GAO	50010		3.50	4.09
OS Pens WP Form 52 SEDA	456		3.50	4.09
OS WP Form 52	49257		1.60	2.13
UK Life NP Form 53	3007	2.10	2.63	2.91
UK Pens NP Form 53	6134		2.50	2.91
Misc	5			1.74
TOTAL	2545622	n/a	n/a	n/a

Long-term insurance business - analysis of valuation interest rate**Form 57
(Sheet 5)**Name of insurer **Aviva Life & Pensions UK Limited**Total business / subfund **Stakeholder With-Profits Sub-Fund**Financial year ended **31st December 2012**Units **£000**

Product Group 1	Net mathematical reserves 2	Net valuation interest rate 3	Gross valuation interest rate 4	Risk adjusted yield on matching assets 5
UK Pens WP Form 52 Stakeholder	793024		1.60	1.90
TOTAL	793024	n/a	n/a	n/a

Long-term insurance business - analysis of valuation interest rate**Form 57
(Sheet 6)**Name of insurer **Aviva Life & Pensions UK Limited**Total business / subfund **With-Profits Sub-Fund 5**Financial year ended **31st December 2012**Units **£000**

Product Group 1	Net mathematical reserves 2	Net valuation interest rate 3	Gross valuation interest rate 4	Risk adjusted yield on matching assets 5
UK L&GA NP Form 52 mortality and expense reserves	2	1.80	2.20	2.32
UK L&GA NP Form 52 additional reserves	357	1.80	2.20	2.32
UK Pens WP Form 52 mortality and expense reserves	55	2.20	2.20	2.32
UK Pens WP Form 52 additional reserves	159	2.20	2.20	2.32
TOTAL	573	n/a	n/a	n/a

Long-term insurance business - analysis of valuation interest rate
**Form 57
(Sheet 7)**

 Name of insurer **Aviva Life & Pensions UK Limited**

 Total business / subfund **Non-Profit Sub-Fund 1**

 Financial year ended **31st December 2012**

 Units **£000**

Product Group 1	Net mathematical reserves 2	Net valuation interest rate 3	Gross valuation interest rate 4	Risk adjusted yield on matching assets 5
FORM 51 - ADDITIONAL RESERVES - LIFE	209015			0.02
FORM 51 - ADDITIONAL RESERVES - LIFE	35086	1.80		1.80
FORM 51 - ADDITIONAL RESERVES - LIFE	5664		2.20	2.28
FORM 51 - ADDITIONAL RESERVES - PENS	9678		2.20	2.28
FORM 51 - ADDITIONAL RESERVES - PENS	14059		2.50	2.57
FORM 51 - ADDITIONAL RESERVES - PENS	238		2.60	2.67
FORM 51 - ADDITIONAL RESERVES - PHI	174		2.60	2.67
FORM 51 - CRITICAL ILLNESS	(5197)		2.20	2.28
FORM 51 - NP ASSURANCE OS LIFE	259	1.80		1.80
FORM 51 - NP ASSURANCE UK LIFE	(2871)			0.02
FORM 51 - NP ASSURANCE UK LIFE	(185033)	1.80		1.80
FORM 51 - NP ASSURANCE UK PENS	(347)		2.20	2.28
FORM 51 - NP DEFERRED ANNUITIES UK LIFE	565	1.80		1.80
FORM 51 - NP DEFERRED ANNUITIES UK LIFE	22091		2.60	2.67
FORM 51 - NP DEFERRED ANNUITIES UK PENS	46773		2.20	2.28
FORM 51 - NP IMMEDIATE ANNUITIES UK LIFE	48475		2.60	2.67
FORM 52 - UWP/AWP UK LIFE	420	2.10		2.10
FORM 53 - ADDITIONAL RESERVES - LIFE	31696			0.02
FORM 53 - ADDITIONAL RESERVES - LIFE	3349	1.80		1.80
FORM 53 - ADDITIONAL RESERVES - LIFE	31436	2.10		2.10
FORM 53 - ADDITIONAL RESERVES - LIFE	50050		2.50	2.57
FORM 53 - NP ASSURANCE UK LIFE	7061	1.80		1.80
FORM 53 - NP ASSURANCE UK LIFE	(52876)	2.10		2.10
FORM 53 - NP ASSURANCE UK PENS	4564		2.20	2.28
FORM 53 - NP UK PENS	39893		2.50	2.57
FORM 54 - ADDITIONAL RESERVES - LIFE	2763			0.02
FORM 54 - ADDITIONAL RESERVES - PHI	52			0.02
FORM 54 - NP ASSURANCE UK LIFE	664	1.80		1.80
FORM 54 - NP IMMEDIATE ANNUITIES UK LIFE	16668		2.60	2.67
MISCELLANEOUS RESERVE	31			
TOTAL	334400	n/a	n/a	n/a

Long-term insurance business - analysis of valuation interest rate
**Form 57
(Sheet 8)**

 Name of insurer **Aviva Life & Pensions UK Limited**

 Total business / subfund **Non-Profit Sub-Fund 2**

 Financial year ended **31st December 2012**

 Units **£000**

Product Group 1	Net mathematical reserves 2	Net valuation interest rate 3	Gross valuation interest rate 4	Risk adjusted yield on matching assets 5
FORM 51 - ADDITIONAL RESERVES - OS	524		2.20	2.26
FORM 51 - ADDITIONAL RESERVES - PENS	73669			0.02
FORM 51 - ADDITIONAL RESERVES - PENS	2232		2.20	2.26
FORM 51 - ADDITIONAL RESERVES - PENS	2894		2.60	2.67
FORM 51 - ADDITIONAL RESERVES - PHI	40973			0.04
FORM 51 - ADDITIONAL RESERVES - PHI	211		2.20	2.26
FORM 51 - CRITICAL ILLNESS	10796		2.20	2.26
FORM 51 - NP ASSURANCE OS LIFE	1476			0.02
FORM 51 - NP ASSURANCE OS LIFE	2825		2.20	2.26
FORM 51 - NP ASSURANCE UK PENS	72385			0.02
FORM 51 - NP ASSURANCE UK PENS	477		2.20	2.26
FORM 51 - NP DEFERRED ANNUITIES OS PENS	2810		2.60	2.67
FORM 51 - NP DEFERRED ANNUITIES UK PENS	12750		2.20	2.26
FORM 51 - NP DEFERRED ANNUITIES UK PENS	22339		2.60	2.67
FORM 51 - NP IMMEDIATE ANNUITIES UK PENS	258379		2.60	2.67
FORM 51 - NP LTC	100306		2.20	2.26
FORM 51 - INCOME PROTECTION CLAIMS	108358		3.10	3.19
FORM 51 - INCOME PROTECTION	1599		2.20	2.26
FORM 51 - GROUP PHI	25445			0.02
FORM 52 - UWP/AWP OS PENS	825		2.50	2.57
FORM 52 - UWP/AWP UK PENS	29888		2.50	2.57
FORM 53 - ADDITIONAL RESERVES - PENS	13412			0.02
FORM 53 - ADDITIONAL RESERVES - PENS	(2741)		2.50	2.57
FORM 53 - NP ASSURANCE OS LIFE	915		2.10	2.10
FORM 53 - NP OS PENS	1642		2.50	2.57
FORM 53 - NP UK PENS	34288			0.02
FORM 53 - NP UK PENS	185337		2.50	2.57
FORM 53 - NP UK PENS	1511		2.60	2.67
FORM 54 - INCOME PROTECTION CLAIMS	60036		(0.70)	(0.70)
MISCELLANEOUS RESERVE	231			0.02
TOTAL	1065792	n/a	n/a	n/a

Long-term insurance business: distribution of surplus**Form 58**

Name of insurer **Aviva Life & Pensions UK Limited**

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

Financial year ended **31st December 2012**

Units **£000**

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

Valuation result

Fund carried forward	11	77649005	76960975
Bonus payments in anticipation of a surplus	12	439442	447654
Transfer to non-technical account	13	554851	27592
Transfer to other funds / parts of funds	14		
Subtotal (11 to 14)	15	78643298	77436221
Mathematical reserves	21	76733876	76093638
Surplus including contingency and other reserves held towards the capital requirements (deficiency) (15-21)	29	1909422	1342583

Composition of surplus

Balance brought forward	31	320970	72011
Transfer from non-technical account	32		
Transfer from other funds / parts of fund	33		
Surplus arising since the last valuation	34	1588452	1270572
Total	39	1909422	1342583

Distribution of surplus

Bonus paid in anticipation of a surplus	41	439442	447654
Cash bonuses	42		
Reversionary bonuses	43	468193	546367
Other bonuses	44		
Premium reductions	45		
Total allocated to policyholders (41 to 45)	46	907635	994021
Net transfer out of fund / part of fund	47	554851	27592
Total distributed surplus (46+47)	48	1462486	1021613
Surplus carried forward	49	446936	320970
Total (48+49)	59	1909422	1342583

Percentage of distributed surplus allocated to policyholders

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

Long-term insurance business: distribution of surplus
Form 58

 Name of insurer **Aviva Life & Pensions UK Limited**

 Total business / subfund **With-Profits Sub-Fund**

 Financial year ended **31st December 2012**

 Units **£000**

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

Valuation result

Fund carried forward	11	14470069	15347400
Bonus payments in anticipation of a surplus	12	258839	227634
Transfer to non-technical account	13	3859	(10154)
Transfer to other funds / parts of funds	14	22434	19152
Subtotal (11 to 14)	15	14755201	15584032
Mathematical reserves	21	14306263	15172396
Surplus including contingency and other reserves held towards the capital requirements (deficiency) (15-21)	29	448938	411636

Composition of surplus

Balance brought forward	31		
Transfer from non-technical account	32		
Transfer from other funds / parts of fund	33		
Surplus arising since the last valuation	34	448938	411636
Total	39	448938	411636

Distribution of surplus

Bonus paid in anticipation of a surplus	41	258839	227634
Cash bonuses	42		
Reversionary bonuses	43	163806	175004
Other bonuses	44		
Premium reductions	45		
Total allocated to policyholders (41 to 45)	46	422645	402638
Net transfer out of fund / part of fund	47	26293	8998
Total distributed surplus (46+47)	48	448938	411636
Surplus carried forward	49		
Total (48+49)	59	448938	411636

Percentage of distributed surplus allocated to policyholders

Current year	61	94.14	97.81
Current year - 1	62	97.81	95.11
Current year - 2	63	95.11	94.33
Current year - 3	64	94.33	94.74

Long-term insurance business: distribution of surplus
Form 58

 Name of insurer **Aviva Life & Pensions UK Limited**

 Total business / subfund **Provident Mutual Sub-Fund**

 Financial year ended **31st December 2012**

 Units **£000**

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

Valuation result

Fund carried forward	11	1554800	1584851
Bonus payments in anticipation of a surplus	12	36717	37009
Transfer to non-technical account	13	4657	5350
Transfer to other funds / parts of funds	14		
Subtotal (11 to 14)	15	1596174	1627210
Mathematical reserves	21	1548649	1572978
Surplus including contingency and other reserves held towards the capital requirements (deficiency) (15-21)	29	47525	54232

Composition of surplus

Balance brought forward	31		
Transfer from non-technical account	32		
Transfer from other funds / parts of fund	33		
Surplus arising since the last valuation	34	47525	54232
Total	39	47525	54232

Distribution of surplus

Bonus paid in anticipation of a surplus	41	36717	37009
Cash bonuses	42		
Reversionary bonuses	43	6151	11873
Other bonuses	44		
Premium reductions	45		
Total allocated to policyholders (41 to 45)	46	42868	48882
Net transfer out of fund / part of fund	47	4657	5350
Total distributed surplus (46+47)	48	47525	54232
Surplus carried forward	49		
Total (48+49)	59	47525	54232

Percentage of distributed surplus allocated to policyholders

Current year	61	90.20	90.13
Current year - 1	62	90.13	90.19
Current year - 2	63	90.19	90.17
Current year - 3	64	90.17	90.29

Long-term insurance business: distribution of surplus
Form 58

 Name of insurer **Aviva Life & Pensions UK Limited**

 Total business / subfund **Belgian Sub-Fund**

 Financial year ended **31st December 2012**

 Units **£000**

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

Valuation result

Fund carried forward	11	9495	
Bonus payments in anticipation of a surplus	12		
Transfer to non-technical account	13		
Transfer to other funds / parts of funds	14		
Subtotal (11 to 14)	15	9495	
Mathematical reserves	21		
Surplus including contingency and other reserves held towards the capital requirements (deficiency) (15-21)	29	9495	

Composition of surplus

Balance brought forward	31		
Transfer from non-technical account	32		
Transfer from other funds / parts of fund	33		
Surplus arising since the last valuation	34	9495	
Total	39	9495	

Distribution of surplus

Bonus paid in anticipation of a surplus	41		
Cash bonuses	42		
Reversionary bonuses	43		
Other bonuses	44		
Premium reductions	45		
Total allocated to policyholders (41 to 45)	46		
Net transfer out of fund / part of fund	47		
Total distributed surplus (46+47)	48		
Surplus carried forward	49	9495	
Total (48+49)	59	9495	

Percentage of distributed surplus allocated to policyholders

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

Long-term insurance business: distribution of surplus
Form 58

 Name of insurer **Aviva Life & Pensions UK Limited**

 Total business / subfund **New With-Profits Sub-Fund**

 Financial year ended **31st December 2012**

 Units **£000**

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

Valuation result

Fund carried forward	11	17637951	18738058
Bonus payments in anticipation of a surplus	12	125494	165021
Transfer to non-technical account	13	18779	29127
Transfer to other funds / parts of funds	14		
Subtotal (11 to 14)	15	17782224	18932206
Mathematical reserves	21	17394420	18440385
Surplus including contingency and other reserves held towards the capital requirements (deficiency) (15-21)	29	387804	491821

Composition of surplus

Balance brought forward	31		
Transfer from non-technical account	32		
Transfer from other funds / parts of fund	33		
Surplus arising since the last valuation	34	387804	491821
Total	39	387804	491821

Distribution of surplus

Bonus paid in anticipation of a surplus	41	125494	165021
Cash bonuses	42		
Reversionary bonuses	43	243531	297673
Other bonuses	44		
Premium reductions	45		
Total allocated to policyholders (41 to 45)	46	369025	462694
Net transfer out of fund / part of fund	47	18779	29127
Total distributed surplus (46+47)	48	387804	491821
Surplus carried forward	49		
Total (48+49)	59	387804	491821

Percentage of distributed surplus allocated to policyholders

Current year	61	95.16	94.08
Current year - 1	62	94.08	92.39
Current year - 2	63	92.39	94.24
Current year - 3	64	94.24	

Long-term insurance business: distribution of surplus
Form 58

 Name of insurer **Aviva Life & Pensions UK Limited**

 Total business / subfund **Old With-Profits Sub-Fund**

 Financial year ended **31st December 2012**

 Units **£000**

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

Valuation result

Fund carried forward	11	2553242	2673411
Bonus payments in anticipation of a surplus	12	17109	16952
Transfer to non-technical account	13	2556	3269
Transfer to other funds / parts of funds	14		
Subtotal (11 to 14)	15	2572907	2693632
Mathematical reserves	21	2520784	2634325
Surplus including contingency and other reserves held towards the capital requirements (deficiency) (15-21)	29	52123	59307

Composition of surplus

Balance brought forward	31		
Transfer from non-technical account	32		
Transfer from other funds / parts of fund	33		
Surplus arising since the last valuation	34	52123	59307
Total	39	52123	59307

Distribution of surplus

Bonus paid in anticipation of a surplus	41	17109	16952
Cash bonuses	42		
Reversionary bonuses	43	32458	39086
Other bonuses	44		
Premium reductions	45		
Total allocated to policyholders (41 to 45)	46	49567	56038
Net transfer out of fund / part of fund	47	2556	3269
Total distributed surplus (46+47)	48	52123	59307
Surplus carried forward	49		
Total (48+49)	59	52123	59307

Percentage of distributed surplus allocated to policyholders

Current year	61	95.10	94.49
Current year - 1	62	94.49	92.41
Current year - 2	63	92.41	93.71
Current year - 3	64	93.71	

Long-term insurance business: distribution of surplus
Form 58

Name of insurer **Aviva Life & Pensions UK Limited**
 Total business / subfund **Stakeholder With-Profits Sub-Fund**
 Financial year ended **31st December 2012**
 Units **£000**

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

Valuation result

Fund carried forward	11	793024	800345
Bonus payments in anticipation of a surplus	12	1283	1038
Transfer to non-technical account	13		
Transfer to other funds / parts of funds	14		
Subtotal (11 to 14)	15	794307	801383
Mathematical reserves	21	770777	777614
Surplus including contingency and other reserves held towards the capital requirements (deficiency) (15-21)	29	23530	23769

Composition of surplus

Balance brought forward	31		
Transfer from non-technical account	32		
Transfer from other funds / parts of fund	33		
Surplus arising since the last valuation	34	23530	23769
Total	39	23530	23769

Distribution of surplus

Bonus paid in anticipation of a surplus	41	1283	1038
Cash bonuses	42		
Reversionary bonuses	43	22247	22731
Other bonuses	44		
Premium reductions	45		
Total allocated to policyholders (41 to 45)	46	23530	23769
Net transfer out of fund / part of fund	47		
Total distributed surplus (46+47)	48	23530	23769
Surplus carried forward	49		
Total (48+49)	59	23530	23769

Percentage of distributed surplus allocated to policyholders

Current year	61	100.00	100.00
Current year - 1	62	100.00	100.00
Current year - 2	63	100.00	100.00
Current year - 3	64	100.00	

Long-term insurance business: distribution of surplus
Form 58

 Name of insurer **Aviva Life & Pensions UK Limited**

 Total business / subfund **With-Profits Sub-Fund 5**

 Financial year ended **31st December 2012**

 Units **£000**

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

Valuation result

Fund carried forward	11	573	2095
Bonus payments in anticipation of a surplus	12		
Transfer to non-technical account	13		
Transfer to other funds / parts of funds	14		
Subtotal (11 to 14)	15	573	2095
Mathematical reserves	21	573	2095
Surplus including contingency and other reserves held towards the capital requirements (deficiency) (15-21)	29		

Composition of surplus

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

Distribution of surplus

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

Percentage of distributed surplus allocated to policyholders

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

Long-term insurance business: distribution of surplus
Form 58

 Name of insurer **Aviva Life & Pensions UK Limited**

 Total business / subfund **Non-Profit Sub-Fund 1**

 Financial year ended **31st December 2012**

 Units **£000**

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

Valuation result

Fund carried forward	11	11165560	11832541
Bonus payments in anticipation of a surplus	12		
Transfer to non-technical account	13	525000	
Transfer to other funds / parts of funds	14		
Subtotal (11 to 14)	15	11690560	11832541
Mathematical reserves	21	10893324	11583582
Surplus including contingency and other reserves held towards the capital requirements (deficiency) (15-21)	29	797236	248959

Composition of surplus

Balance brought forward	31	248959	
Transfer from non-technical account	32		
Transfer from other funds / parts of fund	33	22434	19152
Surplus arising since the last valuation	34	525843	229807
Total	39	797236	248959

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	525000	
Total distributed surplus (46+47)	48	525000	
Surplus carried forward	49	272236	248959
Total (48+49)	59	797236	248959

Percentage of distributed surplus allocated to policyholders

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

Long-term insurance business: distribution of surplus
Form 58

 Name of insurer **Aviva Life & Pensions UK Limited**

 Total business / subfund **Non-Profit Sub-Fund 2**

 Financial year ended **31st December 2012**

 Units **£000**

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

Valuation result

Fund carried forward	11	29464291	25982274
Bonus payments in anticipation of a surplus	12		
Transfer to non-technical account	13		
Transfer to other funds / parts of funds	14		
Subtotal (11 to 14)	15	29464291	25982274
Mathematical reserves	21	29299085	25910263
Surplus including contingency and other reserves held towards the capital requirements (deficiency) (15-21)	29	165206	72011

Composition of surplus

Balance brought forward	31	72011	72011
Transfer from non-technical account	32		
Transfer from other funds / parts of fund	33		
Surplus arising since the last valuation	34	93194	
Total	39	165205	72011

Distribution of surplus

Bonus paid in anticipation of a surplus	41		
Cash bonuses	42		
Reversionary bonuses	43		
Other bonuses	44		
Premium reductions	45		
Total allocated to policyholders (41 to 45)	46		
Net transfer out of fund / part of fund	47		
Total distributed surplus (46+47)	48		
Surplus carried forward	49	165205	72011
Total (48+49)	59	165205	72011

Percentage of distributed surplus allocated to policyholders

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

Long-term insurance business: With-profits payouts on maturity (normal retirement)
Form 59A

 Name of insurer **Aviva Life & Pensions UK Limited**

 Original insurer **Norwich Union Life & Pensions Limited**

 Date of maturity value/open market option **1st March 2013**

Category of with-profits policy	Original term (years)	Maturity value / open market option	Terminal bonus	MVA	CWP / UWP	MVA permitted?	Death benefit
1	2	3	4	5	6	7	8
Endowment assurance	10	n/a	n/a	n/a	n/a	n/a	n/a
Endowment assurance	15	10500	1507		CWP	N	10500
Endowment assurance	20	15940	1868		CWP	N	15940
Endowment assurance	25	25871	2655		CWP	N	25871
Regular premium pension	5	n/a	n/a	n/a	n/a	n/a	n/a
Regular premium pension	10	n/a	n/a	n/a	n/a	n/a	n/a
Regular premium pension	15	44854	3837		UWP	N	44854
Regular premium pension	20	70205	4895		UWP	N	70205
Single premium pension	5	n/a	n/a	n/a	n/a	n/a	n/a
Single premium pension	10	n/a	n/a	n/a	n/a	n/a	n/a
Single premium pension	15	17902	1345		UWP	N	17902
Single premium pension	20	30047	2732		UWP	N	30047

Long-term insurance business: With-profits payouts on maturity (normal retirement)
Form 59A

 Name of insurer **Aviva Life & Pensions UK Limited**

 Original insurer **Provident Mutual Sub-Fund**

 Date of maturity value/open market option **1st March 2013**

Category of with-profits policy	Original term (years)	Maturity value / open market option	Terminal bonus	MVA	CWP / UWP	MVA permitted?	Death benefit
1	2	3	4	5	6	7	8
Endowment assurance	10	n/a	n/a	n/a	n/a	n/a	n/a
Endowment assurance	15	n/a	n/a	n/a	n/a	n/a	n/a
Endowment assurance	20	17599	3174		CWP	N	17599
Endowment assurance	25	30234	7155		CWP	N	30234
Regular premium pension	5	n/a	n/a	n/a	n/a	n/a	n/a
Regular premium pension	10	n/a	n/a	n/a	n/a	n/a	n/a
Regular premium pension	15	n/a	n/a	n/a	n/a	n/a	n/a
Regular premium pension	20	88505	14905		CWP	N	88505
Single premium pension	5	n/a	n/a	n/a	n/a	n/a	n/a
Single premium pension	10	n/a	n/a	n/a	n/a	n/a	n/a
Single premium pension	15	n/a	n/a	n/a	n/a	n/a	n/a
Single premium pension	20	39184	16373		CWP	N	39184

Long-term insurance business: With-profits payouts on maturity (normal retirement)
Form 59A

 Name of insurer **Aviva Life & Pensions UK Limited**

 Original insurer **Commercial Union Life Assurance Company Limited**

 Date of maturity value/open market option **1st March 2013**

Category of with-profits policy	Original term (years)	Maturity value / open market option	Terminal bonus	MVA	CWP / UWP	MVA permitted?	Death benefit
1	2	3	4	5	6	7	8
Endowment assurance	10	n/a	n/a	n/a	n/a	n/a	n/a
Endowment assurance	15	10902	1080		CWP	N	10902
Endowment assurance	20	17018	963		CWP	N	17018
Endowment assurance	25	27184			CWP	N	27184
Regular premium pension	5	n/a	n/a	n/a	n/a	n/a	n/a
Regular premium pension	10	n/a	n/a	n/a	n/a	n/a	n/a
Regular premium pension	15	55436	3595		UWP	N	55436
Regular premium pension	20	86908	6506		UWP	N	86908
Single premium pension	5	n/a	n/a	n/a	n/a	n/a	n/a
Single premium pension	10	n/a	n/a	n/a	n/a	n/a	n/a
Single premium pension	15	20854			UWP	N	20854
Single premium pension	20	34061	4443		UWP	N	34061

Long-term insurance business: With-profits payouts on maturity (normal retirement)
Form 59A

 Name of insurer **Aviva Life & Pensions UK Limited**

 Original insurer **CGNU Life Assurance Company Limited**

 Date of maturity value/open market option **1st March 2013**

Category of with-profits policy	Original term (years)	Maturity value / open market option	Terminal bonus	MVA	CWP / UWP	MVA permitted?	Death benefit
1	2	3	4	5	6	7	8
Endowment assurance	10	n/a	n/a	n/a	n/a	n/a	n/a
Endowment assurance	15	11516	1588		CWP	N	11516
Endowment assurance	20	19003	1728		CWP	N	19003
Endowment assurance	25	30962	1191		CWP	N	30962
Regular premium pension	5	13678	878		UWP	N	13678
Regular premium pension	10	33566	2883		UWP	N	33566
Regular premium pension	15	50952	3177		UWP	N	50952
Regular premium pension	20	83244	5352		UWP	N	83244
Single premium pension	5	11752	452		UWP	N	11752
Single premium pension	10	19896	4473		UWP	N	19896
Single premium pension	15	20817	595		UWP	N	20817
Single premium pension	20	39517	4077		UWP	N	39517

Long-term insurance business: With-profits payouts on surrender
Form 59B

 Name of insurer **Aviva Life & Pensions UK Limited**

 Original insurer **Norwich Union Life & Pensions Limited**

 Date of surrender value **1st March 2013**

Category of with-profits policy	Duration at surrender (years)	Surrender value	Terminal bonus	MVA	CWP/UWP	MVA permitted?	Death benefit
1	2	3	4	5	6	7	8
Endowment assurance	5	n/a	n/a	n/a	n/a	n/a	n/a
Endowment assurance	10	n/a	n/a	n/a	n/a	n/a	n/a
Endowment assurance	15	8900			CWP	N	18006
Endowment assurance	20	15287			CWP	N	20205
With-profits bond	2	n/a	n/a	n/a	n/a	n/a	n/a
With-profits bond	3	n/a	n/a	n/a	n/a	n/a	n/a
With-profits bond	5	n/a	n/a	n/a	n/a	n/a	n/a
With-profits bond	10	n/a	n/a	n/a	n/a	n/a	n/a
Single premium pension	2	n/a	n/a	n/a	n/a	n/a	n/a
Single premium pension	3	n/a	n/a	n/a	n/a	n/a	n/a
Single premium pension	5	n/a	n/a	n/a	n/a	n/a	n/a
Single premium pension	10	n/a	n/a	n/a	n/a	n/a	n/a

Long-term insurance business: With-profits payouts on surrender
Form 59B

 Name of insurer **Aviva Life & Pensions UK Limited**

 Original insurer **Provident Mutual Sub-Fund**

 Date of surrender value **1st March 2013**

Category of with-profits policy	Duration at surrender (years)	Surrender value	Terminal bonus	MVA	CWP/UWP	MVA permitted?	Death benefit
1	2	3	4	5	6	7	8
Endowment assurance	5	n/a	n/a	n/a	n/a	n/a	n/a
Endowment assurance	10	n/a	n/a	n/a	n/a	n/a	n/a
Endowment assurance	15	n/a	n/a	n/a	n/a	n/a	n/a
Endowment assurance	20	17510			CWP	N	22634
With-profits bond	2	n/a	n/a	n/a	n/a	n/a	n/a
With-profits bond	3	n/a	n/a	n/a	n/a	n/a	n/a
With-profits bond	5	n/a	n/a	n/a	n/a	n/a	n/a
With-profits bond	10	n/a	n/a	n/a	n/a	n/a	n/a
Single premium pension	2	n/a	n/a	n/a	n/a	n/a	n/a
Single premium pension	3	n/a	n/a	n/a	n/a	n/a	n/a
Single premium pension	5	n/a	n/a	n/a	n/a	n/a	n/a
Single premium pension	10	n/a	n/a	n/a	n/a	n/a	n/a

Long-term insurance business: With-profits payouts on surrender
Form 59B

 Name of insurer **Aviva Life & Pensions UK Limited**

 Original insurer **Commercial Union Life Assurance Company Limited**

 Date of surrender value **1st March 2013**

Category of with-profits policy	Duration at surrender (years)	Surrender value	Terminal bonus	MVA	CWP/UWP	MVA permitted?	Death benefit
1	2	3	4	5	6	7	8
Endowment assurance	5	n/a	n/a	n/a	n/a	n/a	n/a
Endowment assurance	10	n/a	n/a	n/a	n/a	n/a	n/a
Endowment assurance	15	10329			CWP	N	17675
Endowment assurance	20	17140			CWP	N	20965
With-profits bond	2	n/a	n/a	n/a	n/a	n/a	n/a
With-profits bond	3	n/a	n/a	n/a	n/a	n/a	n/a
With-profits bond	5	n/a	n/a	n/a	n/a	n/a	n/a
With-profits bond	10	n/a	n/a	n/a	n/a	n/a	n/a
Single premium pension	2	n/a	n/a	n/a	n/a	n/a	n/a
Single premium pension	3	n/a	n/a	n/a	n/a	n/a	n/a
Single premium pension	5	n/a	n/a	n/a	n/a	n/a	n/a
Single premium pension	10	n/a	n/a	n/a	n/a	n/a	n/a

Long-term insurance business: With-profits payouts on surrender
Form 59B

 Name of insurer **Aviva Life & Pensions UK Limited**

 Original insurer **CGNU Life Assurance Company Limited**

 Date of surrender value **1st March 2013**

Category of with-profits policy	Duration at surrender (years)	Surrender value	Terminal bonus	MVA	CWP/UWP	MVA permitted?	Death benefit
1	2	3	4	5	6	7	8
Endowment assurance	5	n/a	n/a	n/a	n/a	n/a	n/a
Endowment assurance	10	n/a	n/a	n/a	n/a	n/a	n/a
Endowment assurance	15	11773			CWP	N	19202
Endowment assurance	20	18717			CWP	N	24113
With-profits bond	2	9794	204		UWP	Y	10430
With-profits bond	3	10631	620		UWP	Y	10970
With-profits bond	5	11467	441		UWP	Y	11478
With-profits bond	10	17053	2888		UWP	Y	17194
Single premium pension	2	10745	313		UWP	Y	10745
Single premium pension	3	11419	747		UWP	Y	11419
Single premium pension	5	11752	452		UWP	Y	11752
Single premium pension	10	19896	4473		UWP	Y	19896

Long-term insurance capital requirement
Form 60

 Name of insurer **Aviva Life & Pensions UK Limited**

Global business

 Financial year ended **31st December 2012**

 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%	47314	47314			
Classes I (other), II and IX	12	0.1%	158066801	157526596	0.50	79033	77274
Classes I (other), II and IX	13	0.15%	6104448	1161996		4578	5913
Classes I (other), II and IX	14	0.3%	285436877	45414832		428155	414351
Classes III, VII and VIII	15	0.3%	5371337	4927888	0.92	14784	14933
Total	16		455026777	209078626		526550	512471

Insurance health risk and life protection reinsurance capital component

Class IV, supplementary classes 1 and 2 and life protection reinsurance	21					23832	23832
---	----	--	--	--	--	-------	-------

Insurance expense risk capital component

Life protection and permanent health reinsurance	31	0%					
Classes I (other), II and IX	32	1%	21925075	18965318	0.87	189653	198792
Classes III, VII and VIII (investment risk)	33	1%	22843798	22830945	1.00	228309	240520
Classes III, VII and VIII (expenses fixed 5 yrs +)	34	1%	11920443	11920443	1.00	119204	113760
Classes III, VII and VIII (other)	35	25%				22903	8430
Class IV (other)	36	1%	389762	341463	0.88	3415	3419
Class V	37	1%					
Class VI	38	1%	7419	7419	1.00	74	92
Total	39					563558	565013

Insurance market risk capital component

Life protection and permanent health reinsurance	41	0%	13	13			
Classes I (other), II and IX	42	3%	21925075	18965318	0.87	568960	596376
Classes III, VII and VIII (investment risk)	43	3%	22843798	22830945	1.00	684928	721559
Classes III, VII and VIII (expenses fixed 5 yrs +)	44	0%	11920443	11920443			
Classes III, VII and VIII (other)	45	0%	24935256	23136468			
Class IV (other)	46	3%	389762	341463	0.88	10244	10257
Class V	47	0%					
Class VI	48	3%	7419	7419	1.00	223	276
Total	49		82021766	77202069		1264355	1328468

Long term insurance capital requirement	51					2378295	2429784
--	-----------	--	--	--	--	----------------	----------------

Supplementary notes

Name of insurer **Aviva Life & Pensions UK Limited**
Global business
Financial year ended **31st December 2012**

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

	2012	2011
	£'000	£'000
i) Net admissible assets		
Form 13 Line 89 (Long term business)	88,412,689	89,061,983
Form 13 Line 89 (Other than long term business)	1,220,051	1,070,466
Form 14 Lines 11, 12 and 49	(82,553,401)	(82,446,115)
Form 15 Line 69	7,099	(1,053)
	<u>7,086,438</u>	<u>7,685,281</u>
iv) Capital resources requirement of regulated related undertakings	<u>1,317,481</u>	<u>1,178,331</u>
Total i) to iv) above		
Form 3, Line 79	<u>8,403,919</u>	<u>8,863,612</u>

0306 Financial Reinsurance – ceded

The impact of the financial reinsurance arrangements included in line 92 is to reduce mathematical reserves by £349.3m.

The contingent liability repayable to the reinsurers under the arrangements totals £606.5m.

The commutation value for those arrangements where it is possible to derive an amount repayable totalled £407.1m at the end of the financial year. For one arrangement where the commutation value is subject to negotiation at the point of recapture, the minimum value of recapture would be £211.4m, being the amount of the contingent loan outstanding as at 31 December 2012.

0310 Calculation of valuation differences as required by instruction 9 to Form 3

	2012	2011
	£'000	£'000
Positive valuation differences in respect of liabilities where valuation in GENPRU and INSPRU is lower than the valuation that the firm uses for external financial reporting purposes		
Deferred taxation provision (Form 14 Line 74)	362,770	491,238
Difference in technical provisions (Form 14 Line 74)	3,175,812	3,845,779
Deferred income reserve (Form 14 Line 74)	89,783	119,537
Financial reinsurance (Form 14 Line 74)	257,213	259,640
FV of loans held at amortised cost (Form 13 Line 98)	(185,499)	-
Other (Form 14 Line 74)	45	(787)
Net positive valuation difference included in Form 3, Line 14	<u>3,700,124</u>	<u>4,715,407</u>

0313 Reconciliation of profit and loss account and other reserves

	2012	2011
	£'000	£'000
Profit and loss account and other reserves at the end of the previous financial year (Form 3 Line 12 Column 4)	3,530,179	3,653,513
Profit/(loss) retained for the financial year (Form 16 Line 59)	698,583	(73,883)
Profit/(loss) arising in long-term insurance funds that has not been transferred to the shareholder fund	(324,644)	(49,451)
Profit and loss account and other reserves at the end of this financial year (Form 3 Line 12 Column 3)	<u>3,904,119</u>	<u>3,530,179</u>

Supplementary notes

Name of insurer **Aviva Life & Pensions UK Limited**
 Global business
 Financial year ended **31st December 2012**

Code

1104 Provision for claims outstanding

Discounting has been used at Form 11 line 51 for income replacement policy claims in payment, where the projected amounts constitute a form of annuity.

1301 Aggregate value of assets

1308

The aggregate values of types of assets specified in instruction 5 to Form 13 are:-

- (i) Unlisted investments on lines 41 and 46 are £1,156.0m (Long term business) and £nil (Other than long term business).
- (ii) Listed investments on lines 41, 46 and 48, which are not readily realisable £nil.
- (iii) Units in collective investment schemes that are not schemes falling within the UCITS Directive or are not authorised unit trust schemes or recognised schemes within the meaning of Part XVII of the Act are £3,624.4m (all Long term business).
- (iv) Reversionary interests or remainders in property other than land or buildings £nil.

1302 Aggregate value of hybrid securities – long term insurance business

1309

The company held hybrid securities of £356.7m.

1304 Statement of amounts set off

1310

Amounts have been set off to the extent permitted by generally accepted accounting principles.

1305 Counterparty limits during the year

1319

The maximum permitted exposure to counterparties is set out in the Investment Management Agreement with Aviva Investors Global Services Limited and approved by Aviva Life Investment Committee, as follows:

Deposits

Each fund cannot hold more than 2% of funds under management (but subject to minimum of £20m and a maximum of £150m) with individual 'Tier 1' counterparties, 1.5% of funds under management (but subject to a minimum of £15m and a maximum of £100m) with individual 'Tier 2' counterparties and 0.5% of funds under management (but subject to a minimum of £10m and a maximum of £75m) with individual 'Tier 3' counterparties. Tier 1 represents AAA rated institutions, Tier 2 represents institutions rated AA- or better whilst Tier 3 represents institutions rated A- or better.

The absolute limit for a particular counterparty holding at the end of the financial year was £150m for Tier 1, £100m for Tier 2 and £75m for Tier 3.

Equities

The maximum of a company's equity held by all funds is limited to 19.99% and 10% for UK and overseas equities respectively. Unquoted holdings do not exceed 3.5% of the fund.

Fixed

Exposure to non-government bonds is limited to holdings which are deemed to be of a suitable quality determined by senior investment management. The maximum holding across all funds of a single issue is limited to 25% of the issue. Private placements are limited to 2% of the non-government bond portfolio.

Derivatives

Exposure to derivatives is considered in the management of the funds within the overall risk limits. Where appropriate, constraints are in place over the nature of derivative instruments and the duration.

Supplementary notesName of insurer **Aviva Life & Pensions UK Limited**

Global business

Financial year ended **31st December 2012****Code****1306 Counterparty exposure at the year end****1312**

Exposure to any one counterparty at the end of the financial year did not exceed 5% of the sum of the insurer's base capital resources requirement and its long-term insurance liabilities, excluding property linked liabilities and net of reinsurance ceded.

1318 Other asset adjustments**2012****Category 1
£'000****Category 10
£'000**

Disclosure of unit-linked credits as liabilities in statutory accounts	-	649,528
Current tax gross up	-	(203,576)
Variation margin gross up on futures	-	27,113
Other adjustments	60	75
Other asset adjustments included in Form 13 line 101	60	473,140

2011**Category 1
£'000****Category 10
£'000**

Disclosure of unit-linked credits as liabilities in statutory accounts	-	1,010,319
Deferred Tax	-	(491,238)
Other adjustments	332	194
Other asset adjustments included in Form 13 line 101	332	519,275

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

The methods and assumptions disclosed in the valuation report, under IPRU (INS) Appendix 9.4, appropriately allow for the determination of any adjustment or provision pursuant to GENPRU 1.3.30R to GENPRU 1.3.33R and INSPRU 3.2.17R to INSPRU 3.2.18R, together with a review by senior management of positions that are valued using third party valuations or by marking to model.

1402 Contingent liabilities, etc**1502**

There are no charges over any assets of the Company.

There are no deferred tax liabilities on capital gains included on the form.

There are no contingent liabilities not included on the Form.

There are no guarantees, indemnities, or other contractual commitments, effected other than in the ordinary course of insurance business, in respect of the existing or future liabilities of related companies.

There are no other fundamental uncertainties.

1404 Implicit Provision**1506**

No implicit provision is required by INSPRU 3.2.17R(3) as all derivatives that impose an obligation on the firm are strictly covered.

Supplementary notes

Name of insurer **Aviva Life & Pensions UK Limited**
Global business
Financial year ended **31st December 2012**

Code**1405 Other adjustments to Liabilities**

	2012	2011
	£'000	£'000
Adjustment to FSA mathematical reserves	3,175,812	3,845,779
Disclosure of unit-linked credits as liabilities in statutory accounts	649,528	1,010,319
Deferred Tax – Valuation element	362,770	-
Deferred Tax – Inadmissible element	(358,009)	-
Current Tax gross up	(203,576)	-
Deferred income reserve	89,783	119,537
Financial reinsurance	257,213	259,640
Variation margin gross up on futures	27,113	-
Other liabilities	103	(124)
Other adjustments to liabilities included in Form 14 line 74	<u>4,000,737</u>	<u>5,235,151</u>

1601 Basis of conversion of foreign currency
4005

Assets and liabilities in currencies other than sterling have been translated into sterling at rates of exchange ruling at 31 December 2012. Revenue transactions of those operations, which are traded in currencies other than sterling, are translated at average rates of exchange for the financial year.

1700 Form omitted

No Category 1, Category 13 or Category 18 Form 17 has been prepared on the basis that there are no derivative contracts for these categories of assets.

1701 Variation Margin

The aggregate amount of variation margin which has been received by the Company is £497.7m. This is allocated to Form 13 Line 44. No amounts included on Form 13 reflect the liability to repay any excess.

1800 Forms omitted
1900

Forms 18 and 19 have not been included for WPSF5 and Stakeholder. Reasons for this are as follows:

WPSF5 does not fit the FSA definition of a With-Profits fund – policyholders are not eligible to participate in any established surplus from Aviva. Whilst there is With-Profits business within the fund the policyholders are only eligible to participate in surplus from the counterparty to the reinsurance. In the event of reinsurer default there is not a defined link with Aviva's surplus.

Stakeholder does not form a fund in itself – it is written into New and Old With profit sub fund (88.25% and 11.75% respectively) and participates in the same assets. Whilst it has a separate smoothing account and is “ring-fenced” to some extent the rest of the fund has no recourse to stakeholder profits. Therefore, this does not fit the FSA definition of a separate “With-profits fund” as it does not have a separate pool of surplus.

Supplementary notes

Name of insurer **Aviva Life & Pensions UK Limited**
Global business
Financial year ended **31st December 2012**

Code**1901 Support arrangement assets**

The amount included in line 27 (and within lines 29, 67, 68 and 69) comprises the support arrangement assets as defined by the firm's reorganisation scheme dated 1 October 2009. The assets described below are included within Form 13 line 89 of Non Profit Sub Fund 1 (NPSF1).

Shown below are the movements in the Reattributed Inherited Estate External Support Account (RIEESA) during the year, plus the reconciliation of the RIEESA to the figure shown in line 27 of Form 19:

Movements in the RIEESA	£'000
Balance brought forward at 1 January 2012	1,103,228
Investment income and gains	52,606
Premiums less claims and expenses on non-profit business in which the RIEESA has invested, (less increase/plus decrease) in liabilities on that business.	(218,800)
Repayment of capital support arrangement from New With Profits Sub Fund	(29,372)
Taxation attributable to the RIEESA	(12,876)
Balance carried forward at 31 December 2012	894,786
Support arrangement assets	£'000
RIEESA	894,786
Capital requirements of business to be retained by the RIEESA	(156,929)
Support arrangement assets	737,857

4002 Other income and expenditure

Lines 15 and 25 have been used for transfers of annual management charges between sub funds. These amounts have been shown net in the summary form.

4006 Apportionment of items between different long-term insurance business funds**Investment Income**

Where linked assets are not individually designated to a particular fund the assets and investment income are allocated by reference to the unit holdings of the respective funds. For all other invested assets investment income is allocated by reference to the designated asset.

Increase or decrease in the value of assets brought into account

The value of non-linked assets brought into account is determined by reference to the liabilities of the relevant fund. The assets available are individually designated to the relevant fund.

In respect of linked assets, where the assets are not individually designated to a particular fund the value brought into account is allocated by reference to the unit holdings of the respective funds.

Expenses

Expenses incurred in respect of a specific fund of business are attributed to the relevant fund. Expenses not so incurred are allocated to the relevant funds on an incurred basis in accordance with the arrangement for the provision of management services by Aviva Life Services UK Limited.

Taxation

The taxation of each fund is computed in accordance with the taxation regulations applicable to that class of business.

Supplementary notes

Name of insurer **Aviva Life & Pensions UK Limited**
Global business
Financial year ended **31st December 2012**

Code**4008 Provision of management services**

Under a management agreement Aviva Life Services UK Limited supplies and makes a charge for the provision of management services to the Company.

Investment management services have been provided to the Company by Aviva Investors Global Services Ltd.

4009 Material connected party transactions

There were no related party transactions during the year which exceeded 5% of the long-term insurance liabilities net of reinsurance ceded.

4300 Form omitted

Form 43 in respect of the Stakeholder Fund has been omitted as all entries (including comparatives) would be blank.

4401 Basis of valuation in internal linked funds

Investments are stated at current value, listed investments are stated at Bid market value.

4402 Aggregate value of rights under derivative contracts

The aggregate values of rights and liabilities under derivative contracts (gross of variation margin) as at 31 December 2012 are £44.2m and £4.4m respectively. There is no variation margin payable.

4502 Other income and expenditure

Other Income comprises the following balances:

	2012	2011
	£'000	£'000
Rebates	77,718	89,315
Business transfers in	-	1,812,653
	<u>77,718</u>	<u>1,901,968</u>

Other Expenditure comprises the following balances:

	2012	2011
	£'000	£'000
Custody and Other Management Fees	5,280	7,250
Payment of Distributions to Policyholders	37,603	45,023
Interest Paid	341	265
Property Expenses	24,183	-
	<u>67,407</u>	<u>52,538</u>

4802 Treatment of expected income

There is a reduction of income where payment of interest is in default. The amount of interest involved is £4.5m.

Supplementary notes

Name of insurer **Aviva Life & Pensions UK Limited**
 Global business
 Financial year ended **31st December 2012**

Code**4803 Redemption assumption**

Where securities may be redeemed over a period at the option of the guarantor or the issuer it has been assumed within the yield calculation that they will be redeemed at the earliest callable date.

4804 Yield for assets lines 18 or 28

The yield shown in column 4 for the following assets is significantly different from the weighted average of the yields for each asset of that type determined in accordance with INSPRU 3.1.34R before any allowance for tax required by INSPRU 3.1.29R.

	Yield
Shares in non-insurance dependants (Form 13 Line 25)	Nil
Mortgage loans (Form 13 line 50)	5.92%
Cash balances (Form 13 Line 81)	0.51%
Direct insurance debtors (Form 13 line 71)	Nil
Reinsurance debtors (Form 13 line 74)	Nil
Other debtors (Form 13 line 78)	Nil

4806 Assets used to calculate investment return

For With-Profits Sub-Fund and Provident Mutual Sub-Fund the investment returns shown in lines 21-29 column 5 are based on the portfolio of assets hypothecated to back asset shares.

For New With-Profits Sub-Fund and Old With-Profits Sub-Fund the investment returns shown in lines 21-29 column 5 are based on the portfolio of assets backing asset shares on UK business (the largest portfolio).

4900 Fixed and variable interest securities

No form 49 has been prepared for the Belgian Sub-Fund as non-linked fixed interest securities (which are not approved securities) do not exceed £100m.

4901 Rating agency used

The credit rating analysis on Form 49 lines 31 to 37 has been prepared using externally published ratings provided by Standard & Poor's and Fitch and Moody's. If no external rating exists Aviva Investors Global Services Ltd have provided a rating. Any remaining unrated securities and those falling below CCC/Caa have been included on line 38.

Supplementary notesName of insurer **Aviva Life & Pensions UK Limited**

Global business

Financial year ended **31st December 2012****Code****5101 Group schemes for which there is no record of benefits at member level**

The number of group schemes for which there is no record of benefits at member level is as follows

Sub-fund	Business Type	Product Code	Scheme Count
NPSF1	UKL	300	9
NPSF2	UKP	415	67
WPSF	UKP	390	13
WPSF	OS	390	1

5103 The following products have been classified under the miscellaneous product code in Form 51 where the £10m threshold has been exceeded

Sub-fund	Business Type	Product Code	Description of Product	Reserve (£000)
NPSF1	UKL GR	435	Miscellaneous business – Hamilton Life	31,418
NWPSF	UKL GR	435	Unprocessed Movements, Future Claims and Expenses, Miscellaneous Assurances	22,823

5201 Group schemes for which there is no record of benefits at member level

The number of group schemes for which there is no record of benefits at member level is as follows

Sub-fund	Business Type	Product Code	Scheme Count
PMSF	UKP	555	40
NWPSF/ OWPSF	UKP	571	493

5203 Use of miscellaneous product code

Business classified under the miscellaneous product code where the £10m threshold is exceeded is as follows

Sub-fund	Business Type	Product Code	Description of Product	Reserve (£000)
PMSF	UKP GR	575	AWP Self Employed Retirement Annuity	258,671
PMSF	UKP GR	575	AWP Personal Pension Plan	168,291
PMSF	UKP GR	575	AWP Executive Pension Plan	94,409
PMSF	UKP GR	575	AWP Individual Pension Arrangement	81,032
PMSF	UKP GR	575	AWP COMPACT	28,774
PMSF	UKP GR	575	AWP Additional Voluntary Contributions	33,826
PMSF	UKP GR	575	Additional expense reserve	14,730
PMSF	UKP GR	575	Annuitant Mortality Basis	21,822
WPSF	UKP GR	575	Product Governance	43,400
NWPSF	UKL GR	575	UKIL With Profit Bond and Core Funds Bond	500,591
NWPSF	UKP GR	575	Group Defined Benefit (Red Plan)	229,554
NWPSF	UKP GR	575	Retirement Annuity	318,080
OWPSF	UKL GR	575	UKIL With Profit Bond and Core Funds Bond	76,310
OWPSF	UKP GR	575	Group Defined Benefit (Red Plan)	10,830
OWPSF	UKP GR	575	Retirement Annuity	46,492

Supplementary notesName of insurer **Aviva Life & Pensions UK Limited**

Global business

Financial year ended **31st December 2012****Code****5301 The number of group schemes for which there is no record of benefits at member level is as follows**

Sub-fund	Business Type	Product Code	Scheme Count
NWPSF/ OWPSF	UKP	755	50

5303 Use of Miscellaneous product code

Business classified under the miscellaneous product code where the £10m threshold is exceeded is as follows

Sub-fund	Business Type	Product Code	Description of Product	Reserve (£000)
NPSF1	UKL GR	795	Product Governance Reserves	23,698
NPSF1	UKL GR	795	External fund rebate reserve	50,050

5601 Rating agency

The rating agency used to provide the split by credit rating on Form 56 was Standard and Poor's

5701 Non-Profit sub-fund

Negative and positive mathematical reserves offset each other for certain lines in Form 57, as detailed below.

NPSF1

Form 51 - NP ASSURANCE OS LIFE - Net 1.80%		
Product code	Product description	Net reserve (£000)
300	Regular premium non-profit WL/EA OB	3,445
325	Level term assurance	(1,200)
330	Decreasing term assurance	(623)
340	Accelerated critical illness (guaranteed premiums)	(1,273)
345	Accelerated critical illness (reviewable premiums)	(6)
440	Additional reserves non-profit OB	(83)
	Total	259

Form 51 - ADDITIONAL RESERVES - LIFE - Net 0.00%		
Product code	Product description	Net reserve (£000)
330	Decreasing term assurance	(20)
440	Additional reserves non-profit OB	209,035
	Total	209,015

Form 51 - ADDITIONAL RESERVES - LIFE - Net 1.80%		
Product code	Product description	Net reserve (£000)
330	Decreasing term assurance	(165)
340	Accelerated critical illness (guaranteed premiums)	2,524
345	Accelerated critical illness (reviewable premiums)	1,324
360	Income protection non-profit (guaranteed premiums)	(16)
435	Miscellaneous non-profit	31,418
	Total	35,086

Supplementary notes

Name of insurer **Aviva Life & Pensions UK Limited**
Global business
Financial year ended **31st December 2012**

Code

Form 51 - NP ASSURANCE UK LIFE - Net 1.80%		
Product code	Product description	Net reserve (£000)
300	Regular premium non-profit WL/EA OB	21,332
305	Single premium non-profit WL/EA OB	33,752
325	Level term assurance	(102,098)
330	Decreasing term assurance	(76,538)
340	Accelerated critical illness (guaranteed premiums)	(19,898)
345	Accelerated critical illness (reviewable premiums)	(46,303)
435	Miscellaneous non-profit	4,719
	Total	(185,033)

Form 53 - NP ASSURANCE UK LIFE - Net 2.10%		
Product code	Product description	Net reserve (£000)
700	Life property linked single premium	(52,599)
710	Life property linked whole life regular premium	390
715	Life property linked endowment regular premium -savings	193
720	Life property linked endowment regular premium – target cash	(871)
780	Stand-alone critical illness rider	6
795	Miscellaneous property linked	6
	Total	(52,876)

Form 51 - ADDITIONAL RESERVES - LIFE - Gross 2.20%		
Product code	Product description	Net reserve (£000)
340	Accelerated critical illness (guaranteed premiums)	9,900
390	Deferred annuity non-profit	40
395	Annuity non-profit (PLA)	24
440	Additional reserves non-profit OB	(4,300)
	Total	5,664

Form 51 - NP ASSURANCE UK PENS - Gross 2.20%		
Product code	Product description	Net reserve (£000)
325	Level term assurance	(678)
330	Decreasing term assurance	(331)
390	Deferred annuity non-profit	242
395	Annuity non-profit (PLA)	420
	Total	(347)

NPSF2

Form 51 - INCOME PROTECTION - Gross 2.20%		
Product code	Product description	Net reserve (£000)
360	Income protection non-profit (guaranteed premiums)	(9,145)
365	Income protection non-profit (reviewable premiums)	(16,306)
420	Group income protection	27,050
	Total	1,599

Supplementary notesName of insurer **Aviva Life & Pensions UK Limited**

Global business

Financial year ended **31st December 2012****Code**

Form 51 - NP ASSURANCE OS LIFE - Gross 2.20%		
Product code	Product description	Net reserve (£000)
300	Regular premium non-profit WL/EA OB	119
325	Level term assurance	1,524
330	Decreasing term assurance	(269)
340	Accelerated critical illness (guaranteed premiums)	1,236
345	Accelerated critical illness (reviewable premiums)	216
	Total	2,825

Form 51 - NP ASSURANCE UK PENS - Gross 2.20%		
Product code	Product description	Net reserve (£000)
325	Level term assurance	732
330	Decreasing term assurance	(283)
390	Deferred annuity non-profit	28
	Total	477

Supplementary notesName of insurer **Aviva Life & Pensions UK Limited**

Global business

Financial year ended **31st December 2012****Code****5803 Distribution of Surplus**

The table below shows the breakdown of the change in the percentage of distributed surplus allocated to policyholders as shown in Form 58. This demonstrates that the change in percentage from 31/12/11 to 31/12/12 is due to changes in the relative proportion of business between different categories of WP policyholder, and that the proportion of surplus distributed to each category of policyholders remains unchanged.

New With-Profits Sub-Fund

£000	FSA Ref.	90:10	91:9	92:8	New business subsidy	Total
Bonus payments made to policyholders in anticipation of a surplus	58.41	124,399	548	547	-	125,494
Reversionary bonus	58.43	236,165	3,089	4,277	-	243,531
Total allocated to policyholders	58.46	360,564	3,637	4,824	-	369,025
Net transfer out of fund	58.47	40,063	359	419	(22,062)	18,779
Total distributed surplus	58.48	400,627	3,996	5,243	(22,062)	387,804
Percentage of surplus allocated to policyholders		90.00%	91.00%	92.00%	-	95.16%
Percentage of surplus allocated to policyholders (previous year)		90.00%	91.00%	92.00%	-	94.08%

Old With-Profits Sub-Fund

£000	FSA Ref.	90:10	91:9	92:8	New business subsidy	Total
Bonus payments made to policyholders in anticipation of a surplus	58.41	17,005	68	36	-	17,109
Reversionary bonus	58.43	31,800	279	379	-	32,458
Total allocated to policyholders	58.46	48,805	347	415	-	49,567
Net transfer out of fund	58.47	5,423	35	36	(2,938)	2,556
Total distributed surplus	58.48	54,228	382	451	(2,938)	52,123
Percentage of surplus allocated to policyholders		90.00%	91.00%	92.00%	-	95.10%
Percentage of surplus allocated to policyholders (previous year)		90.00%	91.00%	92.00%	-	94.49%

With-Profits Sub-fund

£000	FSA Ref.	Conventional With Profits	With Profits Annuity	Unitised With Profits	Belgium	Total
Bonus payments made to policyholders in anticipation of a surplus	58.41	226,583	367	31,889	-	258,839
Reversionary bonus	58.43	5,155	4,426	154,225	-	163,806

Supplementary notesName of insurer **Aviva Life & Pensions UK Limited**

Global business

Financial year ended **31st December 2012****Code**

Total allocated to policyholders	58.46	231,738	4,793	186,114	-	422,645
Net transfer out of fund	58.47	25,748	545	-	-	26,293
Total distributed surplus	58.48	257,486	5,338	186,114	-	448,938
Percentage of surplus allocated to policyholders		90.00%	89.79%	100.00%	-	94.14%
Percentage of surplus allocated to policyholders (previous year)		90.00%	89.76%	100.00%	-	97.81%

Provident Mutual Sub-Fund

£000	FSA Ref.	Conventional With Profits	Scheme of Transfer adjustment	Total
Bonus payments made to policyholders in anticipation of a surplus	58.41	36,717	-	36,717
Reversionary bonus	58.43	6,151	-	6,151
Total allocated to policyholders	58.46	42,868	-	42,868
Net transfer out of fund	58.47	4,763	(106)	4,657
Total distributed surplus	58.48	47,631	(106)	47,525
Percentage of surplus allocated to policyholders		90.00%	0.00%	90.20%
Percentage of surplus allocated to policyholders (previous year)		90.00%	0.00%	90.13%

5804 The £(10,154)m transfer shown in 'Previous year' Line 13 of Form 58 for the With-Profits Sub-Fund represents a positive £3,444m transfer on pensions business together with a negative adjustment of £(13,598)m to reverse the past transfers related to the GMP underpin on Section 32 policies.

Valuation report – IPRU (INS) Appendix 9.4

Name of insurer

Aviva Life & Pensions UK Ltd – With Profits Sub-Fund

Global business

Financial year ended

31 December 2012**1. Introduction**

- (1) The **valuation date** is 31 December 2012.
- (2) The previous valuation was completed with an effective date of 31 December 2011.
- (3) An interim valuation was carried out with an effective date of 30 June 2012 for the purposes of rule 9.3A.

2. Product Range

There have not been any significant changes to products during the financial year. The fund is open to new with-profit business.

3. Discretionary charges and benefits

- (1) The table below shows the period during which a market value reduction (MVR) applied during 2012. The table is separated by class of business and by year of unit purchase. Entries marked 'N/A' imply that an MVR was not applied to units for that product / year of purchase combination during 2012

Product	UWP Life products (not Bond 2000) Without Guarantee	UWP Life products (not Bond 2000) With Guarantee	UWP Life (Bond 2000)	UWP Pensions Products with guaranteed bonus	UWP Pensions Products without guaranteed bonus	UWP Group Defined Benefits
1987	N/A	N/A	N/A	N/A	N/A	N/A
1988	N/A	N/A	N/A	N/A	N/A	N/A
1989	N/A	N/A	N/A	01.01.12 - 31.12.12	N/A	01.01.12 - 31.12.12
1990	N/A	N/A	N/A	N/A	N/A	N/A
1991	N/A	N/A	N/A	N/A	N/A	N/A
1992	N/A	N/A	N/A	N/A	N/A	N/A
1993	N/A	N/A	N/A	N/A	N/A	N/A
1994	N/A	N/A	N/A	N/A	N/A	N/A
1995	N/A	N/A	N/A	N/A	N/A	N/A
1996	N/A	N/A	N/A	N/A	N/A	N/A
1997	N/A	N/A	N/A	01.01.12 - 31.12.12	N/A	01.01.12 - 31.12.12
1998	N/A	01.01.12 - 30.06.12	N/A	01.01.12 - 31.12.12	N/A	01.01.12 - 31.12.12
1999	N/A	N/A	N/A	01.01.12 - 30.06.12	01.01.12 - 30.06.12	01.01.12 - 30.06.12
2000	01.01.12 - 30.06.12	01.01.12 - 30.06.12	01.01.12 - 31.12.12	01.01.12 - 31.12.12	01.01.12 - 31.12.12	01.01.12 - 31.12.12
2001	N/A	N/A	01.01.12 - 30.06.12	N/A	N/A	N/A
2002	N/A	N/A	N/A	N/A	N/A	N/A
2003	N/A	N/A	N/A	N/A	N/A	N/A
2004	N/A	N/A	N/A	N/A	N/A	N/A
2005	N/A	N/A	N/A	N/A	N/A	N/A
2006	01.01.12 - 30.06.12	01.01.12 - 30.06.12	N/A	01.01.12 - 30.06.12	01.01.12 - 30.06.12	01.01.12 - 30.06.12
2007	01.01.12 - 31.12.12	01.01.12 - 31.12.12	N/A	01.01.12 - 31.12.12	01.01.12 - 31.12.12	01.01.12 - 31.12.12
2008	N/A	N/A	N/A	N/A	N/A	N/A
2009	N/A	N/A	N/A	N/A	N/A	N/A
2010	N/A	N/A	N/A	N/A	N/A	N/A
2011	N/A	N/A	N/A	N/A	N/A	N/A
2012	N/A	N/A	N/A	N/A	N/A	N/A

- (2) There have been no changes to premiums on reviewable protection policies.

- (3) The fund does not have any non-profit deposit administration benefits.

(4) Service charges:

For Unitised Ordinary Business and Post 1/1/95 Unitised Pensions, including 98 Series products Plan fees were reviewed with effect from 1st January 2012 and were based on the change in RPI published in December (+5.6%).

Pre 1/1/95 unitised pension products were reviewed with effect from 1st April 2012.

Personal Pension Plans (including AVCs, Jersey Investment Plan) changes were based on the change in RPI published in January (+4.9%)

Group Money Purchase plans changes were based on the change in AWEI published in April (+1.5%)

Valuation report – IPRU (INS) Appendix 9.4

Name of insurer **Aviva Life & Pensions UK Ltd – With Profits Sub-Fund**
Global business
Financial year ended **31 December 2012**

- (5) There have been no changes to benefit charges on linked policies.
- (6) There have been no changes to unit management charges or notional charges to accumulating with profits policies..
- (7) There are no internal linked funds in the With-Profit sub-fund of Aviva Life & Pensions UK Ltd (the Company).
- (8) There are no internal linked funds in the With-Profit sub-fund of the Company.
- (9) There are no internal linked funds in the With-Profit sub-fund of the Company.
- (10) There are no internal linked funds in the With-Profit sub-fund of the Company.

4. Valuation basis (other than for special reserves)

(1) Valuation methodology

For the Company, 1% of gross mathematical reserves exceeds £10m. A limit of £10m will be applied to all subfunds of the Company when considering whether a group of products is material.

All regular and single premium business is now valued on a Gross Premium basis.

For pensions business continued beyond the normal pension age, the cash value available at the normal pension age has been accumulated with interest.

Unitised with-profits business is valued initially by determining the lower of the current non-guaranteed surrender value and the bid value of units. This result is then compared with a prospective valuation and the higher result taken.

The prospective valuation projects future benefits to the next guarantee date. For Pensions business (and Life business with a set maturity date) this is the maturity date that the policyholder has selected. For Life business without a set maturity date it is the next date that the policyholder has a guaranteed surrender value (see section 5(2)).

The projection assumes future premiums cease and future bonuses are zero, except for policies with a guaranteed minimum bonus rate, where this guaranteed bonus is allowed for. Allowance is made for mortality, with assumptions as shown in the Non-Profit Sub-fund Appendix 9.4. Allowance is made for lapses, with assumptions as shown in 4(9) below. The prospective valuation also explicitly allows for the transfer of the annual management charges from the With Profits Fund to the Non Profit Fund to meet future maintenance expenses.

Any death or critical illness risk is valued on an unexpired premium reserve basis with an allowance for incurred but not reported claims.

Valuation report – IPRU (INS) Appendix 9.4

Name of insurer

Aviva Life & Pensions UK Ltd – With Profits Sub-Fund

Global business

Financial year ended

31 December 2012**(2) Valuation interest rates:**

A table of all valuation interest rates used is given below.

Product	Interest rate 31 December 2012	Interest rate 31 December 2011
<u>Life Assurances</u>		
Conventional business WP	2.30%	2.80%
UWP business	1.85%	2.35%
<u>Pensions and General Annuities</u>		
Deferred Annuity With Profit		
In payment	2.70%	3.25%
In deferment – Single Premium	2.70%	3.25%
In deferment – Regular Premium	2.70%	3.25%
Deferred Annuity Non Profit		
In Payment	1.80%	2.30%
In deferment – Single Premium	1.80%	2.30%
In deferment – Regular Premium	1.80%	2.30%
Non-profit policies	1.80%	2.30%
Regular Premium With Profit policies	2.70%	3.25%
Single Premium With Profit policies	2.70%	3.25%
Group Defined Benefits	2.70%	3.25%
UWP business	2.20%	2.75%
With Profit Annuity	3.00%	3.40%

(3) Adjustment to yield for credit risk**Equity assets**

The allowance for credit risk on equities is two-fold. Firstly, a deduction is applied, which is determined as 25% of the excess of the equity yield over the Long Term Gilt Yield. The equity yield is then capped at a maximum of 10%.

For the purposes of the valuation the average deduction from the yield on equities held at 31 December 2012 was:

Deduction from Yield	WPSF
Impact of 25% Spread	0.49%
Impact of 10% Cap	0.30%
Total Deduction	0.79%

Property assets

The property assets have been ordered by yield and divided into different categories. Firstly, a deduction is applied to the grouped yields, which is determined as 25% of the excess of the yield over the Long Term Gilt Yield. The property yield in each category is then capped at a maximum of 10%. This means that very low-yielding assets retain the low rate but high-yielding assets are capped.

The reduction on the average yield on property assets is as follows:

Deduction from Yield	WPSF
Impact of 25% Spread	0.78%
Impact of 10% Cap	0.29%
Total Deduction	1.07%

Fixed interest securities

The allowance for credit risk on bonds is two-fold. Firstly, the bond yield is capped at a maximum of 12%. A further deduction is then applied determined as 33% of the excess of the capped bond yield over the yield of a gilt with a matching duration.

For the purposes of the valuation the average deduction from the yield on fixed interest securities (excluding Approved fixed interest i.e. gilts and other bonds issued by approved UK and international public sector bodies) held at 31 December 2012 was:

Valuation report – IPRU (INS) Appendix 9.4

Name of insurer

Aviva Life & Pensions UK Ltd – With Profits Sub-Fund

Global business

Financial year ended

31 December 2012

Deduction from Yield	WPSF
Impact of 12% Cap	0.21%
Impact of 33% Spread	0.73%
Total Deduction	0.94%

For Mortgages, a deduction of 1.0% was used, while for Deposits, the equivalent deduction was 0.10%.

(4) Mortality assumptions

The table below shows the mortality basis for Conventional business written by the fund.

Product	Mortality basis 31 December 2012	Mortality basis 31 December 2011
<u>UKL&P WP Life Assurances</u>		
Whole Life	104.9% AM00/AF00 sel	138.9% AM00/AF00 sel
Endowments	93.3% AM00/AF00 sel	93.3% AM00/AF00 sel
<u>UKL&P WP Pensions & General Annuities</u>		
Whole Life	104.9% AM00/AF00 sel	138.9% AM00/AF00 sel
Endowments	93.3% AM00/AF00 sel	93.3% AM00/AF00 sel
Pure Endowment	60% AM00/AF00 ult	60% AM00/AF00 ult
Deferred Annuity		
In deferment	60% AM00/AF00 ult	60% AM00/AF00 ult
Post vesting	98.5% PCMA00/93.5% PCFA00	90.5% PCMA00/85% PCFA00
Group Defined Benefits		
In deferment	60% AM00/AF00 ult	60% AM00/AF00 ult
Post vesting	a(55) ult	a(55) ult
With Profit Annuity	98.5% PCMA00/93.5% PCFA00	90.5% PCMA00/85%PCFA00

Unitised with-profit business

Mortality assumptions as shown in the Non-Profit Sub-fund Appendix 9.4.

Notes on tables:

- M tables apply to male lives, F tables to female lives.
- Smoker / Non-Smoker table used where smoker status data is available, otherwise Combined table used
- Annuitant mortality: allowance has been made for future improvements to mortality. The base tables (% of PCXA00) are assumed to apply as at 31 December 2000 (or 31 December 2004 for the 31 December 2011 basis); from that date improvements are expected. The allowance for improvements is as follows:

	31 December 2012	31 December 2011
Males	CMI_2011_M [1.5%], applicable from 2001 to 2011 CMI_2011_M [1.5%] plus 0.5% p.a., applicable from 2012	100% of Medium Cohort, minimum 2.0%, applicable from 2005
Females	CMI_2011_F [1%], applicable from 2001 to 2011 CMI_2011_F [1%] plus 0.5% p.a., applicable from 2012	75% of Medium Cohort, minimum 1.5%, applicable from 2005

- There are no products where the assurance mortality basis is expressed as 'modified table'.

Expectation of Life

The table below shows the required examples for expectation of life using the base mortality tables, percentage adjustments and improvement factors quoted above.

Valuation report – IPRU (INS) Appendix 9.4

Name of insurer

Aviva Life & Pensions UK Ltd – With Profits Sub-Fund

Global business

Financial year ended

31 December 2012

Table Description	Expectation of Life for annuitant aged 65 on 1/1/2013	Expectation of Life for annuitant aged 75 on 1/1/2013	Expectation of Life from age 65 for annuitant aged 45 on 1/1/2013	Expectation of Life from age 65 for annuitant aged 55 on 1/1/2013
98.5% of PCMA00 plus CMI_2011_M[1.5%] applied from 2001, plus 0.5% p.a. from 2012	24.8	15.3	28.2	26.4
93.5% of PCFA00 plus CMI_2011_F[1%] applied from 2001, plus 0.5% p.a. from 2012	26.5	16.8	29.0	27.7

Allowance for future changes in mortality where not implicit in the basis:

There are no explicit reserves for alterations to mortality. All future changes are made to the tables used to calculate base mathematical reserves.

The remaining margins in the published mortality and morbidity bases are considered sufficient to provide for adverse deviations in experience arising from other causes. No additional reserves are therefore held.

(5) Morbidity assumptions:

There are no liabilities within the With Profits Sub-Fund that require morbidity assumptions.

(6) Expense assumptions:

Expense assumptions are taken as 120% of the amounts detailed in the Management Services Agreement (MSA). The loadings are used to set a long-term assumption for additional costs arising within the business (e.g. project costs, regulatory fees, audit fees) and to give a margin for adverse deviation.

Non-unit reserves on UWP business are held in the Non-Profit Subfunds, expense assumptions for this business are shown in the Non-Profit Sub-fund Appendix 9.4.

Expense levels are assumed the same for premium-paying and paid-up policies.

The table below shows the per-policy expenses for 2011 and 2012 (including loadings).

Product	Product code	Renewal admin (£ per policy)	
		2012	2011
CWP savings endowment	120	36.30	34.63
CWP target cash endowment	125	36.30	34.63
CWP Pensions	155/165	48.40	46.18
Annuity (reversionary)	400	0	0

Assumed future expense inflation

2.76% per annum (RPI as set out by the MSA agreement)

Zillmer adjustments

No Zillmer adjustments were made to net premium reserves (as the valuation was done on a gross premium basis).

Investment expenses

The yield on the asset classes backing the liabilities was reduced for investment expenses. This reduced the upper bound on the interest rates used in the valuation. The adjustments made were:

Asset Class	Investment expense
Equity	0.149%
Property	0.149%
Gilts	0.149%
Other Fixed Interest	0.149%
Cash	0.149%

The adjustments reflect the charging structure agreed with the Company's fund managers, Aviva Investors UK.

Valuation report – IPRU (INS) Appendix 9.4Name of insurer **Aviva Life & Pensions UK Ltd – With Profits Sub-Fund**

Global business

Financial year ended **31 December 2012****Tax Relief**

Tax relief on expenses on products in the BLAGAB fund has been assumed using a rate of 20.00%.

No allowance has been made for taxation in respect of Pensions business.

(7) There are no internal linked funds in the With-Profit sub-fund of the Company.

(8) **Bonus Assumptions:**

Conventional with-profit business

The Company is a realistic basis life firm. Accordingly, no allowance has been made for future annual or final bonus on Conventional with-profit business. This is consistent with INSPRU1.2.31G. There are no guarantees relating to future annual or final bonus on this business.

Unitised with-profit business

Certain classes of business have guaranteed annual bonus rates. These have been used in the projection of liabilities. No allowance has been made for discretionary annual or final bonus.

Guaranteed regular bonus by product:

Product	Guaranteed Annual Bonus Rate	Valuation assumption	Applies to...
Unitised With Profits Life	2.50%	2.50%	Units purchased pre 1/1/1999 on policies written before 1/1/1995
Unitised With Profits Pensions	4.00%	4.00%	Units purchased pre 1/1/1999 on policies written before 1/1/1995

In practice there are a small number of cases that do not satisfy the conditions given in the fourth column of the table but do receive the guaranteed bonus rates shown. These units are identified and the guaranteed bonus rate is incorporated into the valuation.

(9) **Persistency assumptions:**

For Conventional Business, we have assumed 100% persistency until maturity.

For UWP business, we have allowed for surrender rates consistent with the table below. Furthermore, for UWP policies with a no-MVR/money-back guarantee option available, we have assumed an exit rate of 100% at the next guarantee date. The exception to this is the Norwich Capital Plan, where a guaranteed minimum annual bonus rate of 2.5% may mean that a 0% no-MVR take-up will produce a bigger reserve. Accordingly, the reserves for this product are based on the most onerous of the 100% and 0% no-MVR take-up.

We have also assumed that policyholders that are able to take regular withdrawals without incurring an MVR take 5% of their units in this way (per annum).

Product		Average lapse/surrender/PUP rate for the policy years			
		1-5	6-10	11-15	16-20
Life CWP endowment - savings	Surrender	0%	0%	0%	0%
Life CWP endowment - target cash	Surrender	0%	0%	0%	0%
Life UWP endowment - savings	Surrender	4.55%	4.55%	4.55%	4.55%
Life UWP endowment - target cash	Surrender	4.55%	4.55%	4.55%	4.55%
Life UWP single premium - no guarantee	Surrender	2.47%	8.06%	7.15%	6.50%
Life UWP single premium - moneyback guarantee	Surrender	2.47%	8.06%	7.15%	6.50%
Life UWP single premium - no-MVR guarantee	Surrender	2.47%	6.50%	8.45%	9.10%
Life UWP single premium	Automatic withdrawals	100% of current withdrawal			

Valuation report – IPRU (INS) Appendix 9.4

Name of insurer

Aviva Life & Pensions UK Ltd – With Profits Sub-Fund

Global business

Financial year ended

31 December 2012

Pension CWP regular premium	PUP	0%	0%	0%	0%
Pension CWP regular premium	Surrender	0%	0%	0%	0%
Pension CWP single premium	Surrender	0%	0%	0%	0%
Individual Pension UWP regular premium	PUP	Peak 1 valuation assumes no future premiums on UWP business			
Individual Pension UWP regular premium	Surrender	1.00%	1.00%	1.00%	1.00%
Individual Pension UWP single premium	Surrender	1.00%	1.00%	1.00%	1.00%
Group Pension UWP regular premium	PUP	Peak 1 valuation assumes no future premiums on UWP business			
Group Pension UWP regular premium	Surrender	1.00%	1.00%	1.00%	1.00%
Group Pension UWP single premium	Surrender	1.00%	1.00%	1.00%	1.00%

(10) Other basis items:**Option take-up rates**

- Guaranteed Annuity Rate Options:

We have assumed that current option take-up is 95%. This is based on current experience and incorporates margins for prudence.

- Guaranteed Minimum Pensions (GMP) on Section 32 policies:

We have assumed 100% 'option take-up' of the minimum pension. In practice, policyholders do not have an option (if the maximum pension bought by their policy is below the Guaranteed Minimum then they will be paid the GMP).

Taxation

Valuation interest rates on Life business include an allowance for taxation. This allowance has been arrived at using the following assumption:

- A tax rate of 20% has been assumed in respect of income on Fixed Interest and Property assets (for Life business). No allowance has been made for taxation on equity income.

(11) We allow for Equity and Fixed Interest Futures in the matching assets used to hypothecate against reserves.

(12) During the reporting period, the fund has made no changes to valuation methodology in respect of the following changes in INSPRU valuation rules:

- Allowance for lapses on valuation of protection business
- Allowance for negative reserves on valuation of protection business
- Allowance for lapses on valuation of unit-linked business
- Allowance for attributable expenses on valuation of unit-linked business

5. Options and Guarantees**(1) Guaranteed Annuity Rate Options:****(a) Method:**

For policies with a cash benefit that can be used to buy an annuity on guaranteed terms, the methodology is as follows:

- Calculate the amount of the cash benefit that we have assumed will be converted into an annuity (using the option take-up rates given in section 4(10)).

Valuation report – IPRU (INS) Appendix 9.4

Name of insurer

Aviva Life & Pensions UK Ltd – With Profits Sub-Fund

Global business

Financial year ended

31 December 2012

- Determine the amount of annuity that this cash would buy if it were to be converted on guaranteed terms.
- Calculate the present value of the resulting annuity using the annuitant mortality basis given in section 4(4) and in-payment interest rate basis given in 4(2).
- If the total is greater than the total policy benefit at retirement then add on the difference. Discount the result to valuation date at the discount rate given in section 4(2).
- Add on the reserve for the expenses of administering the annuity.

For policies where the benefit is in the form of an annuity with a guaranteed cash-conversion option, the annuity benefit is converted to cash on the guaranteed terms. The methodology above (for cash contracts) is then applied.

The Regulatory-peak reserve for Guaranteed Annuity Options is compared with the reserve calculated using the following basis:

- Regulatory-peak annuitant mortality assumptions are used (as given in 4(4))
- Regulatory-peak option take-up rates are used (as given in 4(10))
- Realistic-peak annuity interest rates and discounting are used
- Realistic-peak assumptions for persistency are used
- Realistic-peak Final Bonus allowance removed

Realistic-peak assumptions are discussed in more detail in Appendix 9.4A.

If this second reserve is larger than the base Regulatory-peak figure, an allowance for stochastic variation is added to the Regulatory-peak reserve. The allowance at 31 December 2012 is zero.

(b)

(i) Product	Conventional pensions endowment with-profits	Conventional deferred annuity with-profits	Deferred annuity non-profit
(ii) Basic Reserve (£m)	641.9	140.4	326.6
(iii) Spread of outstanding durations:			
0-5 years	42%	47%	20%
6-10 years	33%	31%	25%
11-20 years	25%	20%	48%
over 20 years	0%	2%	8%
(iv) Guarantee Reserve (£m)	605.7	147.9	397.5

Notes on all products shown:

(v)/(vii): There are two main types of guaranteed annuity:

- Payable monthly in arrears, single life, no escalation, guaranteed for five years
- Payable monthly in arrears, single life, no escalation, no guaranteed period.

The Guaranteed Annuity Rate for the business with the guaranteed period is 11.25%. The Guaranteed Annuity Rate for the business without is 11.61%. These rates differ by less than 1% and so no split is shown.

vi) Increments (where permitted) do not receive the option.

viii) On retirement before Normal Retirement Date (NRD) Guaranteed Annuity Rates are lost. The exceptions are where retirement occurs between 60 and 75, on ill-health grounds before age 60 or when an early NRD was agreed at outset for S226 contracts.

Valuation report – IPRU (INS) Appendix 9.4

Name of insurer **Aviva Life & Pensions UK Ltd – With Profits Sub-Fund**
Global business
Financial year ended **31 December 2012**

(2) Guaranteed surrender and unit-linked maturity values:

The With-Profit fund has no unit-linked business.

The non-unit-linked policies with a guaranteed surrender value are certain Unitised With-Profit Life contracts.

No Conventional policies have a guaranteed surrender value. Unitised With-Profit Pensions contracts cannot be surrendered, only transferred or switched; in either case, an MVR would apply if this were to be done before Normal Retirement Date. Retirement under such policies can happen on more than one date without incurring an MVR. Retirement is a contractual exit (not a surrender of the policy) and is explicitly valued.

There are three types of guaranteed surrender value under UWP Life contracts:

- The option to surrender the policy on a certain set of dates without an MVR being applied (a no-MVR guarantee).
- The option to surrender the policy on a certain set of dates with the total benefit being underpinned by the initial premium paid into the policy (a money-back guarantee)
- The option to take a certain level of regular withdrawals without an MVR being applied.

(a) Methodology:

In all three cases above the overall reserve for a policy has been calculated as:

$\text{Max}([\text{Accumulated Benefit} + \text{adjustment}], [\text{Prospective reserve for future benefit}])$.

- The [Accumulated Benefit + adjustment] item is calculated in accordance with INSPRU 1.2.71R(1).
- The [Prospective reserve for future benefit] is calculated as the present value of the benefit paid to the policyholder after allowing for lapses. The basis of the calculation includes assumptions for surrender before the guarantee date(s), an assumption about the percentage of remaining policyholders who choose to surrender on their guarantee date(s) and an assumption for the level of MVR-free regular withdrawals taken by policyholders.

Persistency assumptions are given in item 4(9), along with assumptions about guarantee take-up. The interest rates used in the calculation are given in 4(2).

The guarantee is explicitly valued as part of the main calculation – there is no explicit reserve for it.

The tables show the unit value in force as the guaranteed amount. This represents the amount that would be paid if the policyholder surrendered with a no-MVR guarantee. It is also a proxy for the amount payable under the regular withdrawal guarantee, as a policyholder could ultimately redeem all of their units through regular withdrawals.

Where a spread of duration is shown, duration refers to the next date at which the policyholder could fully surrender with a guarantee (either no-MVR or money-back).

(b)

Valuation report – IPRU (INS) Appendix 9.4

Name of insurer

Aviva Life & Pensions UK Ltd – With Profits Sub-Fund

Global business

Financial year ended

31 December 2012

(i) Product name	(ii) basic reserve (£)	(iii) spread of outstanding term	(iv) guarantee reserve (£)	(v) guaranteed amount (£)	1) no-MVR guarantee on full surrender	2) money-back guarantee (full surrender)	3) regular withdrawal guarantee	(vii) in force regular premiums	(viii) increments allowed to policy?
Norwich Capital Plan (10/89 onwards)	243,422,243	0.1% with no-MVR date in 2013; 99.9% with no-MVR date in 2014-2017	0	231,974,559	No MVR on 10th anniversary and subsequent 5 yearly anniversaries for continuous investment in the With Profits Fund	None	Aviva reserves the right to apply an MVR on regular withdrawals.		Yes but no-MVR guarantee does not apply to increments
Norwich With-Profits Bond; Norwich Bond 2000; Norwich Flexibond (pre 2/10/00); Bicentenary Bond	643,836,718	100% with MBG expired	0	642,842,940	None	Money-back guarantee applies in the 8-week period centred on the 10th policy anniversary. Does not apply if any part of policy has already been cashed in.	All regular withdrawals are MVR-free. Restrictions are made on the amount of regular withdrawals that can be taken. 5% of original investment is current practice.		Yes but they do not receive the money-back guarantee

(3) Guaranteed Insurability Options

- (a) For convertible term or increasing sum insured options, a reserve is held equal to one year's option premium.
- (b) The total sum assured for conversion and renewal options is less than £1bn and is therefore not included here in accordance with rule 9.3(b).

(4) Other guarantees and options**(a) Guaranteed Minimum Pensions on Section 32 policies**

Section 32 policyholders have a guarantee that the maximum annuity that can be bought with their policy at State Pension Age will not be less than the (revalued) Guaranteed Minimum Pension.

Method/basis:

- The Guaranteed Minimum Pension is valued at retirement using the annuitant mortality/in-payment interest rate assumptions shown in sections 4(4)/4(2) respectively.
- This value of benefits is added to a reserve for paying the expenses of administering the GMP.
- The total is compared with the value of the Sum Assured / Regular Bonus to date. If larger, an additional reserve is established (equal to the difference).

The Regulatory-peak reserve for the GMP guarantee is compared with the reserve calculated using the following basis:

- Regulatory-peak annuitant mortality assumptions are used (as given in 4(4))
- Realistic-peak (realistic valuation) annuity interest rates and discounting are used
- Realistic-peak assumptions for persistency are used
- Realistic-peak Final Bonus allowance removed

Realistic-peak assumptions are discussed in more detail in Appendix 9.4A.

If this second reserve is larger than the base Regulatory-peak figure, an allowance for stochastic variation is added to the Regulatory-peak reserve. The allowance at 31 December 2012 is zero.

The base reserve for the business affected is: £1,076m

The additional reserve required is: £879m

Valuation report – IPRU (INS) Appendix 9.4

Name of insurer **Aviva Life & Pensions UK Ltd – With Profits Sub-Fund**
Global business
Financial year ended **31 December 2012**

- (b) Some group business contains premium rate guarantees for a limited period. No specific reserve for these is considered necessary.

6. Expense reserves

- (1) The aggregate amount for expense allowances during 2013 arising from explicit reserves is £23,500,000.

The main sources are:

- The explicit annual maintenance expense charge for conventional business valued on a gross premium basis.
- Investment expenses as provided for by a deduction from the yield on conventional business
- Additional explicit 10% margin on the annual maintenance expense

For details about expense loadings for UWP business see Appendix 9.4 for the Non-Profit Subfunds.

- (2) Gross Premium Valuation has been used for all business. All allowances for expenses are explicit.
- (3) The 2012 figure for expenses in line 14 of Form 43 includes amounts for prior year adjustments, one-off items and exceptional expenses that are reserved for explicitly elsewhere. Excluding these items, the allowance for 2013 maintenance expenses in 6(1) above is higher than the adjusted Form 43 expense by £600,000. The difference is due to margins in the valuation basis and changes in business volumes between 2012 and 2013.
- (4) No reserve is deemed necessary to cover the costs of transacting new business in the year following the valuation date.
- (5) No explicit reserve for maintenance expense overrun has been made because existing provisions for expenses exceed their current levels.

INSPRU 1.2.50R(2) requires us to make prudent provision for expenses allowing for:

- (a) tax
- (b) expenses in the last twelve months and expected future expenses
- (c) impact of expense inflation
- (d) cost of closure to new business 12 months after valuation date.

We have taken the following action to comply with INSPRU 1.2.50R(2):

- (a) All expenses provisions allow for taxation.
- (b) Our expense provision exceeds expected future expenses levels.
- (c) Expense inflation has been allowed for in the valuation at the rates dictated by the Management Services Agreement. The parameter used for RPI inflation (2.76%) was a best-estimate. By using a best-estimate assumption we are incorporating a margin for prudence into the valuation of expenses (since the gap between the valuation discount rate and expense inflation is far smaller than best-estimate).
- (d) An assessment was made of the cost of closure of the Company to new business at the end of 2012 using the following method and basis of calculation:
 - All sales, marketing and new business administration operations were assumed to cease three months after the date of closure.
 - Allowance was made for statutory redundancy costs.
 - Allowance was made for costs arising from the delay in re-letting properties occupied by the new business areas.
 - Allowance was made for the additional cost that would be incurred through outsourcing existing business administration
 - Allowance was made for other costs incurred on closure to new business such as write-offs on fixed assets.

Valuation report – IPRU (INS) Appendix 9.4

Name of insurer **Aviva Life & Pensions UK Ltd – With Profits Sub-Fund**

Global business

Financial year ended **31 December 2012**

Allowance was made for the proportion of closure expenses that would be borne by the other sub-funds of the Company and Aviva Annuity UK Limited.

No allowance was made for terminating the existing Management Services Agreement charging structure for existing business, as this would be expected to remain in force after closure to new business.

A provision of £2m is held to cover the cost of closure.

- (6) The UKL&P WP Fund does not hold any reserves for non-attributable expenses.

7. Mismatching Reserves

- (1) The mathematical reserves and matching assets, analysed by currency, are as follows.

Currency	Mathematical Reserves (£000)	Matching Assets (£000)	Matched %
Sterling	14,470,069	14,470,069	100%

- (2) No such grouping of liabilities has been needed.
- (3) The fund does not hold a reserve for currency mismatching. The fund has sufficient sterling assets to cover its mathematical reserves.
- (4) The Company is a realistic-basis firm and a resilience capital requirement is no longer required.
- (5) The Company is a realistic-basis firm and a resilience capital requirement is no longer required.
- (6) The Company is a realistic-basis firm and a resilience capital requirement is no longer required.
- (7) INSPRU 1.1.34R(1): "The assets *[held by a firm to cover its technical provisions]*...must...be of a sufficient amount, and of an appropriate currency and term, to ensure that the cash inflows from those assets will meet the expected cash outflows from the firm's insurance liabilities as they become due."

No further reserve has arisen following consideration of this rule.

Currency mismatching is considered in sections 7(1)-7(3).

The assets backing the liabilities do not precisely match them by term. The fund has significant holdings in equity and property assets that have no set maturity date. These assets are held to provide strong performance for policyholders.

Instead, the fund aims to ensure that cash outflows can be met through:

- Incoming premiums
- Income from its assets (dividends, rental income, coupon payments)
- Receipts on redemption from matched fixed interest stocks
- Holding appropriate volumes of cash and liquid assets
- Sales of assets.

There is a risk that the fund may have to sell assets at an unfavourable time, e.g. when prices are temporarily depressed. If the fund has to sell unmarketable assets it may also depress the price through the sale itself. The risk will be very short term; if our liquidity was genuinely an issue then we could sell illiquid assets for cash over the period of a year without distorting the price we would receive (and have used in our asset valuation).

The risk only impacts business where it cannot be passed on to policyholders. For example, the risk is negligible on assets backing Unit Linked business because any reduction in price arising on sale would be passed onto the remaining policyholders through the unit price. On with-profit business, high levels of surrender may lead to higher MVR rates being applied.

Valuation report – IPRU (INS) Appendix 9.4

Name of insurer **Aviva Life & Pensions UK Ltd – With Profits Sub-Fund**

Global business

Financial year ended **31 December 2012**

To mitigate this risk the fund holds liquid assets (cash, certificates of deposit). It also ensures that a significant proportion of its other assets are invested in highly marketable stocks, in particular government bonds (but also shares issued by large companies).

An estimate of the UKL&P WP Fund's claims amounts for 2013 is £2,256m. Expected income, in 2013, from assets currently held in the fund is £375m and £574m is held in deposit-style assets. Premium income for 2012 was around £252m and there is no reason to expect it to fall significantly. The fund also holds an additional £3,423m in gilts some of which we expect could be sold at short notice without altering prices. Accordingly no additional reserve is considered necessary.

8. Other Special Reserves

(1) Mortgage Endowment Promise

The Company has announced its intention that payments on with profit mortgage endowment policies may, if necessary, be topped up at maturity (subject to certain conditions) where there is a shortfall between the claim value and the mortgage originally targeted. Top-up payments can be met from future investment earnings on the free reserves within the UKL&P WP Fund. If investment earnings on the free reserves are not sufficient to meet the top-up payments then the payments may be reduced or eliminated.

Maximum top-up amounts have been communicated to policyholders. We have also advised policyholders that even after the Promise payment has been made they may have a shortfall.

For the purposes of the regulatory valuation these top up payments are treated as discretionary benefits and generally no reserve needs to be held. There are two issues that have led to a provision being established:

- (a) The company has advised policyholders that we will give them at least three years' notice before altering payments under the promise. We have assumed a half-year time lag between the Board making this decision and being able to communicate it to policyholders. This gives a minimum liability of the present value of the payments required for the next three and a half years.
- (b) The company intends that payments will be made while they can be provided for from earnings on the free reserves within the With-Profit fund.

The reserve will be calculated by considering the full liability for payments advised to policyholders in Promise mailings.

As payment of this amount is contingent on earnings on the free reserves, we test whether this full amount can be paid from these earnings with reference to the stochastic model used for the Realistic peak valuation. If earnings are materially lower than the full reserve we will only reserve for the amount of the promise paid from these earnings. The reduction in reserves at 31 December 2012 for the affordability condition is zero.

The amount of provision is £587m.

(2) Continued Beyond Maturity (CBM) Data Quality Reserve

A provision of £20m is held to cover the risk that poor data on CBM policies is producing an inadequate reserve.

(3) Product Governance Provision

A reserve has been made to provide for estimated future rectification costs arising from known product governance issues.

The amount of provision is £43.4m.

(4) System migration costs

A provision of £13.8m is held to cover costs to be incurred as a result of migration of policies onto a new policy administration system.

Valuation report – IPRU (INS) Appendix 9.4Name of insurer **Aviva Life & Pensions UK Ltd – With Profits Sub-Fund**

Global business

Financial year ended **31 December 2012****9. Reinsurance**

- (1) The UKL&P WP Fund does not cede any long-term business on a facultative basis to a reinsurer who is not authorised to carry on insurance business in the United Kingdom.
- (2) The UKL&P WP Fund has no reinsurance treaties where it is the cedant and where the reserves or premiums exceed £10m.
- (3) There is a treaty that reinsures the business in the UKL&P Belgian Sub-Fund to Delta Lloyd.
 - (a) The treaty reinsures out all liability from the UKL&P Belgian Sub-Fund to Delta Lloyd.
 - (b) Delta Lloyd receives the annual premiums payable by the policyholders of the Belgian Sub-Fund. During 2012 these totalled £23,305,000.
 - (c) There are no deposit-back arrangements under the treaty.
 - (d) The treaty is not closed to new business.
 - (e) There is no undischarged obligation for the insurer.
 - (f) The amount of mathematical reserves ceded under the treaty is £123,019,000.
 - (g) The UKL&P Belgian Sub-Fund retains no liability for new policies being reinsured.
 - (h) The reinsurer is not authorised to carry on insurance business in the United Kingdom.
 - (i) The reinsurer is a connected company of the Company. It is an associate of the Aviva Group.
 - (j) The treaty is not subject to any material contingencies.
 - (k) No provision was made for refund of reinsurance commission in the event of lapse or surrender of the contracts.
 - (l) The treaty is not a financing arrangement.

The UKL&P WP Fund and the UKL&P Belgian Sub-Fund do not have any financing arrangements.

10. Reversionary (annual, regular) bonus

(1)

Product	Amount of Gross mathematical reserve (£m)	Regular bonus (2011)	Regular bonus (2012)	Guaranteed bonus (2012)
Conventional Life				
Super-compound series (all business)	2,384.4	0% SA / 0.5% RB	0% SA / 0.5% RB	0.00%
Simple Bonus Whole Life	12.0	16%	16%	0.00%
Conventional Pensions				
Individual & Group Pensions (excl With-Profit Annuity)	3,693.8	0% SA / 0% RB	0% SA / 0% RB	0.00%
Group Defined Benefits	26.3	0.00%	0.00%	0.00%
With-Profits Annuity	153.0	1.50%	1.50%	0.00%
Unitised Life				
Units without regular bonus guarantee	830.0	1.00%	0.75%	0.00%
Units with regular bonus guarantee	278.9	2.50%	2.50%	2.50%
Unitised Pensions				
Units without regular bonus guarantee	2,584.3	1.25%	1.25%	0.00%
Units with regular bonus guarantee	2,963.3	4.00%	4.00%	4.00%
Belgium (in the UKLAP Belgian sub-fund)	86.4	0.00%	0.00%	0.00%

- (2) The figures for bonus awarded on Unitised with-profit business show the percentage increase in unit price during the year.
- (3) For super-compound business both rates are shown (the rate applying to the base benefit is shown as a percentage of SA, the rate applying to regular bonus awarded to date is shown as a percentage of RB).
- (4) The figures above do not represent a weighted average.

Valuation report – IPRU (INS) Appendix 9.4

Name of insurer **Aviva Life & Pensions UK Ltd – Provident Mutual Sub-Fund**
Global business
Financial year ended **31 December 2012**

1. Introduction

- (1) The **valuation date** is 31 December 2012.
- (2) The previous valuation was completed with an effective date of 31 December 2011.
- (3) An interim valuation was carried out with an effective date of 30 June 2012 for the purposes of rule 9.3A.

2. Product Range

There have not been any significant changes to products during the financial year. The fund is closed to new business except by increment.

3. Discretionary charges and benefits

- (1) The Provident Mutual Sub-Fund (PM fund) has no option to apply a market value reduction on any of its with-profit business.
- (2) There have been no changes to premiums on reviewable protection policies.
- (3) The fund does not have any non-profit deposit administration benefits.
- (4) **Service charges:**

Impact Range (including PRIA/IIA with incorrect cancellation notice in 1989)

The charges for the unit linked product range were increased by 1.6%. The exception is for charges on Compact and Everyman which increased by 5.6%.

Defined Benefit Schemes

Deferred Allocation Funding:

The administration fee increased by 1.6%.

- (5) There have been no changes to benefit charges on linked policies.
- (6) There have been no changes to unit management charges or notional charges to accumulating with profits policies.
- (7) The Company operates one pool of assets for each internal linked fund.

Asset units are created and cancelled at either the asset offer price or the asset bid price depending upon the prevailing basis of the fund and using the most recently available price. The pricing basis is set depending upon the short and medium term expectation of whether the associated internal linked fund will be in a net inflow or outflow position. This includes sales and purchases by Managed funds.

Where an instruction, payment and all our requirements are received for a transaction before 8:00am on a business day, then units are allocated at the unit price based upon market movements up to 11:00pm on the previous business day. Where the instruction, payment and all our requirements are received after 8:00am then units are allocated at the next available unit price. The Company reserves the right to defer any transaction to a subsequent valuation point.

For Pension Assured funds, investment return is attributed through the issue of bonus units. Each month bonus units are allocated based on market movements up to 11:00pm on the last business day in the month. The offer unit price may increase during the month as new investments are not entitled to the bonus at the end of the first month. On contractual exits, units are deallocated at the bid value of units, normally £1. On non-contractual exit payment may be subject to a Market Depreciation Discount.

For some very small closed funds, the valuation takes place on a weekly basis.

- (8) When a capital gain is realised on the sale of an asset in a unit-linked fund, and this gain cannot be offset by past capital losses, then the capital gains tax due would be retained in the fund until the next periodic settlement of tax due. This applies in respect of tax on notional realisations under the Finance acts as well

Valuation report – IPRU (INS) Appendix 9.4

Name of insurer

Aviva Life & Pensions UK Ltd – Provident Mutual Sub-Fund

Global business

Financial year ended

31 December 2012

as tax on realised capital gains. The tax rates used in calculating these deductions are as specified in section 3.9 below.

- (9) The internal linked funds are taxed on investment gains at the rate that would apply to the Long Term Business Fund. The intention is to adopt broad equity for all holders of units of similar types of fund. To achieve this rates are reviewed frequently to ensure that they reflect both changes within the fund and changing market conditions. In the calculation of unit prices allowance is made for indexation where applicable and also for the expected timing of the policyholder tax payment. The tax rate applied to realised gains was 20% during 2012. The rate applied to unrealised gains varied by fund in the range 0.3% to 20% during the year to 31 December 2012. Credit is given within unit prices for the tax benefit that may arise in future from realised and unrealised losses. For funds with an excess of realised/unrealised losses over gains the rate applied to the losses varied by fund in the range 0% to 20% during the year to 31 December 2012.
- (10) The Company derives no financial benefit in respect of collective investment fund units held by the internal linked funds. The Company's policy on receiving discount, commission or other allowance when purchasing, selling or holding units in collective investment funds is to pass the full benefit onto the fund.

4. Valuation basis (other than for special reserves)

(1) Valuation methodology

For the Company, 1% of gross mathematical reserves exceeds £10m. A limit of £10m will be applied to all subfunds of the Company when considering whether a group of products is material.

A gross premium method of valuation was used for Conventional with-profit and Conventional non-profit business.

The Accumulating with-profit business was valued as follows:

- The benefit that had accrued prior to valuation date was rolled forward at the guaranteed rate of interest (where appropriate).
- The benefit at retirement was adjusted for the value of any Guaranteed Annuity Option on the contract.
- The result was discounted back to valuation date at the valuation interest rate.
- A reserve for future expenses under the contracts was also held.

Some business has a surrender value that is determined by the value of the accumulated benefit at date of surrender. A comparison with the surrender value has been made in such cases and no material difference was found.

The Deferred Allocation Funding Contract was valued as the benefit that had accumulated to valuation date plus a prospective reserve for expenses. This ensured that the total reserve was greater than both the discounted value of the future benefits and expenses and the current accumulated benefit.

Principles adopted in the valuation of particular contracts were as follows:

Assurances

Limited premiums for whole life assurances have been valued using the number of annual premiums outstanding at the valuation date for each policy.

For the valuation of endowment assurances, a maturity age of 59½ was assumed if no Date of Birth was recorded on the system.

Where there is an option to vary the maturity date under certain flexible endowment assurances, the business has been classified according to the earliest date. Where the earliest date was before the valuation date, the reserve was calculated as the amount (excluding final bonus) that would have been payable on the valuation date if that date had been chosen as the maturity date.

The valuation factors used included adjustments for early payment of claims where appropriate.

For individual with profit income benefit policies a reserve of 40% of the office premiums was made. The value of the existing regular bonuses was calculated prospectively.

Valuation report – IPRU (INS) Appendix 9.4

Name of insurer

Aviva Life & Pensions UK Ltd – Provident Mutual Sub-Fund

Global business

Financial year ended

31 December 2012Annuities

For policies approved under Chapter III of Part XIV of the Income and Corporation Taxes Act 1988 the reserves were calculated by reference to the benefits already purchased or to the accumulated premiums available to purchase benefits (if benefits are not determined until death or retirement). For individual deferred annuities, some of which provide for annuities that increase, the reserves were calculated using benefits already purchased adjusted to an equivalent level annuity. For some annuities the equivalent cash amounts were valued. Where premiums are due to be returned in the event of death before vesting date but the death benefit has not been specifically recorded, interest only functions were used in the calculations in respect of the period of deferment.

For group policies where the premiums paid (less expenses) are accumulated with interest and bonus interest in a fund account until required for the provision of retirement benefits the reserve was taken to be the amount standing in such fund accounts.

For certain group deferred annuities under recurring single premium schemes, the amounts of pension allocated and purchased up to recent scheme anniversary dates (or the equivalent cash amounts allowing for profits in possession where applicable) were calculated and valued. Additional reserves were made in respect of unallocated premiums received since the relevant anniversaries.

Where a contract provides an option at vesting to re-apply a guaranteed cash equivalent of the benefits to secure an annuity on the terms current at the time, allowance was made for the option as described above.

Certain assurances and annuities have been issued with the facility that premiums be waived in the event of the prolonged disability of the life assured. These additional benefits have been valued by taking a multiple of the additional premiums payable for the facility.

(2) Valuation interest rates:

A table of all valuation interest rates used is given below.

Product	Interest rate 31 December 2012	Interest rate 31 December 2011
Life with-profit assurances	2.50%	2.90%
Life non-profit business	2.20%	2.75%
Pension accumulating with-profit (excluding Compact)	2.75%	3.25%
Compact pension accumulating with-profit	2.20%	2.80%
Non profit immediate annuity	3.15%	3.75%
With profit immediate annuity	2.95%	3.60%
Pension Deferred Annuity Non Profit and Guaranteed Annuity Options		
In payment	2.40%	2.90%
In deferment	2.60%	3.10%
Pension Deferred Annuity With Profit and Guaranteed Annuity Options		
In payment	2.75%	3.25%
In deferment	2.75%	3.25%

(3) Adjustment to yield for credit risk**Equity assets**

The allowance for credit risk on equities is two-fold. Firstly, a deduction is applied, which is determined as 25% of the excess of the equity yield over the Long Term Gilt Yield. The equity yield is then capped at a maximum of 10%.

For the purposes of the valuation the average deduction from the yield on equities held at 31 December 2012 was:

Deduction from Yield	PMSF
Impact of 25% Spread	0.45%
Impact of 10% Cap	0.00%
Total Deduction	0.45%

Valuation report – IPRU (INS) Appendix 9.4

Name of insurer

Aviva Life & Pensions UK Ltd – Provident Mutual Sub-Fund

Global business

Financial year ended

31 December 2012**Property assets**

The property assets have been ordered by yield and divided into different categories. Firstly, a deduction is applied to the grouped yields, which is determined as 25% of the excess of the yield over the Long Term Gilt Yield. The property yield in each category is then capped at a maximum of 10%. This means that very low-yielding assets retain the low rate but high-yielding assets are capped.

The reduction on the average yield on property assets is as follows:

Deduction from Yield	PMSF
Impact of 25% Spread	0.44%
Impact of 10% Cap	0.00%
Total Deduction	0.44%

Fixed interest securities

The allowance for credit risk on bonds is two-fold. Firstly, the bond yield is capped at a maximum of 12%. A further deduction is then applied determined as 33% of the excess of the capped bond yield over the yield of a gilt with a matching duration.

For the purposes of the valuation the average deduction from the yield on fixed interest securities (excluding Approved fixed interest i.e. gilts and other bonds issued by approved UK and international public sector bodies) held at 31 December 2012 was:

Deduction from Yield	PMSF
Impact of 12% Cap	0.00%
Impact of 33% Spread	0.54%
Total Deduction	0.54%

For Mortgages, a deduction of 1.0% was used, while for Deposits, the equivalent deduction was 0.10%.

(4) Mortality assumptions

The table below shows the mortality basis for business written by the fund.

Product	Mortality basis 31 December 2012	Mortality basis 31 December 2011
<u>Life Assurances</u>		
Assurances - Whole Life	104.9% AM00/AF00 sel	138.9% AM00/AF00 sel
Assurances – Endowments	93.3% AM00/AF00 sel	93.3% AM00/AF00 sel
Assurances - Level Term	74.2% TM00/TF00 sel	84.8% TM00/TF00 sel
Assurances - Decreasing Term	90.1% TM00/TF00 sel	75.3% TM00/TF00 sel
<u>Pensions and General Annuities</u>		
Accumulating With Profit :		
In deferment	60% AM00/AF00 ult	60% AM00/AF00 ult
Post Vesting (incl GAO)	86% PCMA00 / 92.5% PCFA00	85% PCMA00 / 95% PCFA00
Deferred Annuity		
In deferment	60% AM00/AF00 ult	60% AM00/AF00 ult
Post Vesting	86% PCMA00 / 92.5% PCFA00	85% PCMA00 / 95% PCFA00
With-Profit and Non-Profit Annuity in Payment (Individual)	86% PCMA00 / 92.5% PCFA00	75% IML00/IFL00
Non-Profit Annuity in Payment (Group):	86% PCMA00 / 92.5% PCFA00	85% PCMA00 / 95% PCFA00
With-Profit Annuity in Payment (Group):	86% PCMA00 / 92.5% PCFA00	85% PCMA00 / 95% PCFA00

Notes on tables:

- M tables apply to male lives, F tables to female lives.
- Smoker / Non-Smoker table used where smoker status data is available, otherwise Combined table used

Valuation report – IPRU (INS) Appendix 9.4

Name of insurer

Aviva Life & Pensions UK Ltd – Provident Mutual Sub-Fund

Global business

Financial year ended

31 December 2012

- **Annuitant mortality:** allowance has been made for future improvements to mortality. The base tables (% of PCXA00) are assumed to apply as at 31 December 2000 (or 31 December 2004 for the 31 December 2011 basis); from that date improvements are expected. The allowance for improvements is as follows:

	31 December 2012	31 December 2011
Males	CMI_2011_M [1.5%], applicable from 2001 to 2011 CMI_2011_M [1.5%] plus 0.5% p.a., applicable from 2012	100% of Medium Cohort, minimum 2.0%, applicable from 2005
Females	CMI_2011_F [1%], applicable from 2001 to 2011 CMI_2011_F [1%] plus 0.5% p.a., applicable from 2012	75% of Medium Cohort, minimum 1.5%, applicable from 2005

- There are no products where the assurance mortality basis is expressed as 'modified table'.

Expectation of Life

The table below shows the required examples for expectation of life using the base mortality tables, percentage adjustments and improvement factors quoted above.

Table Description	Expectation of Life for annuitant aged 65 on 1/1/2013	Expectation of Life for annuitant aged 75 on 1/1/2013	Expectation of Life from age 65 for annuitant aged 45 on 1/1/2013	Expectation of Life from age 65 for annuitant aged 55 on 1/1/2013
86% of PCMA00 plus CMI_2011_M[1.5%] applied from 2001, plus 0.5% p.a. from 2012	26.1	16.3	29.5	27.8
92.5% of PCFA00 plus CMI_2011_F[1%] applied from 2001, plus 0.5% p.a. from 2012	26.6	16.8	29.1	27.8

Allowance for future changes in mortality where not implicit in the basis:

There are no explicit reserves for alterations to mortality. All future changes are made to the tables used to calculate base mathematical reserves.

Allowance/reserve for:

- any possible detrimental impact of significant changes in the incidence of disease on the mortality experience of the insurer;
- developments in medical science on the mortality experience of the insurer:

For certain categories of options further AIDS reserves have been set up:

- For temporary assurances with a guaranteed option to convert or renew without furnishing further evidence of health it has been assumed that 50% of policyholders who will contract AIDS have exercised the option most expensive to the company.
- For mortgage-related endowment assurances with a guaranteed option to increase the sum assured within certain limits in the event of an increase in mortgage the percentage assumed is 10%.
- For continuation options under group policies it has been assumed that 10% of the "at risk" membership leaves each year for the next 10 years (or until the expiry of the guarantee of terms for existing members if earlier), and that half of these exercise the option most expensive to the company.

The total additional reserve for AIDS is £1.7m.

The remaining margins in the published mortality and morbidity bases are considered sufficient to provide for adverse deviations in experience arising from other causes. No additional reserves are therefore held.

(5) Morbidity Assumptions

The gross reserve for PHI business is less than £10m.

(6) Expense assumptions:

Expense assumptions are taken as 120% of the amounts detailed in the Management Services Agreement (MSA). The loadings are used to set a long-term assumption for additional costs arising within the business (e.g. project costs, regulatory fees, audit fees) and to give a margin for adverse deviation.

Expense levels are assumed the same for premium-paying and paid-up policies.

Valuation report – IPRU (INS) Appendix 9.4Name of insurer **Aviva Life & Pensions UK Ltd – Provident Mutual Sub-Fund**

Global business

Financial year ended **31 December 2012**

The table below shows the per-policy expenses for 2011 and 2012 (including loadings).

1. PM	Existing Business Admin Fees		
Product code	Category	2012	2011
120	Conventional endowment with-profits OB savings	36.30	34.63
125	Conventional endowment with-profits OB target cash	36.30	34.63
165	Conventional deferred annuity with-profits	36.30	34.63
700	Life property linked single premium	36.30	34.63
715	Life property linked endowment regular premium -savings	36.30	34.63
720	Life property linked endowment regular premium – target cash	36.30	34.63
725	Individual pensions property linked	36.30	34.63
735	Group money purchase pensions property linked	29.23	27.88

Assumed future expense inflation:

2.76% per annum (RPI as set out by the MSA agreement)

Zillmer adjustments:

No Zillmer adjustments were made to net premium reserves.

Investment expenses:

A reserve is held for investment expenses assumed at 0.086%.

Tax Relief:

Tax relief on expenses on products in the BLAGAB fund has been assumed using a rate of 20.00%.

No allowance has been made for taxation in respect of Pensions business.

(7) Unit Linked policies: basis for non-unit reserves.

Non-unit reserves are held in the Company's New and Old With Profit Sub Funds, because non-unit cashflows are transferred to these funds. The basis used to calculate these reserves is shown in the Appendix 9.4 report for these funds.

(8) Bonus Assumptions:**Conventional with-profit business:**

The Company is a realistic basis life firm. Accordingly, no allowance has been made for future annual or final bonus on Conventional with-profit business. This is consistent with INSPRU1.2.31G. There are no guarantees relating to future annual or final bonus on this business.

Accumulating with-profit business

The business does not have guaranteed regular bonus rates. However, some products have guaranteed interest rates. These are incorporated into the valuation of the business. For more details on guaranteed interest rates, please see the table in section 10(1).

With-Profits Annuity:

Air France business has a guaranteed regular bonus rate of 5%. This has been used for projection of the liability. No other business has this guaranteed rate.

(9) Persistency assumptions:

We have not assumed any lapses in the valuation except as follows:

For Accumulating with-profit business, we have assumed 100% persistency until the first date at which the policyholder can retire without penalty. We have assumed that all policyholders would choose to exit on the first such date. If policyholders have a window where they can retire without penalty, and they find

Valuation report – IPRU (INS) Appendix 9.4

Name of insurer

Aviva Life & Pensions UK Ltd – Provident Mutual Sub-Fund

Global business

Financial year ended

31 December 2012

themselves within the window at retirement date, they are assumed to retire immediately. This assumption is prudent because all of the guaranteed interest rates on these policies are below the valuation interest rate.

(10) Other basis items

Option Take-Up Rates

- **Guaranteed Annuity Rate Options:**

We have assumed that current option take-up is 95%. This is based on current experience and incorporates margins for prudence.

Taxation

Valuation interest rates on Life business include an allowance for taxation. This allowance has been arrived at using the following assumption:

- A tax rate of 20% has been assumed in respect of income on Fixed Interest and Property assets (for Life business). No allowance has been made for taxation on equity income.

(11) We allow for Equity Futures in the matching assets used to hypothecate against reserves.

(12) During the reporting period, the fund has made no changes to valuation methodology in respect of the following changes in INSPRU valuation rules:

- (a) Allowance for lapses on valuation of protection business
- (b) Allowance for negative reserves on valuation of protection business
- (c) Allowance for lapses on valuation of unit-linked business
- (d) Allowance for attributable expenses on valuation of unit-linked business

5. Options and Guarantees

(1) Guaranteed Annuity Rate Options:

(a) Method:

For policies with a cash benefit that can be used to buy an annuity on guaranteed terms, the methodology is as follows:

- Calculate the amount of the cash benefit that we have assumed will be converted into an annuity (using the option take-up rates given in section 4(10)).
- Determine the amount of annuity that this cash would buy if it were to be converted on guaranteed terms.
- Calculate the present value of the resulting annuity using the annuitant mortality basis given in section 4(4) and in-payment interest rate basis given in 4(2).
- If the total is greater than the total policy benefit at retirement then add on the difference. Discount the result to valuation date at the discount rate given in section 4(2).
- Add on the reserve for the expenses of administering the annuity.

The Regulatory-peak reserve for Guaranteed Annuity Options is compared with the reserve calculated using the following basis:

- Regulatory-peak annuitant mortality assumptions are used (as given in 4(4))
- Regulatory-peak option take-up rates are used (as given in 4(10))
- Realistic-peak (realistic valuation) annuity interest rates and discounting are used
- Realistic-peak assumptions for persistency are used
- Realistic-peak Final Bonus allowance removed

Valuation report – IPRU (INS) Appendix 9.4

Name of insurer

Aviva Life & Pensions UK Ltd – Provident Mutual Sub-Fund

Global business

Financial year ended

31 December 2012

Realistic-peak assumptions are discussed in more detail in Appendix 9.4A.

If this second reserve is larger than the base Regulatory-peak figure, an allowance for stochastic variation is added to the Regulatory-peak reserve. The allowance at 31 December 2012 is zero.

(b)

(i) Product Name	Personal Pension Plan	Products with GAO excluding Personal Pension Plan
(ii) Basic Reserve (£m)	90.8	393.1
(iii) Spread of outstanding durations		
0-5 years	89.1%	70.7%
6-10 years	9.3%	16.6%
11-20 years	1.6%	11.0%
over 20 years	0.0%	1.7%
(iv) guarantee reserve (£m)	77.5	214.7
(v) guaranteed annuity rate	10.8%	10.3%
(vi) increments allowed?	Yes	Yes but GAO does not apply
(vii) form of annuity	Payable monthly in advance, single life, guaranteed for 5 years	Payable monthly in advance, single life, guaranteed for 5 years
(viii) retirement ages	60 to 75 permitted	50 to 75 permitted

(2) Guaranteed surrender and unit-linked maturity values:**Non-Unit-linked:**

The PM fund does not offer guaranteed surrender values. On surrender policyholders may receive a benefit that is set by a formula but the parameters will be determined by economic conditions at the date of surrender. Accumulating with-profit pensions policies may allow retirement within a range of dates but this is not the surrender of the contract.

Unit-Linked:Pension Assured Fund/British Rail Assured Fund

The basic reserve held in respect of units invested in these funds is £1,340m. The unit benefits at maturity are covered by the UKL&P Non-Profit fund. There is a potential investment risk arising from guaranteed maturity values; the PM fund retains this risk for much of the business.

Units in these funds have a guaranteed price of £1 at the selected pension date or on earlier death. The guaranteed amount is £1,343m. The possible impact of this guarantee is mitigated by choosing assets for the fund that approximately immunise the guaranteed liabilities (and by the mechanism for bonus calculation).

The Pension Assured Fund is an investment fund open to many Aviva pensions products to invest in. The amount of in-force premiums will be a proportion of the total amount of premiums on those policies that have some of their policy invested in these funds.

A number of products that can invest in the PAF allow policyholders to make increments.

The distribution of outstanding duration is shown below:

Durations	0-4	5-9	10-14	15-19	20-24	25-29	30+
Proportion	11%	20%	28%	23%	13%	4%	1%

Valuation report – IPRU (INS) Appendix 9.4

Name of insurer

Aviva Life & Pensions UK Ltd – Provident Mutual Sub-Fund

Global business

Financial year ended

31 December 2012

(3) Guaranteed Insurability Options

- (a) For the following classes of business, the reserve held was equal to the proportion of the office premiums attributable to the options:
- Certain policies on the life of or for the benefit of children contain guaranteed options, usually on the child's 18th or 21st birthday.
 - Under certain temporary assurances there is an option to convert to other classes without furnishing further evidence of health.
 - Certain endowment and whole life assurances include options to take out further such policies at specified future dates or on the occurrence of specified events (e.g. moving house) without furnishing further evidence of health.
 - Under certain group policies and certain individual non-linked pension arrangements the rates of premium applicable to additional benefits are guaranteed for a limited period.
- (b) The total sum assured for conversion and renewal options is less than £1bn and is therefore not included here in accordance with rule 9.3(b).

(4) Other guarantees and options

There are no other material guarantees and options offered by the fund.

6. Expense reserves

- (1) The aggregate amount for expense allowances during 2013 arising from explicit reserves is £9,400,000.

The main sources are:

- The explicit annual maintenance expense charge
- Investment expenses
- Additional explicit margins

- (2) Gross Premium Valuation has been used for all business. All allowances for expenses are explicit.

- (3) The 2012 figure for expenses in line 14 of Form 43 includes amounts for prior year adjustments, one-off items and exceptional expenses that are reserved for explicitly elsewhere. Excluding these items, the allowance for 2013 maintenance expenses in 6(1) above exceeds the adjusted Form 43 expense by £3,500,000. The difference is due to margins in the valuation basis and changes in business volumes between 2012 and 2013.

- (4) Under the PM Sub Fund Scheme of Transfer, no charges are made to the PM Fund in connection with the acquisition of new business (other than incremental business).

- (5) The PM Fund is closed to new business.

An assessment was made of the cost of closure of the Company to new business at the end of 2012 using the following method and basis of calculation:

- All sales, marketing and new business administration operations were assumed to cease three months after the date of closure.
- Allowance was made for statutory redundancy costs.
- Allowance was made for costs arising from the delay in re-letting properties occupied by the new business areas.
- Allowance was made for the additional cost that would be incurred through outsourcing existing business administration
- Allowance was made for other costs incurred on closure to new business such as write-offs on fixed assets.

Valuation report – IPRU (INS) Appendix 9.4

Name of insurer **Aviva Life & Pensions UK Ltd – Provident Mutual Sub-Fund**
 Global business
 Financial year ended **31 December 2012**

Allowance was made for the proportion of closure expenses that would be borne by the other sub-funds of the Company and Aviva Annuity UK Limited.

No allowance was made for terminating the existing Management Services Agreement charging structure for existing business, as this would be expected to remain in force after closure to new business.

A provision of £1.2m is held to cover the cost of closure.

- (6) No expenses have been treated as non-attributable.

7. Mismatching Reserves

- (1) The mathematical reserves and matching assets, analysed by currency, are as follows.

Currency	Mathematical Reserves (£000)	Matching Assets (£000)	Matched %
Sterling	1,554,800	1,554,800	100%

- (2) No such grouping of liabilities has been needed.
- (3) The fund does not hold a reserve for currency mismatching. The fund has sufficient sterling assets to cover its mathematical reserves.
- (4) The Company is a realistic-basis firm and a resilience capital requirement is no longer required.
- (5) The Company is a realistic-basis firm and a resilience capital requirement is no longer required.
- (6) The Company is a realistic-basis firm and a resilience capital requirement is no longer required.
- (7) INSPRU 1.1.34R(1): "The assets *[held by a firm to cover its technical provisions]*...must...be of a sufficient amount, and of an appropriate currency and term, to ensure that the cash inflows from those assets will meet the expected cash outflows from the firm's insurance liabilities as they become due."

No further reserve has arisen following consideration of this rule.

Currency mismatching is considered in sections 7(1)-7(3).

The assets backing the liabilities do not precisely match them by term. Instead, the fund aims to ensure that cash outflows can be met through:

- Income from its assets (dividends, rental income, coupon payments)
- Receipts on redemption from matched fixed interest stocks
- Holding appropriate volumes of cash and liquid assets
- Sales of assets.

The fund is closed to new business and has little premium income in comparison to its claims.

There is a risk that the fund may have to sell assets at an unfavourable time, e.g. when prices are temporarily depressed. If the fund has to sell unmarketable assets it may also depress the price through the sale itself. The risk will be very short term; if our liquidity was genuinely an issue then we could sell illiquid assets for cash over the period of a year without distorting the price we would receive (and have used in our asset valuation). The PM fund has few unmarketable assets (e.g. no direct property).

The risk only impacts business where it cannot be passed on to policyholders. For example, the risk is negligible on assets backing Unit Linked business because any reduction in price arising on sale would be passed onto the remaining policyholders through the unit price.

The PM fund holds some deposit-style assets, and uses income from Fixed Interest stocks to back its liabilities by term. However, it does also ensure that it holds highly liquid Fixed Interest assets, particularly government bonds.

Valuation report – IPRU (INS) Appendix 9.4

Name of insurer

Aviva Life & Pensions UK Ltd – Provident Mutual Sub-Fund

Global business

Financial year ended

31 December 2012

An estimate of the PM fund's non-linked claims amounts for 2013 is £196m. Expected income, in 2013, from assets currently held in the fund is £78m and £140m is held in deposit-style assets. We expect that these assets could be sold at short notice without altering prices, so there is no need to hold an additional reserve.

8. Other Special Reserves

There are no such reserves that exceed the lesser of £10m and 0.1% of total mathematical reserves.

9. Reinsurance

- (1) The PM fund does not cede any business on a facultative basis to a reinsurer who is not authorised to carry on insurance business in the United Kingdom.
- (2) There are no reinsurance arrangements that satisfy the conditions in either 9.2(a), (b) or (c).

10. Reversionary (annual, regular) bonus

(1)

Product	Amount of mathematical reserve (£m)	Regular bonus (2011)	Regular bonus (2012)	Guaranteed bonus (2012)
Life				
Endowment / Whole Life (incl Budget Plan, Permanent Total Disability, Flightdeck)	68.3	0% SA / 0% RB	0% SA / 0% RB	0.00%
Pensions (excl With-Profit Annuity)				
Personal Pension Plan (Series 1 & 2)	23.5	0% of benefit secured	0% of benefit secured	0.2% gteed interest per month
Personal Pension Plan (Series 3)	144.8	0% of benefit secured	0% of benefit secured	0.22% gteed interest per month
Self Employed Retirement Annuities	258.7	0% of benefit secured	0% of benefit secured	3.25% gteed interest rate in prem basis
IPA / AVC / Money Purchase schemes	115.1	0% of benefit secured	0% of benefit secured	3.25% gteed interest rate in prem basis
Executive Pension Plan	94.5	0% of benefit secured	0% of benefit secured	3.25% gteed interest on Higher rate fund money only
Compact	28.8	0% of benefit secured	0% of benefit secured	3.25%/3.15% gteed interest on Higher Rate Fund money only
Deferred Allocation Funding (All series)	128.2	0% of account balance	0% of account balance	0.00%
Other Deferred Annuities	11.2	0% of account balance	0% of account balance	0.00%
With-Profit Annuity				
Annuityants from defined benefit schemes (excluding Air France)	250.0	1.00%	1.00%	0.00%
Annuityants from Air France	19.4	5.00%	5.00%	5.00%
Annuityants on 1999 series rates	2.9	3.00%	1.50%	0.00%
Other annuityants:				
retiring before 1984	3.6	7.50%	5.00%	0.00%
retiring between 1984 and 1992	51.8	2.00%	1.00%	0.00%
retiring between 1993 and 1997	34.1	0.00%	0.00%	0.00%
retiring between 1998 and 2002	52.7	0.00%	0.00%	0.00%
retiring 2003 and later	17.3	1.00%	0.50%	0.00%

- (2) There is no Unitised with-profit business in the PM Fund.
- (3) For super-compound business both rates are shown (the rate applying to the base benefit is shown as a percentage of SA, the rate applying to regular bonus awarded to date is shown as a percentage of RB).
- (4) The figures above do not represent a weighted average.

Valuation report – IPRU (INS) Appendix 9.4Name of insurer **Aviva Life & Pensions UK Limited – With-Profit Sub-Fund 5**

Global business

Financial year ended **31 December 2012****1. Introduction**

- (1) The valuation date is 31 December 2012.
- (2) The date of the previous valuation for With-Profit Sub-Fund 5 (WPSF5) was 31 December 2011. The fund was created from the transfer of the with-profits long-term business of National Westminster Life Assurance Ltd (NWL) and Royal Scottish Assurance Plc (RSA). The transfer was effective from 30 September 2011.
- (3) Interim valuations were carried out with an effective date of 30 June 2012 for the purposes of Rule 9.3 (5).

2. Product range

There have been no significant changes to the product range (i.e. excluding updating of policy fees) during 2012. The fund is closed to new with-profit business. All with-profit liabilities are fully reinsured.

3. Discretionary charges and benefits

- (1) WPSF5 has the option to apply a market value reduction (MVR) on the encashment of unitised with-profit units of the fund. The table below shows the period during which an MVR applied to ex-NWL business during 2012. No market value adjustments were applied to ex-RSA business during 2012. The table is split by year of policy entry and product type. Entries marked N/A mean that an MVA was not applied to that product type / year of entry combination.

Ex-NWL business

Market Value Adjustments	Years of entry		
	Date applicable from	Regular premium life	Regular premium pensions Special payments pensions
	Pre 1 February 2012	N/A	1996-1999 1997-2002 2006-2007
	1 February 2012	N/A	N/A 1998-2001 2006-2007
	1 August 2012	N/A	1996-1999 1997-2002 2005-2008 2011-2012

The level of applicable MVA depends on the year of entry and the level of guaranteed regular bonus.

- (2) Not applicable
- (3) The fund does not have any non-profit deposit administration benefits.
- (4) Service charges on all unitised with-profits policies (deducted monthly via cancellation of units) were increased to reflect inflation in line with the National Average Earnings Index / Average Weekly Earnings Index over the same period. Increases were in the range 1.82% to 2.66% depending on policy type. For ex-RSA business, the cumulative increase in price since the policy was first written cannot exceed the cumulative increase in the index over the same period.
- (5) There were no changes to benefit charges (mortality etc.) on unitised with-profits business during the year.
- (6) There were no changes to unit management charges on unitised with-profits business during the year.
- (7) Not applicable. WPSF5 does not have any internal linked funds. Some policies in WPSF5 may also invest in the ex-NWL and ex-RSA internal linked funds of Non-Profit Sub-Fund 1.
- (8) Not applicable.
- (9) Not applicable.

Valuation report – IPRU (INS) Appendix 9.4

Name of insurer **Aviva Life & Pensions UK Limited – With-Profit Sub-Fund 5**
 Global business
 Financial year ended **31 December 2012**

(10) Not applicable.

4. Valuation basis (other than for special reserves)

The table below sets out the product codes which are used in various parts of Section 4 which follows.

Product Code	Product Name
515	Life UWP Endowment Regular Premium – Target Cash
525	Individual Pensions UWP

(1) Valuation methodology

For the Company, 1% of gross mathematical reserves exceeds £10m. A limit of £10m will be applied to all sub-funds of the Company when considering whether a group of products is material.

For Unitised With-Profits contracts, the unit liabilities were taken as the greater of:

- the bid value of the units
- the prospective liability that would arise assuming the units increase in future at the guaranteed bonus rates and are then discounted at the respective valuation discount rates.

For ex-RSA regular premium pensions contracts the unit reserve is based on the "actuarially funded" units which are the units deemed allocated to the contracts reduced by the value of future renewal fund charges under the contract. This process is subject to the value of the actuarially funded units always being at least equal to the surrender or transfer value of the contract. For most pensions contracts there are surrender penalties which cease prior to the maturity date and so the normal actuarial funding factors have been modified to anticipate the required increase in unit value at the point at which surrender penalties cease.

In addition, a non-unit reserve was calculated by projecting cashflows on a monthly basis for each month that the policy was expected to remain in force. Where the cashflow in any future month was found to be negative, the negative was offset where possible by positive cashflows in previous months. For any future month where this was not possible, then a positive sterling reserve has been set up at the valuation date.

In projecting cashflows, allowance was made for future expenses associated with each contract on a per policy basis, as well as for mortality (where applicable) at the levels of cover appropriate at the valuation date. All per-policy expenses and service charges were assumed to increase annually in line with an assumed rate of inflation.

No allowance was made for any future increases in premiums or benefits.

For policies under which waiver of premium benefit is an option and has been chosen, an additional reserve has been set up in respect of this benefit. This has been calculated as a multiple of the waiver premium. A separate reserve has been set up for waiver claims in payment.

For ex-NWL mortgage endowment plans a prudent allowance has been made for lapses.

(2) Valuation interest rates

The interest rates used at the end of the financial year and at the end of the previous financial year are set out below:

Product codes	Product	31 Dec 2012	31 Dec 2011
515	Life sterling reserves	1.8%	1.9%
525	Pensions sterling reserves	2.2%	2.4%

All valuation interest rates shown above are gross of investment expenses.

At 31 December 2012, yields on short term assets held were not sufficient to support the interest rates shown above. In accordance with INSPRU 3.1.45 the valuation interest rate has been restricted in the first three years to reflect yields on the assets held. This restriction was carried out at product level rather than sub-fund level. Reserves held in Non-Profit Sub-Fund 1 cover an allowance for this restriction.

Valuation report – IPRU (INS) Appendix 9.4

Name of insurer

Aviva Life & Pensions UK Limited – With-Profit Sub-Fund 5

Global business

Financial year ended

31 December 2012**(3) Adjustment to yield for credit risk**

For assets backing non-unit valuation liabilities, a margin exists between the assumed yield on the asset and the valuation interest rate used. This provides for a prudent adjustment to the yield on the assets for the risk of default.

The adjustment for prudence is 0.1% for short term deposits. The adjustment for floating rate notes was based on the credit rating of the underlying institution.

(4) Mortality assumptions

The mortality bases used at the end of the financial year and at the end of the previous financial year are as follows:

Product codes	Product	31-Dec-12	31-Dec-11
	UWP life		
515	Flexible Mortgage Plan		
	Male non-smoker	58.30% AMC00 (2)	58.30% AMC00 (2)
	Male smoker	116.60% AMC00 (2)	116.60% AMC00 (2)
	Female non-smoker	58.30% AFC00 (2)	58.30% AFC00 (2)
	Female smoker	116.60% AFC00 (2)	116.60% AFC00 (2)
515	Mortgage Endowment Plan		
	Male non-smoker	79.50% AMC00 (2)	79.50% AMC00 (2)
	Male smoker	185.50% AMC00 (2)	185.50% AMC00 (2)
	Female non-smoker	79.50% AFC00 (2)	79.50% AFC00 (2)
	Female smoker	185.50% AFC00 (2)	185.50% AFC00 (2)
	UWP pensions (ex-RSA)		
525	Male	84.80% AMC00 (2)	84.80% AMC00 (2)
	Female	84.80% AFC00 (2)	84.80% AFC00 (2)
	UWP pensions (ex-NWL)		
525	Male non-smoker	79.50% AMC00 (2)	79.50% AMC00 (2)
	Male smoker	137.80% AMC00 (2)	137.80% AMC00 (2)
	Female non-smoker	74.20% AFC00 (2)	74.20% AFC00 (2)
	Female smoker	137.80% AFC00 (2)	137.80% AFC00 (2)

The assumptions for future mortality experience contain margins over and above current best estimates for such experience. This provides a margin to anticipate significant, adverse change in mortality experience as a result of changing disease incidence.

(5) Morbidity assumptions

There are no liabilities within WPSF5 that require morbidity assumptions.

Valuation report – IPRU (INS) Appendix 9.4

Name of insurer

Aviva Life & Pensions UK Limited – With-Profit Sub-Fund 5

Global business

Financial year ended

31 December 2012**(6) Expense assumptions**

The expense assumptions used in the valuation are as follows:

Product codes	Product	31 Dec 2012	31 Dec 2011
	UWP life		
515	Flexible Mortgage Plan	72.92	70.96
515	Mortgage Endowment Plan	26.83	26.11
	UWP pensions (ex-RSA)		
525	Executive Pension Plan (regular premium) pre Oct 1997	122.43	119.14
525	Executive Pension Plan (single premium/paid up) pre Oct 1997	91.83	89.36
525	Personal Pension Plan (regular premium) pre Oct 1997	79.30	77.17
525	Personal Pension Plan (single premium/paid up) pre Oct 1997	59.47	57.87
	UWP pensions (ex-NWL)		
525	Personal Pension Plan (regular premium)	29.19	28.41
525	Personal Pension Plan (single premium/paid up)	21.87	21.28
525	Top Up Pension Plan (regular premium)	29.19	28.41
525	Top Up Pension Plan (single premium/paid up)	21.87	21.28

The assumed rate of tax relief for life business is 20% (2011: 20%) for consistency with the assumption used for investment returns. The expenses shown above are before the assumed rate of tax relief has been applied.

The ex-RSA investment expenses are 0.14% for life products and 0.17% for pension products.

The ex-NWL investment expenses are 0.09% for life products and 0.11% for pension products.

(7) Unit growth assumptions

Most policies can invest in both internal linked funds (in NPSF1) and unitised with-profit funds. Sterling reserves are calculated at a policy level and the calculation may apply the unit growth rate or the UWP guaranteed bonus rate depending on the product.

The expense inflation assumptions and unit growth rates used in the valuation are as follows:

Product codes	Assumption	31 Dec 2012	31 Dec 2011
All	Expense inflation	2.76%	3.4%
	UWP life		
515	Life unit growth rate	2.6%	2.2%
	Pensions unit growth rate	3.3%	2.7%

(8) Future bonus rates

The future assumed bonus rates for UWP contracts in the valuation are the guaranteed bonus rates.

Product codes	Ex-RSA products	31 Dec 2012	31 Dec 2011
515	UWP life	3.92%	3.92%
525	UWP pensions	5.70%	5.70%

Product codes	Ex-NWL product	31 Dec 2012	31 Dec 2011
515	UWP life	2.25%	2.25%
525	UWP pensions	4.00%	4.00%

Valuation report – IPRU (INS) Appendix 9.4

Name of insurer **Aviva Life & Pensions UK Limited – With-Profit Sub-Fund 5**
Global business
Financial year ended **31 December 2012**

(9) Persistency assumptions

The persistency assumptions used in the valuation are shown below. The value given is the average lapse/surrender rate for the policy years.

Product codes	Ex-NWL products	Average lapse/surrender rate for the policy years			
		1-5	6-10	11-15	16-20
515	UWP target cash endowment Surrender	N/A*	N/A*	5.20%	5.20%

* The surrender rates for policy year 1-5 and 6-10 are no longer applicable as those products closed to new business in 2000.

Surrender rates are not used for the valuation of ex-RSA linked life products.

The valuation will take the higher of the reserve assuming premiums continue and the reserve if the policy is made paid up.

For Unitised With-Profits contracts, the unit liabilities are taken as the greater of:

- the bid value of the units
- the prospective liability that would arise assuming the units increase in future at the guaranteed bonus rates (shown in the above table in 4(8)) and then discounted at the respective valuation discount rates

(10) Other basis items

There are no other material basis assumptions.

(11) Derivatives

No derivative assets are held within WPSF5.

(12) Changes to INSPRU valuation rules effective from 31 December 2006

There was no change to the valuation methodology at the valuation date arising from changes in INSPRU valuation rules effective 31 December 2006.

5. Options and guarantees

- The fund does not have any business with Guaranteed Annuity Rate options.
- There are no surrender value guarantees on any of the fund's products.

The Company can apply a market value adjustment to any encashment of unitised with-profit units for ex-RSA business. There are no guaranteed "MVA-free" withdrawals.

The Company guarantees not to apply a market value adjustment on death or maturity to encashment of unitised with-profits units for ex-NWL business.

In addition, there are guaranteed minimum bonus rates on some UWP contracts. To ensure this is adequately reserved for, the unit liabilities are taken as the greater of:

- the bid value of the units;
 - the prospective liability that would arise assuming the units increase in future at the guaranteed bonus rates (shown in the above table) and then discounted at the respective valuation discount rates.
- Ancillary options exist under certain classes of contract to extend the term of cover and/or increase the sum assured without underwriting. However, these are not of sufficient significance on the valuation mortality basis stated to require specific additional provision.
 - There are no other guarantees or options for which a reserve is needed.

Valuation report – IPRU (INS) Appendix 9.4

Name of insurer **Aviva Life & Pensions UK Limited – With-Profit Sub-Fund 5**
Global business
Financial year ended **31 December 2012**

6. Expense reserves

- (1) Expense loadings are applied at policy level and the aggregate amount of expense loadings expected to arise during the 12 months from the valuation date is shown in section 6 (1) for Non-Profit Sub-Fund 1.

For unitised business, the reserves arise from charges made on the funds and other explicit allowances described in paragraph 4(6) above.

No expenses have been treated as non-attributable.

- (2) Not applicable.
- (3) There are no material expenses in WPSF5.
- (4) The fund is closed to new business.
- (5) There are no material expenses in WPSF5 and no additional expense reserves are deemed necessary.
- (6) Not applicable

7. Mismatching reserves

- (1) All of the mathematical reserves of WPSF5 are held to support liabilities payable in pounds sterling. All of these liabilities are supported by assets denominated in sterling.
- (2) No such grouping of liabilities has been needed.
- (3) The fund does not hold a reserve for currency mismatching. The fund has sufficient sterling assets to cover its mathematical reserves.
- (4) The Company is a realistic-basis firm and no resilience capital requirement is required.
- (5) The Company is a realistic-basis firm and no resilience capital requirement is required.
- (6) The Company is a realistic-basis firm and no resilience capital requirement is required.
- (7) No other reserves have been set up in relation to asset-liability mismatching.

8. Other special reserves

There are no such reserves that exceed the lesser of £10m and 0.1% of total mathematical reserves.

In total, the reinsurance credit risk reserve exceeds £10m however the amount of this reserve allocated to WPSF5 is £515,697.

9. Reinsurance

- (1) WPSF5 does not cede any business on a facultative basis to a reinsurer who is not authorised to carry on insurance business in the United Kingdom.
- (2) There are no reinsurance arrangements that satisfy the conditions in either 9.2 (a), (b) or (c).

10. Reversionary (annual, regular) bonus

WPSF5 does not have sufficient with-profits liabilities to require disclosure for section 10.

Valuation report – IPRU (INS) Appendix 9.4

Name of insurer	Aviva Life & Pensions UK Limited – With-Profit Sub-Fund 5
Global business	
Financial year ended	31 December 2012

The unitised with-profit unit funds are fully reinsured to Scottish Equitable plc, Scottish Widows plc or Clerical Medical Investment Group, depending on product. The policies in WPSF5 do not have participation rights over any surpluses arising within WPSF5.

Valuation report – IPRU (INS) Appendix 9.4

Name of insurer **Aviva Life & Pensions UK Ltd – New/Old/Stakeholder With-Profits Sub-Funds**

Global business

Financial year ended **31 December 2012**

1. Introduction

- (1) The **valuation date** is 31 December 2012.
- (2) The previous valuation was completed with an effective date of 31 December 2011.
- (3) An interim valuation was carried out with an effective date of 30 June 2012 for the purposes of rule 9.3A.

2. Product Range

The only significant changes to products during the financial year were as follows:

Bonds: In September we launched “Select Investment”, the Retail Distribution Review compliant replacement for Portfolio. This was essentially a commission free version of the older bond, with lower Annual Management Charges. It has 100% allocation rates, and the only charges are on-going Annual Management Charges. At this point we also closed the Unit-Linked Guaranteed 100 Fund on Portfolio. On 30 December we closed Portfolio to new ‘Advised UK’ business completely, as it was not Retail Distribution Review compliant.

Individual Pensions: In September we launched an adviser charging version of the Personal Pension. The commission and charge for advice variants of the product were closed on 29 December as they were not Retail Distribution Review compliant. Charges on the adviser charging version were the same as on the charge for advice version. We closed the Aviva Income Drawdown product and Your Pension Protector to new business in November.

Group Pensions: We launched Consultancy Charging functionality on Group Personal Pensions.

3. Discretionary charges and benefits

- (1) The table below shows the period during which a market value reduction (MVR) applied during 2012. The table is separated by class of business and by year of unit purchase. Entries marked ‘N/A’ imply that an MVR was not applied to units for that product / year of purchase combination during 2012.

ex-CGNU With-Profits fund

Product	UWP Life (explicitly-charged business)	UWP Life (implicitly-charged business excl Bond 2000)	UWP Life (Bond 2000)	UWP Pensions (explicitly-charged business excl Stakeholder)	UWP Pensions (implicitly-charged business)	UWP Pensions (Stakeholder)	NUIL UWP Life £	NUIL UWP Life €	NUIL UWP Life \$
1987	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
1988	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
1989	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
1990	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
1991	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
1992	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
1993	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
1994	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
1995	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
1996	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
1997	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
1998	N/A	01.01.12 - 31.12.12	N/A	N/A	01.01.12 - 31.12.12	N/A	N/A	N/A	N/A
1999	N/A	01.01.12 - 31.12.12	N/A	N/A	01.01.12 - 31.12.12	N/A	N/A	N/A	N/A
2000	N/A	01.01.12 - 31.12.12	01.01.12 - 31.12.12	N/A	01.01.12 - 31.12.12	N/A	N/A	N/A	N/A
2001	N/A	01.01.12 - 30.06.12	01.01.12 - 31.12.12	N/A	01.01.12 - 30.06.12	N/A	N/A	N/A	N/A
2002	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2003	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2004	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2005	N/A	N/A	01.07.12 - 31.12.12	N/A	N/A	N/A	N/A	01.01.12 - 31.12.12	N/A
2006	01.01.12 - 31.12.12	01.01.12 - 31.12.12	01.01.12 - 31.12.12	01.01.12 - 31.12.12	01.01.12 - 30.06.12	01.01.12 - 31.12.12	01.01.12 - 31.12.12	01.01.12 - 31.12.12	01.01.12 - 30.06.12
2007	01.01.12 - 31.12.12	01.01.12 - 31.12.12	01.01.12 - 31.12.12	01.01.12 - 31.12.12	01.01.12 - 31.12.12	01.01.12 - 31.12.12	01.01.12 - 31.12.12	01.01.12 - 31.12.12	01.01.12 - 31.12.12
2008	01.01.12 - 31.12.12	01.01.12 - 31.12.12	01.01.12 - 31.12.12	N/A	01.01.12 - 30.06.12	N/A	01.07.12 - 31.12.12	01.01.12 - 31.12.12	N/A
2009	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2010	N/A	N/A	01.07.12 - 31.12.12	N/A	N/A	N/A	N/A	01.01.12 - 31.12.12	N/A
2011	N/A	01.07.12 - 31.12.12	01.07.12 - 31.12.12	N/A	N/A	N/A	N/A	01.01.12 - 31.12.12	01.01.12 - 30.06.12
2012	N/A	01.07.12 - 31.12.12	01.07.12 - 31.12.12	N/A	N/A	01.07.12 - 31.12.12	N/A	01.07.12 - 31.12.12	N/A

Valuation report – IPRU (INS) Appendix 9.4Name of insurer **Aviva Life & Pensions UK Ltd – New/Old/Stakeholder With-Profits Sub-Funds**

Global business

Financial year ended **31 December 2012****ex-CU With Profits fund**

Product	UWP Life	UWP Pensions	UWP Sterling Group Plan Pensions business	UWP Group Defined Benefits
1987	N/A	N/A	N/A	N/A
1988	N/A	N/A	N/A	N/A
1989	N/A	N/A	N/A	N/A
1990	N/A	N/A	N/A	N/A
1991	N/A	N/A	N/A	N/A
1992	N/A	N/A	N/A	N/A
1993	N/A	N/A	N/A	N/A
1994	N/A	N/A	N/A	N/A
1995	N/A	N/A	N/A	N/A
1996	N/A	N/A	N/A	N/A
1997	N/A	01.01.12 - 30.06.12	N/A	N/A
1998	01.01.12 - 31.12.12	01.01.12 - 31.12.12	N/A	N/A
1999	01.01.12 - 31.12.12	01.01.12 - 31.12.12	N/A	N/A
2000	01.01.12 - 31.12.12	01.01.12 - 31.12.12	N/A	N/A
2001	01.01.12 - 30.06.12	01.01.12 - 30.06.12	N/A	N/A
2002	N/A	N/A	N/A	N/A
2003	N/A	N/A	N/A	N/A
2004	N/A	N/A	N/A	N/A
2005	N/A	N/A	N/A	N/A
2006	01.01.12 - 31.12.12	01.01.12 - 31.12.12	N/A	01.01.12 - 31.12.12
2007	01.01.12 - 31.12.12	01.01.12 - 31.12.12	N/A	01.01.12 - 31.12.12
2008	01.01.12 - 31.12.12	01.01.12 - 30.06.12	N/A	01.01.12 - 30.06.12
2009	N/A	N/A	N/A	N/A
2010	N/A	N/A	N/A	N/A
2011	01.07.12 - 31.12.12	N/A	N/A	01.07.12 - 31.12.12
2012	01.07.12 - 31.12.12	N/A	N/A	N/A

RBS JV Bonds

Product	UWP Life (explicitly- charged business)	UWP Life (implicitly- charged business)
1987	N/A	N/A
1988	N/A	N/A
1989	N/A	N/A
1990	N/A	N/A
1991	N/A	N/A
1992	N/A	N/A
1993	N/A	N/A
1994	N/A	N/A
1995	N/A	N/A
1996	N/A	N/A
1997	N/A	N/A
1998	N/A	N/A
1999	N/A	N/A
2000	N/A	N/A
2001	N/A	N/A
2002	N/A	01.01.12 - 30.06.12
2003	N/A	N/A
2004	N/A	N/A
2005	N/A	01.07.12 - 31.12.12
2006	01.01.12 - 31.12.12	01.01.12 - 31.12.12
2007	01.01.12 - 31.12.12	01.01.12 - 31.12.12
2008	01.01.12 - 31.12.12	01.01.12 - 31.12.12
2009	N/A	N/A
2010	N/A	01.07.12 - 31.12.12
2011	N/A	01.07.12 - 31.12.12
2012	N/A	01.07.12 - 31.12.12

Valuation report – IPRU (INS) Appendix 9.4

Name of insurer **Aviva Life & Pensions UK Ltd – New/Old/Stakeholder With-Profits Sub-Funds**
Global business
Financial year ended **31 December 2012**

French business:

MVRs are calculated on a case-by-case basis and only apply to large cases.

German business:

MVRs are calculated on a case-by-case basis. No MVRs have been applied throughout 2012.

Swedish business:

MVRs used are the same as for ex-CGNU implicitly charged pensions.

- (2) There have been no changes to premiums on reviewable protection policies.
- (3) The fund does not have any non-profit deposit administration benefits.
- (4) **Service charge increases:**

Aviva, ex-NU Life products (post 2 October 2000) and ex-CGU products

The monthly administration charge increased by 5.4%, except for Irish products where the charge increased by 5.2%.

Ex-GA products

The monthly administration charge increased by 1.6% on Life and Pensions products.

Ex-CU products

Sterling Pensions: The increase in policy charge was 5.4%.

Sterling Group Plan: The increase applied was 1.6%.

Prime Series: Policy charges were increased by 5.4%.

Prime Personal Pension: No changes to Plan fees.

Life Products: No changes to Plan fees.

- (5) There have been no changes to benefit charges on linked policies, other than the changes mentioned in section 2.
- (6) There have been no changes to unit management charges or notional charges to accumulating with profits policies.
- (7) The Company operates one pool of assets for each internal linked fund.

Asset units are created and cancelled at either the asset offer price or the asset bid price depending upon the prevailing basis of the fund and using the most recently available price. The pricing basis is set depending upon the short and medium term expectation of whether the associated internal linked fund will be in a net inflow or outflow position. This includes sales and purchases by Managed funds.

Where an instruction, payment and all our requirements are received for a transaction before 8:00am on a business day, then units are allocated at the unit price based upon market movements up to 11:00pm on the previous business day. Where the instruction, payment and all our requirements are received after 8:00am then units are allocated at the next available unit price. The Company reserves the right to defer any transaction to a subsequent valuation point.

For Pension Assured funds, investment return is attributed through the issue of bonus units. Each month bonus units are allocated based on market movements up to 11:00pm on the last business day in the month. The offer unit price may increase during the month as new investments are not entitled to the bonus at the end of the first month. On contractual exits, units are deallocated at the bid value of units, normally £1. On non-contractual exit payment may be subject to a Market Depreciation Discount.

For some very small closed funds, the valuation takes place on a weekly basis.

Valuation report – IPRU (INS) Appendix 9.4

Name of insurer **Aviva Life & Pensions UK Ltd – New/Old/Stakeholder With-Profits Sub-Funds**
Global business
Financial year ended **31 December 2012**

- (8) When a capital gain is realised on the sale of an asset in a unit-linked fund, and this gain cannot be offset by past capital losses, then the capital gains tax due would be retained in the fund until the next periodic settlement of tax due. This applies in respect of tax on notional realisations under the Finance acts as well as tax on realised capital gains. The tax rates used in calculating these deductions are as specified in section 3.9 below.
- (9) The internal linked funds are taxed on investment gains at the rate that would apply to the Long Term Business Fund. The intention is to adopt broad equity for all holders of units of similar types of fund. To achieve this rates are reviewed frequently to ensure that they reflect both changes within the fund and changing market conditions. In the calculation of unit prices allowance is made for indexation where applicable and also for the expected timing of the policyholder tax payment. The tax rate applied to realised gains was 20% during 2012. The rate applied to unrealised gains varied by fund in the range 0.3% to 20% during the year to 31 December 2012. Credit is given within unit prices for the tax benefit that may arise in future from realised and unrealised losses. For funds with an excess of realised/unrealised losses over gains the rate applied to the losses varied by fund in the range 0% to 20% during the year to 31 December 2012.
- (10) The Company derives no financial benefit in respect of collective investment fund units held by the internal linked funds. The Company's policy on receiving discount, commission or other allowance when purchasing, selling or holding units in collective investment funds is to pass the full benefit onto the fund.

4. Valuation basis (other than for special reserves)

For unit linked policies, details are shown in the Non-Profit (NP) Sub-Fund's Appendix 9.4 unless stated below.

(1) Valuation methodology

£10m is less than 1% of gross mathematical reserves, therefore £10m has been used as the materiality limit for this section.

A gross premium valuation method has been used in the calculation of mathematical reserves for the principal classes of with-profit and non-profit business. Exceptions and principles adopted in the valuation of particular contracts are:

Ex-CGNU business

Except in the case of Parent's Life Policies, those contracts which are a combination of two or more categories of contract have been valued in their constituent parts.

Full provision has been made for all guaranteed benefits, vested bonus and options available to policyholders. Where policyholders are able to surrender their policies for cash we have ensured that the reserves are large enough to meet that part of the cash payment relating to their guaranteed benefits.

A small number of policies are valued on a net premium basis; the reserves do not exceed £10m. Where the net premium method was used, no adjustment was made to the net premium for acquisition expenses (or for anything else).

An amount was included in the Decreasing Term Reserve to cover the risk of death during a period not exceeding three months under certain mortgage related policies between the date of exchange of contracts and the completion of a mortgage.

An amount was included in the With Profits Endowment Reserve to meet the non-recovery of Life Assurance Premium Relief agreed with the Inland Revenue in respect of future premiums on certain life policies issued in March 1984.

Provision is made for future expenses on the basis of the charges made to the Company under the Management Services Agreement with Aviva Life Services UK Ltd assuming future inflation at 2.76% per annum.

Principles adopted in the valuation of particular contracts were:

- (a) The reserve for single premium group and individual term assurance contracts was the single premium and for Group Decreasing Term Assurance contracts the reserve was one year's office premium for annual premium contracts and the unearned proportion of the premium on the 24ths basis for single premium contracts, plus an appropriate reserve for profit sharing.

Valuation report – IPRU (INS) Appendix 9.4

Name of insurer **Aviva Life & Pensions UK Ltd – New/Old/Stakeholder With-Profits Sub-Funds**

Global business

Financial year ended **31 December 2012**

- (b) Retirement Annuities by recurring single premiums were valued using a prospective bonus reserve valuation. The valuation assumes that future regular bonuses are nil. Allowance is made for the excess, if any, of the value of benefits purchased by future premiums at the current level over the value of such premiums.
- (c) Equity Endowment Assurances were valued by taking the Bid Prices of the Units deemed to have been purchased at the valuation date and adding 1/12 of the total annual premium payable.
- (d) For contracts with benefits linked to the internal linked funds of the Company, the unit liability was taken as the value of units deemed allocated to the policies in the internal linked funds of those companies.
- (e) Unitised With Profit business is valued initially by determining the lower of:
 - (i) the current non-guaranteed surrender value and
 - (ii) the amount of this benefit after removal of final bonus/MVR.

This result is then compared with a prospective valuation and the higher result taken.

The prospective valuation projects future benefits assuming future premiums cease and future bonuses are zero, except for policies with a guaranteed minimum bonus rate, where this guaranteed bonus is allowed for.

An allowance is made for future non-guaranteed surrenders. At a date (or dates in the case of regular withdrawals) where the company guarantees not to apply a Market Value Reduction on surrender, an exit rate of 100% is assumed. This is because the company now allows a 'roll-forward' of the no-MVR amount after the first no-MVR date. This approach is prudent.

Additional reserves are included where appropriate for contracts which provide a money back guarantee on a future policy anniversary.

- (f) Assurances issued on impaired lives and subject to extra premiums were valued as if effected at the ages corresponding to the premiums charged, except that for certain assurances issued before 9 November 1970 one full year's extra premium was reserved in addition to the normal reserve calculated on the basis of the true age.

One full year's extra premium was reserved in addition to the normal reserve under assurances carrying an extra premium for any other reason.

Debts that have been imposed on assurances have been ignored.

- (g) Amounts in overseas currencies were converted to sterling using rates of exchange current at the valuation date.
- (h) The reserve for the Irish and German term assurance contracts was taken as one year's premium.
- (i) The reserve for waiver of premium benefits attaching to endowment assurance, term assurance and decreasing term assurance contracts has been taken as one year's premium.

Ex-CULAC business

All conventional regular premium business is valued on a gross premium basis with the following exceptions:

- For direct written regular premium Mortgage Protection assurances, the reserve is taken to be 4.6 times the annualised premium.
- For group life contracts the reserve is taken to be 100% of the office yearly premium.
- For contingent assurances the reserve is taken to be the single premium paid or three times the annual premium.
- For assurances against issue risks, the reserve is taken to be the one times the annual premium and the total is less than £10m.

For policies on substandard lives, the difference between the premium payable and the normal premium has been treated as an extra premium for whole life assurances and endowment assurances issued on or after 1 January 1964 and a reserve is held equal to one year's extra premium.

Valuation report – IPRU (INS) Appendix 9.4

Name of insurer **Aviva Life & Pensions UK Ltd – New/Old/Stakeholder With-Profits Sub-Funds**

Global business

Financial year ended **31 December 2012**

- The reserve in respect of extra premiums charged for occupation or residence has been taken as one year's extra premium. This is less than £10m.
- The valuation factors for annuities in payment allow for certain guaranteed term conditions. The valuation factors for certain contracts where the annuitant was a substandard life at commencement allow for the shortened life expectancy.
- Deferred Annuities: the reserve is taken as the value of benefits secured by the annual or the single premiums payable prior to the policy anniversary following the valuation date. The benefit at the vesting date that is valued is the higher of the value of the annuity and the corresponding cash option, if one exists.
- For certain annuity contracts which return premiums with interest on death, pre-retirement mortality is ignored. Otherwise the value of any benefit payable on death during the deferred period is added to the value of the annuities.
- The reserve for deferred annuities which have passed the vesting date, and for which the Company accumulates the cash option at a rate of interest different from the valuation rate, is calculated by accumulating the benefit applicable at the vesting date at that rate of interest.
- An additional reserve is held in respect of premiums under "controlled funding" schemes which have not yet been applied to purchase benefits. This reserve is calculated by carrying out a notional allocation of the premiums using average ages and valuing the resulting benefits.

Unitised with-profit business:

Unitised with-profit business is valued initially by determining the lower of the current non-guaranteed surrender value and the bid value of units (after allowing for contractual surrender charges where applicable). This result is then compared with a prospective valuation and the higher result taken.

The prospective valuation projects future benefits assuming future premiums cease and future bonuses are zero, except for policies with a guaranteed minimum bonus rate, where this guaranteed bonus is allowed for.

Provision is made for future expenses on the basis of the charges made to the Company under the Management Services Agreement with Aviva Life Services UK Ltd assuming future inflation at 2.76% per annum.

In the case of the Group Defined Benefit contract, additional reserves are held for the guaranteed annuity options associated with internal transfers from the Group Deferred Annuity contract.

Internal linked contracts

For linked contracts the reserve is the sum of the unit liability and a sterling reserve. The unit liability is the value of the units allocated to contracts using the fund price. A gross premium cash flow method was applied to individual policy clusters to investigate the requirement for sterling reserves for linked contracts. A minimum sterling reserve, equal to the level of claims expenses less any surrender penalty, is held for each cluster.

Other linked contracts

For the Abbey National Plan the reserve is an estimate of the total accumulated investment at the valuation date, together with an additional reserve for expenses.

For index linked immediate and reversionary annuities the reserve is calculated by discounting the annuities payable, allowing for interest, mortality, expenses, and growth in the Retail Prices Index.

Additional reserves are held to cover future anticipated expenses in excess of the allowances included in the reserves held for individual contracts.

Valuation report – IPRU (INS) Appendix 9.4Name of insurer **Aviva Life & Pensions UK Ltd – New/Old/Stakeholder With-Profits Sub-Funds**

Global business

Financial year ended **31 December 2012****(2) Valuation interest rates:**

A table of all valuation interest rates used is given below.

Product Group	31 December 2012	31 December 2011
Life Assurances		
All Conventional With-Profit business	3.45%	3.70%
All Conventional Non-Profit business	0.90%	1.80%
All Unitised With Profit business	1.35%	1.50%
Pensions and General Annuities		
Immediate Annuities (currently in payment)	2.60%	4.15%
With-Profit Deferred Annuity		
In payment	3.50%	3.60%
In deferment	3.50%	3.60%
Non-Profit Deferred Annuity		
In payment	1.20%	2.30%
In deferment	1.20%	2.30%
Pure Endowment WP	3.50%	3.60%
In-payment rate for valuing Guaranteed Annuity Options	3.50%	3.60%
Other Non-Profit Conventional business	1.20%	2.30%
All Unitised With-Profit business	1.60%	1.75%
With Profit Annuity	3.95%	4.00%

(3) Adjustment to yield for credit risk**Equity assets**

The allowance for credit risk on equities is two-fold. Firstly, a deduction is applied, which is determined as 25% of the excess of the equity yield over the Long Term Gilt Yield. The equity yield is then capped at a maximum of 10%.

For the purposes of the valuation the average deduction from the yield on equities held at 31 December 2012 was:

Deduction from Yield	NWPSF	OWPSF
Impact of 25% Spread	0.37%	0.37%
Impact of 10% Cap	0.12%	0.12%
Total Deduction	0.49%	0.49%

Property assets

The property assets have been ordered by yield and divided into different categories. Firstly, a deduction is applied to the grouped yields, which is determined as 25% of the excess of the yield over the Long Term Gilt Yield. The property yield in each category is then capped at a maximum of 10%. This means that very low-yielding assets retain the low rate but high-yielding assets are capped.

For the purposes of the valuation the average deduction from the yield on property assets held at 31 December 2012 was:

Deduction from Yield	NWPSF	OWPSF
Impact of 25% Spread	0.79%	0.79%
Impact of 10% Cap	0.14%	0.14%
Total Deduction	0.93%	0.93%

Fixed interest securities

The allowance for credit risk on bonds is two-fold. Firstly, the bond yield is capped at a maximum of 12%. A further deduction is then applied determined as 33% of the excess of the capped bond yield over the yield of a gilt with a matching duration.

Valuation report – IPRU (INS) Appendix 9.4Name of insurer **Aviva Life & Pensions UK Ltd – New/Old/Stakeholder With-Profits Sub-Funds**

Global business

Financial year ended **31 December 2012**

For the purposes of the valuation the average deduction from the yield on fixed interest securities (excluding Approved fixed interest i.e. gilts and other bonds issued by approved UK and international public sector bodies) held at 31 December 2012 was:

Deduction from Yield	NWPSF	OWPSF
Impact of 12% Cap	0.09%	0.08%
Impact of 33% Spread	0.69%	0.74%
Total Deduction	0.78%	0.82%

For Mortgages, a deduction of 1.8% was used, while for Deposits, the equivalent deduction was 0.10%.

(4) Mortality assumptions

The table below shows the mortality basis for business written by the fund.

Product	Mortality basis 31 December 2012	Mortality basis 31 December 2011
Life Assurances		
Conventional Life – Whole Life	104.9% AM00 sel / 104.9% AF00 sel	138.9% AM00 sel / 138.9% AF00 sel
Conventional Life – Endowments and Low Cost Endowments	93.3% AM00 sel / 93.3% AF00 sel	93.3% AM00 sel / 93.3% AF00 sel
Decreasing Term Assurance on Low Cost Endowment (ex-CGNU)	93.3% AM00 sel / 93.3% AF00 sel	93.3% AM00 sel / 93.3% AF00 sel
Decreasing Term Assurance on Low Cost Whole Life (ex-CGNU)	104.9% AM00 sel / 104.9% AF00 sel	138.9% AM00 sel / 138.9% AF00 sel
Decreasing Term Assurance on Low Cost Endowment (ex-CULAC)	93.3% AM00 sel / 93.3% AF00 sel	93.3% AM00 sel / 93.3% AF00 sel
Unitised Life – Mortgage Endowments	93.3% AM00 sel / 93.3% AF00 sel	93.3% AM00 sel / 93.3% AF00 sel
Unitised Life – Whole Life	104.9% AM00 sel / 104.9% AF00 sel	138.9% AM00 sel / 138.9% AF00 sel
Unitised With Profits – Bonds	108.1% AM00 sel / 108.1% AF00 sel	108.1% AM00 sel / 108.1% AF00 sel
Pure Endowments	60% AM00 ult / 60% AF00 ult	60% AM00 ult / 60% AF00 ult
Term assurance (Scale)	Non-smokers Duration 0 and 1 72.1% TMN00 sel / 86.9% TFN00 sel Duration 2 to 4 62.5% TMN00 sel / 75.3% TFN00 sel Duration 5+ 62.5% TMN00 sel / 75.3% TFN00 sel Smokers All durations 74.2% TMS00 sel / 89.0% TFS00 sel	Duration 0 and 1 89.0% TMN00 sel / 96.5% TFN00 sel (non- smokers) Duration 2 to 4 82.7% TMN00 sel / 91.2% TFN00 sel (non- smokers) Duration 5+ 76.3% TMN00 sel / 84.8% TFN00 sel (non- smokers) Duration 0 and 1 95.4% TMS00 sel / 103.9% TFS00 sel (smokers) Duration 2 to 4 89.0% TMS00 sel / 97.5% TFS00 sel (smokers) Duration 5+ 82.7% TMS00 sel / 91.2% TFS00 sel (smokers)
Term assurance (Heritage)	74.2% TM00 sel / 74.2% TF00 sel	84.8% TM00 sel / 84.8% TF00 sel
Mortgage Protection (Scale)	Non-smokers Duration 0 and 1 86.9% TMN00 sel / 98.6% TFN00 sel Duration 2 to 4 78.4% TMN00 sel / 90.1% TFN00 sel Duration 5+ 78.4% TMN00 sel / 90.1% TFN00 sel Smokers All durations	Duration 0 and 1 83.7% TMN00 sel / 92.2% TFN00 sel (non- smokers) Duration 2 to 4 75.3% TMN00 sel / 83.7% TFN00 sel (non- smokers) Duration 5+ 66.8% TMN00 sel / 75.3% TFN00 sel (non- smokers) Duration 0 and 1 83.7% TMS00 sel / 92.2% TFS00 sel

Valuation report – IPRU (INS) Appendix 9.4Name of insurer **Aviva Life & Pensions UK Ltd – New/Old/Stakeholder With-Profits Sub-Funds**

Global business

Financial year ended **31 December 2012**

	80.6% TMS00 sel / 91.2% TFS00 sel	(smokers) Duration 2 to 4 75.3% TMS00 sel / 83.7% TFS00 sel (smokers) Duration 5+ 66.8% TMS00 sel / 75.3% TFS00 sel (smokers)
Mortgage Protection (Heritage)	90.1% TM00 sel / 90.1% TF00 sel	75.3% TM00 sel / 75.3% TF00 sel
Other term	1x premium	1x premium
Lifecover plus	Lifecover plus 93	Lifecover plus 93
Mortgage Protection with Critical Illness	Non-smokers Duration 0 and 1 110.4% CIM11A Males 135.7% CIM11A Females Duration 2 to 4 117.3% CIM11A Males 141.5% CIM11A Females Duration 5+ 117.3% CIM11A Males 135.7% CIM11A Females Smokers All durations 100.1% CIM11A Males 128.8% CIM11A Females	Duration 0 to 4 113.9% CIM11A Males 124.2% CIM11A Females Duration 5+ 89.7% CIM11A Males 100.1% CIM11A Females
Term assurance with Critical Illness	Non-smokers Duration 0 and 1 111.6% CIM11A Males 131.1% CIM11A Females Duration 2 to 4 117.3% CIM11A Males 135.7% CIM11A Females Duration 5+ 117.3% CIM11A Males 131.1% CIM11A Females Smokers All durations 118.5% CIM11A Males 177.1% CIM11A Females	Duration 0 to 4 131.1% CIM11A Males 142.6% CIM11A Females Duration 5+ 113.9% CIM11A Males 126.5% CIM11A Females
General Annuities		
Immediate Annuities – Individual	98.5% PCMA00 / 93.5% PCFA00	74% IML00 / 77% IFL00
Immediate Annuities – Group; GAOs in payment	98.5% PCMA00 / 93.5% PCFA00 (assume all business pre 1/1/03)	90.5% PCMA00 / 85.0% PCFA00 (assume all business pre 1/1/03)
Individual deferred annuity In deferment Post vesting	60% AM00 ult / 60% AF00 ult 98.5% PCMA00 / 93.5% PCFA00	60% AM00 ult / 60% AF00 ult 74% IML00 / 77% IFL00
Group deferred annuity In deferment Post vesting	60% AM00 ult / 60% AF00 ult 98.5% PCMA00 / 93.5% PCFA00	60% AM00 ult / 60% AF00 ult 90.5% PCMA00 / 85.0% PCFA00
Pensions Business		
Immediate Annuities With profit Annuity	98.5% PCMA00 / 93.5% PCFA00	90.5% PCMA00 / 85.0% PCFA00
GAOs in payment	98.5% PCMA00 / 93.5% PCFA00	90.5% PCMA00 / 85.0% PCFA00
Pure Endowment & Endowment Insurance	60% AM00 ult / 60% AF00 ult	60% AM00 ult / 60% AF00 ult
Unitised With Profits	106% AM00 ult / 106% AF00 ult	106% AM00 ult / 106% AF00 ult
Term assurance (Scale)	Non-smokers Duration 0 and 1 72.1% TMN00 sel / 86.9% TFN00 sel Duration 2+ 62.5% TMN00 sel / 75.3% TFN00 sel	Duration 0 and 1 89.0% TMN00 sel / 96.5% TFN00 sel (non- smokers) Duration 2 to 4 82.7% TMN00 sel / 91.2% TFN00 sel

Valuation report – IPRU (INS) Appendix 9.4Name of insurer **Aviva Life & Pensions UK Ltd – New/Old/Stakeholder With-Profits Sub-Funds**

Global business

Financial year ended **31 December 2012**

	Smokers All durations 74.2% TMS00 sel / 89.0% TFS00 sel	(non- smokers) Duration 5+ 76.3% TMN00 sel / 84.8% TFN00 sel (non- smokers) Duration 0 and 1 95.4% TMS00 sel / 103.9% TFS00 sel (smokers) Duration 2 to 4 89.0% TMS00 sel / 97.5% TFS00 sel (smokers) Duration 5+ 82.7% TMS00 sel / 91.2% TFS00 sel (smokers)
Term assurance (Heritage)	74.2% TM00 sel / 74.2% TF00 sel	84.8% TM00 sel / 84.8% TF00 sel
Deferred Annuity Reversionary Annuity In deferment Post vesting	60% AM00 ult / 60% AF00 ult 98.5% PCMA00 / 93.5% PCFA00	60% AM00 ult / 60% AF00 ult 90.5% PCMA00 / 85.0% PCFA00
Widows Death in Service In deferment Post vesting	AM92/AF92 98.5% PCMA00 / 93.5% PCFA00	AM92/AF92 90.5% PCMA00 / 85.0% PCFA00
Current Cost Term Insurance	1 periodic premium	1 periodic premium

Notes on tables:

- M tables apply to male lives, F tables to female lives.
- Smoker / Non-Smoker table used where smoker status data is available, otherwise Combined table used.
- Annuitant mortality: allowance has been made for future improvements to mortality. The base tables (% of PCXA00) are assumed to apply as at 31 December 2000 (or 31 December 2004 for the 31 December 2011 basis); from that date improvements are expected. The allowance for improvements is as follows:

	31 December 2012	31 December 2011
Males	CMI_2011_M[1.5%], applicable from 2001 to 2011 CMI_2011_M[1.5%] plus 0.5% p.a., applicable from 2012	100% of Medium Cohort, minimum 2.0%, applicable from 2005
Females	CMI_2011_F[1%], applicable from 2001 to 2011 CMI_2011_F[1%] plus 0.5% p.a., applicable from 2012	75% of Medium Cohort, minimum 1.5%, applicable from 2005

- There are no products where the assurance mortality basis is expressed as 'modified table'.

Expectation of Life

The table below shows the required examples for expectation of life using the base mortality tables, percentage adjustments and improvement factors quoted above.

Table Description	Expectation of Life for annuitant aged 65 on 1/1/2013	Expectation of Life for annuitant aged 75 on 1/1/2013	Expectation of Life from age 65 for annuitant aged 45 on 1/1/2013	Expectation of Life from age 65 for annuitant aged 55 on 1/1/2013
98.5% of PCMA00 plus CMI_2011_M[1.5%] applied from 2001, plus 0.5% p.a. from 2012	24.8	15.3	28.2	26.4
93.5% of PCFA00 plus CMI_2011_F[1%] applied from 2001, plus 0.5% p.a. from 2012	26.5	16.8	29.0	27.7

Valuation report – IPRU (INS) Appendix 9.4

Name of insurer **Aviva Life & Pensions UK Ltd – New/Old/Stakeholder With-Profits Sub-Funds**

Global business

Financial year ended **31 December 2012**

Allowance for future changes in mortality where not implicit in the basis:

There are no explicit reserves for alterations to mortality. All future changes are made to the tables used to calculate base mathematical reserves.

Allowance/reserve for:

- (a) any possible detrimental impact of significant changes in the incidence of disease on the mortality experience of the insurer;
- (b) developments in medical science on the mortality experience of the insurer:

Margins in the published mortality basis are sufficient to cover current estimates of the cost of future additional claims from AIDS, other than those arising out of the exercise of options, at a level corresponding to one third of the AIDS Working Party's Projection 6A with allowance for the continuance of mortality rates at peak rates. The additional AIDS reserves for options are £2.0m for New With-Profits Sub-Fund (NWPSF) and £0.3m for Old With-Profits Sub-Fund (OWPSF).

The remaining margins in the published mortality and morbidity bases are considered sufficient to provide for adverse deviations in experience arising from other causes. No additional reserves are therefore held.

(5) Morbidity assumptionsEx-CGNU business

The Combined disability and mortality rates were used for Critical Illness attached to Term Assurance, Mortgage Protection are detailed in the table in 4(4) above.

Ex-CULAC business

For Stand Alone Critical Illness, morbidity experience is assumed to be according to the IC94 table of decrement rates published by the Society of Actuaries in Ireland Working Party 1994. The tabulated rate is increased by 3.5%, and a further deterioration rate of 1.5% per annum of policy term is then applied. The following rates are an example of the adjusted morbidity rates used per mille for a 25 year policy at inception.

Age	Male	Female
25	0.451	0.776
35	1.279	1.772
45	4.111	4.013
55	9.556	7.777

For the previous financial year, the tabulated rates were increased by 0.887%, and a further deterioration rate of 1.5% per annum of policy term is then applied. The following rates are an example of the adjusted morbidity rates used per mille for a 25 year policy at inception.

Age	Male	Female
25	0.440	0.756
35	1.247	1.727
45	4.008	3.912
55	9.315	7.581

These rates were also used in the previous financial year.

(6) Expense assumptions:

Expense assumptions are taken as 120% of the amounts detailed in the Management Services Agreement (MSA). These loadings are used to set a long-term assumption for additional costs arising within the business (e.g. project costs, regulatory fees, audit fees) and to give a margin for adverse deviation. Expenses for unit-linked products are detailed in Appendix 9.4 for NP funds.

Expense levels are assumed the same for premium-paying and paid-up policies.

The table below shows the per-policy expenses for 2011 and 2012 (including loadings).

Valuation report – IPRU (INS) Appendix 9.4Name of insurer **Aviva Life & Pensions UK Ltd – New/Old/Stakeholder With-Profits Sub-Funds**

Global business

Financial year ended **31 December 2012**

Product	Product code	Renewal admin (£ per policy)	
		2012	2011
CWP savings endowment	120	36.30	34.63
CWP target cash endowment	125	36.30	34.63
CWP Pensions	155/165	48.39	46.17
Term assurance	325/330	24.19	23.09
Critical illness	340/345/350/355	24.19	23.09
Income protection	360/365	24.19	23.09
Annuity	400	20.22	19.29
UWP bond	500	54.30	51.81
UWP savings endowment	510	24.19	23.09
UWP target cash endowment	515	36.30	34.63
UWP regular premium pension	525/545	44.24	42.20
UWP single premium pension	525/545	44.24	42.20
UWP group regular premium pension	535	72.59	69.27
UWP group single premium pension	535	72.59	69.27

On deferred annuities an additional 3% (ex-CGNU) and 5.4% (ex-CULAC) is included in expenses as an allowance for the cost of paying annuities.

Assumed future expense inflation:

2.76% per annum (RPI, as set by the MSA agreement)

Zillmer adjustments:

No Zillmer adjustments were made to net premium reserves.

Investment expenses:

The yield on the asset classes backing the liabilities was reduced for investment expenses. This reduced the upper bound on the interest rates used in the valuation. The adjustments made were:

Asset Class	Reduction in asset yield
Equity	0.149%
Gilts	0.149%
Other fixed interest	0.149%
Property	0.149%
Cash	0.149%

The adjustments reflect the charging structure agreed with our fund managers, Aviva Investors UK.

Tax relief

Tax relief expenses on products in the BLAGAB fund has been assumed using a rate of 20.00%.

No allowance has been made for taxation in respect of Pensions business.

(7) Unit Linked policies: basis for non-unit reserves.

	31 December 2012		31 December 2011	
	Life	Pensions	Life	Pensions
Assumed Fund Growth (before annual management charge)	2.60%	3.30%	2.80%	3.50%
Discount rate	2.10%	2.50%	2.20%	2.70%
Policy fee inflation	2.76%	2.76%	2.84%	2.84%

Assumed future expense inflation:

2.76% per annum (RPI, as set by the MSA agreement)

Valuation report – IPRU (INS) Appendix 9.4Name of insurer **Aviva Life & Pensions UK Ltd – New/Old/Stakeholder With-Profits Sub-Funds**

Global business

Financial year ended **31 December 2012****(8) Bonus Assumptions:****Conventional with-profit business:**

The Company is a realistic basis life firm. Accordingly, no allowance has been made for future annual or final bonus on Conventional with-profit business. This is consistent with INSPRU1.2.31G. There are no guarantees relating to future annual or final bonus on this business.

Unitised with-profit business:

Certain classes of business have guaranteed annual bonus rates. These have been used in the projection of liabilities. No allowance has been made for discretionary annual bonus or final bonus.

Guaranteed regular bonus by product:Ex-CGNU business

Product	Guaranteed Annual Bonus Rate	Valuation assumption	Applies to...
Unitised with-profit Life:			
Investment Bond: Guaranteed Bonus	3.00%	3.00%	Units purchased pre 1/2/1994 AND NOT switched to the Loyalty Fund
Investment Bond: Loyalty Bonus	Guaranteed 0.5% addition to AB rate for normal (non-geed) Investment Bond	0.5%	Units purchased pre 1/2/1994 and switched to the Loyalty Fund
Unitised with-profit Pensions:			
Pensions (Non-Stakeholder)	4.00%	4.00%	Units purchased prior to 22/1/1996 (13/5/1996 for existing business regular premiums)

Ex-CULAC business

Product	Guaranteed Annual Bonus Rate	Valuation assumption	Applies to...
Unitised with-profit Pensions:			
Pensions implicit	4.00%	4.00%	Units purchased prior to 1/1/1993 with implicit annual management charge
Pensions explicit	5.00%	5.00%	Units purchased prior to 1/1/1993 with explicit annual management charge

(9) Persistency assumptions:

For Conventional Business, we have assumed 100% persistency until maturity.

For Unitised business, we have allowed for surrender rates consistent with the table below.

For policies with a no-MVR option available, we have assumed an exit rate of 100% at the next no-MVR date. This is a prudent approach that reflects our new policy of limiting future MVR on policies that stay in force after their first no-MVR date.

The persistency rates used are as follows. They apply to amounts remaining after policyholders with guaranteed benefits have taken their money (either in regular withdrawals or through a full surrender guarantee). Persistency rates for unit-linked products are detailed in Appendix 9.4 for NP funds.

Product		Average lapse/surrender/PUP rate for the policy years			
		1-5	6-10	11-15	16-20
Level Term	Lapse	0%	0%	0%	0%
Decreasing Term	Lapse	0%	0%	0%	0%
Accelerated Critical Illness	Lapse	0%	0%	0%	0%
Income Protection	Lapse	0%	0%	0%	0%
Life CWP endowment - savings	Surrender	0%	0%	0%	0%

Valuation report – IPRU (INS) Appendix 9.4Name of insurer **Aviva Life & Pensions UK Ltd – New/Old/Stakeholder With-Profits Sub-Funds**

Global business

Financial year ended **31 December 2012**

Life CWP endowment - target cash	Surrender	0%	0%	0%	0%
Life UWP endowment - savings	Surrender	5.85%	5.85%	5.85%	5.85%
Life UWP endowment - target cash	Surrender	5.85%	5.85%	5.85%	5.85%
Life UWP single premium - no guarantee	Surrender	2.47%	8.06%	7.15%	6.50%
Life UWP single premium - moneyback guarantee	Surrender	2.47%	8.06%	7.15%	6.50%
Life UWP single premium - no-MVR guarantee	Surrender	2.47%	6.50%	8.45%	9.10%
Life UWP single premium - RPI/CPI guarantee	Surrender	1.43%	8.45%	7.15%	6.50%
Life UWP single premium	Automatic withdrawals	100% of current withdrawal			
Pension CWP regular premium	PUP	0%	0%	0%	0%
Pension CWP regular premium	Surrender	0%	0%	0%	0%
Pension CWP single premium	Surrender	0%	0%	0%	0%
Individual Pension UWP regular premium	PUP	Peak 1 valuation assumes no future premiums on UWP business			
Individual Pension UWP regular premium	Surrender	2.28%	2.28%	2.28%	2.28%
Individual Pension UWP single premium	Surrender	2.28%	2.28%	2.28%	2.28%
Group Pension UWP regular premium	PUP	Peak 1 valuation assumes no future premiums on UWP business			
Group Pension UWP regular premium	Surrender	2.28%	2.28%	2.28%	2.28%
Group Pension UWP single premium	Surrender	2.28%	2.28%	2.28%	2.28%
Trustee Investment Plan UWP	Surrender	9.75%	11.70%	11.70%	9.75%

(10) Other basis items:**Option Take-Up Rates**Guaranteed Annuity Rate Options:

We have assumed that current option take-up is 89% for ex-CGNU business and 95% for ex-CULAC business. These include a margin over current experience of just over 10%.

These rates are assumed to increase by 1% per annum to 95%.

Guaranteed Cash Options:

For deferred annuities with a guaranteed cash option, we assume that 100% retain the annuity.

Guaranteed Minimum Pensions on Section 32 policies:

We have assumed 100% 'option take-up' of the minimum pension. In practice, policyholders would not receive an option (if the maximum pension bought by their policy is below the Guaranteed Minimum then they will be paid the GMP).

Taxation

Valuation interest rates on Life business include an allowance for taxation. This allowance has been arrived at using the following assumption:

- A tax rate of 20% has been assumed in respect of income on Fixed Interest and Property assets (for Life business). No allowance has been made for taxation on equity income.

No allowance has been made for taxation in respect of Pensions business.

(11) We allow for Equity and Fixed Interest Futures in the matching assets used to hypothecate against reserves.

(12) During the reporting period, the fund has made no changes to valuation methodology in respect of the following changes in INSPRU valuation rules:

- Allowance for lapses on valuation of protection business
- Allowance for negative reserves on valuation of protection business

Valuation report – IPRU (INS) Appendix 9.4

Name of insurer **Aviva Life & Pensions UK Ltd – New/Old/Stakeholder With-Profits Sub-Funds**
Global business
Financial year ended **31 December 2012**

- (c) Allowance for lapses on valuation of unit-linked business
- (d) Allowance for attributable expenses on valuation of unit-linked business

5. Options and Guarantees

(1) Guaranteed Annuity Rate Options:

(a) Method:

For policies with a cash benefit that can be used to buy an annuity on guaranteed terms, the methodology is as follows:

- Calculate the amount of the cash benefit that we have assumed will be converted into an annuity (using the option take-up rates given in section 4(10)).
- Determine the amount of annuity that this cash would buy if it were to be converted on guaranteed terms.
- Calculate the present value of the resulting annuity using the annuitant mortality basis given in section 4(4) and in-payment interest rate basis given in 4(2).
- If the total is greater than the total policy benefit at retirement then add on the difference. Discount the result to valuation date at the discount rate given in section 4(2).
- Add on the reserve for the expenses of administering the annuity.

The Regulatory-peak reserve for Guaranteed Annuity Options is compared with the reserve calculated using the following basis:

- Regulatory-peak annuitant mortality assumptions are used (as given in 4(4))
- Regulatory-peak option take-up rates are used (as given in 4(10))
- Realistic-peak (realistic valuation) annuity interest rates and discounting are used
- Realistic-peak assumptions for persistency are used
- Realistic-peak Final Bonus allowance removed

Realistic-peak assumptions are discussed in more detail in Appendix 9.4A.

If this second reserve is larger than the base Regulatory-peak figure, an allowance for stochastic variation is added to the Regulatory-peak reserve. The allowance at 31 December 2012 is zero.

Valuation report – IPRU (INS) Appendix 9.4Name of insurer **Aviva Life & Pensions UK Ltd – New/Old/Stakeholder With-Profits Sub-Funds**

Global business

Financial year ended **31 December 2012**

(b)

NWPSF : Ex-CGNU business

(i) Product name	Group conventional pensions endowment with-profits	Group conventional pensions endowment with-profits	Group conventional pensions endowment with-profits	Group conventional pensions endowment with-profits
Category description	Policies written pre 1977	Policies written from 1/1/1977 to 30/4/1994	Policies written 1/5/1994 to 30/6/1999	Policies written from 1/7/1999
(ii) Basic Reserve (£m)	0.1	13.4	2.2	1.4
(iii) Spread of o/s durations:				
% with o/s dur'n of 1 year	0.0%	8.3%	11.0%	1.9%
% with o/s dur'n of 2 to 5 years	100.0%	37.7%	42.3%	27.0%
% with o/s dur'n of 6 to 10 years	0.0%	29.0%	18.7%	27.4%
% with o/s dur'n of 11 to 20 years	0.0%	24.2%	23.9%	41.8%
% with o/s dur'n of over 20 years	0.0%	0.7%	4.1%	1.9%
(iv) guarantee reserve (£m)	0.0	8.9	0.4	0.0
(v) guaranteed annuity rate	10.31%	11.11%	7.51%	4.98%
(vi) increments allowed?	See note(1) below	See note(1) below	See note(1) below	See note(1) below
(vii) form of annuity	See note(2) below	See note(2) below	See note(2) below	See note(2) below
(viii) retirement ages	62 to 75	57 to 75	57 to 75	57 to 75

Note (1) – Some ex-CGNU products with GAOs continued to accept increments but either the GAO was repriced to a level which made it far less valuable or the increment above a stated amount did not get the GAO.

Note (2) – Payable monthly in advance, single life, no guarantee period, no escalation in payment

OWPSF : Ex-CGNU business

(i) Product name	Group conventional pensions endowment with-profits	Group conventional pensions endowment with-profits	Group conventional pensions endowment with-profits	Group conventional pensions endowment with-profits
Category description	Policies written pre 1977	Policies written from 1/1/1977 to 30/4/1994	Policies written 1/5/1994 to 30/6/1999	Policies written from 1/7/1999
(ii) Basic Reserve (£m)	0.0	9.2	0.7	0.3
(iii) Spread of o/s durations:				
% with o/s dur'n of 1 year	0.0%	9.8%	18.3%	0.0%
% with o/s dur'n of 2 to 5 years	0.0%	33.4%	12.5%	31.7%
% with o/s dur'n of 6 to 10 years	100.0%	27.1%	6.5%	27.8%
% with o/s dur'n of 11 to 20 years	0.0%	28.2%	43.8%	35.4%
% with o/s dur'n of over 20 years	0.0%	1.5%	18.9%	5.1%
(iv) guarantee reserve (£m)	0.0	6.2	0.2	0.0
(v) guaranteed annuity rate	10.31%	11.11%	7.51%	4.98%
(vi) increments allowed?	Same as NWPSF	Same as NWPSF	Same as NWPSF	Same as NWPSF
(vii) form of annuity	Same as NWPSF	Same as NWPSF	Same as NWPSF	Same as NWPSF
(viii) retirement ages	62 to 75	52 to 75	57 to 75	57 to 75

Valuation report – IPRU (INS) Appendix 9.4Name of insurer **Aviva Life & Pensions UK Ltd – New/Old/Stakeholder With-Profits Sub-Funds**

Global business

Financial year ended **31 December 2012****NWPSF : Ex-CULAC business****Guaranteed Annuity Rate 1: Annuity interest rate 7.5%**

(i) Product Name	With-Profits Pensionmaker and Retirementmaker	Non-Profit Pensionmaker and Retirementmaker
(ii) Basic Reserve (£m)	60.3	3.8
(iii) Spread of O/S durations:		
Less than 1 year	5.4%	3.4%
2-5 years	24.4%	18.2%
6-10 years	30.8%	24.1%
11-20 years	35.1%	42.8%
over 20 years	4.4%	11.5%
(iv) Guarantee Reserve (£m)	50.3	5.1
(v) Guaranteed Annuity Rate	11.2%	11.2%
(vi) Increments allowed?	See note(1) below	See note (1) below
(vii) Form of the annuity	See note(2) below	See note(2) below
(viii) Retirement Ages	60 until 75	60 until 75

Guaranteed Annuity Rate 2: Annuity interest rate 5.25%

(i) Product Name	With-Profits Pensionmaker and Retirementmaker	Non-Profit Pensionmaker and Retirementmaker	With-Profits Sterling Transfer Bonds
(ii) Basic Reserve (£m)	83.1	3.9	12.4
(iii) Spread of O/S durations:			
Less than 1 year	7.4%	3.7%	12.2%
2-5 years	24.2%	14.7%	41.4%
6-10 years	31.5%	20.3%	32.2%
11-20 years	34.4%	60.6%	14.0%
over 20 years	2.3%	0.6%	0.0%
(iv) Guarantee Reserve (£m)	53.2	4.5	7.1
(v) Guaranteed Annuity Rate	10.0%	10.0%	10.0%
(vi) Increments allowed?	See note(1) below	See note(1) below	See note(1) below
(vii) Form of the annuity	See note(2) below	See note(2) below	See note(2) below
(viii) Retirement Ages	60 until 75	60 until 75	60 until 75

Note (1) – Increments are allowed for these policies; however the increments are not subject to the guarantee.

Note (2) – Paid monthly in advance, single life, 5-year guarantee period

Valuation report – IPRU (INS) Appendix 9.4Name of insurer **Aviva Life & Pensions UK Ltd – New/Old/Stakeholder With-Profits Sub-Funds**

Global business

Financial year ended **31 December 2012****OWPSF : Ex-CULAC business****Guaranteed Annuity Rate 1: Annuity interest rate 7.5%**

(i) Product Name	With-Profits Pensionmaker and Retirementmaker	Non-Profit Pensionmaker and Retirementmaker
(ii) Basic Reserve (£m)	13.5	0.5
(iii) Spread of O/S durations:		
Less than 1 year	2.3%	3.4%
2-5 years	20.1%	18.2%
6-10 years	31.3%	24.1%
11-20 years	38.8%	42.8%
over 20 years	7.6%	11.5%
(iv) Guarantee Reserve (£m)	11.5	0.7
(v) Guaranteed Annuity Rate	11.2%	11.2%
(vi) Increments allowed?	Same as NWPSF	Same as NWPSF
(vii) Form of the annuity	Same as NWPSF	Same as NWPSF
(viii) Retirement Ages	60 until 75	60 until 75

Guaranteed Annuity Rate 2: Annuity interest rate 5.25%

(i) Product Name	With-Profits Pensionmaker and Retirementmaker	Non-Profit Pensionmaker and Retirementmaker	With-Profits Sterling Transfer Bonds
(ii) Basic Reserve (£m)	16.5	0.5	2.1
(iii) Spread of O/S durations:			
Less than 1 year	5.2%	3.7%	14.1%
2-5 years	24.1%	14.7%	51.9%
6-10 years	38.6%	20.3%	18.1%
11-20 years	29.7%	60.6%	15.7%
over 20 years	2.5%	0.6%	0.3%
(iv) Guarantee Reserve (£m)	10.5	0.6	1.2
(v) Guaranteed Annuity Rate	10.0%	10.0%	10.0%
(vi) Increments allowed?	Same as NWPSF	Same as NWPSF	Same as NWPSF
(vii) Form of the annuity	Same as NWPSF	Same as NWPSF	Same as NWPSF
(viii) Retirement Ages	60 until 75	60 until 75	60 until 75

(2) Guaranteed surrender and unit-linked maturity values:**Non-unit-linked:**

The only such policies with a guaranteed surrender value are certain Unitised with-profit Life contracts. No Conventional policies have a guaranteed surrender value.

Unitised with-profit Pensions contracts cannot be surrendered, only transferred or switched; in either case, an MVR would apply if this were to be done before normal retirement rate. Retirement under such policies can happen on more than one date without incurring an MVR. Retirement is a contractual exit (not a surrender of the policy) and is explicitly valued.

There are four types of guaranteed surrender value:

- The option to surrender the policy on a certain set of dates without an MVR being applied (a no-MVR guarantee).
- The option to surrender the policy on a certain set of dates with the total benefit being underpinned by the total premium paid into the policy (a money-back guarantee)
- The option to surrender the policy on a certain set of dates with the total benefit being underpinned by the total premium paid into the policy, plus inflation (an inflation-protected guarantee)

Valuation report – IPRU (INS) Appendix 9.4

Name of insurer **Aviva Life & Pensions UK Ltd – New/Old/Stakeholder With-Profits Sub-Funds**

Global business

Financial year ended **31 December 2012**

- The option to take a certain level of regular withdrawals without an MVR being applied.

(a) Methodology:

In all four cases above the overall reserve for a policy has been calculated as:

$\text{Max}([\text{Accumulated Benefit} + \text{adjustment}], [\text{Prospective reserve for future benefit}])$.

- The $[\text{Accumulated Benefit} + \text{adjustment}]$ item is calculated in accordance with INSPRU 1.2.71R(1).
- The $[\text{Prospective reserve for future benefit}]$ is calculated as the present value of the benefit paid to the policyholder after allowing for lapses. The basis of the calculation includes assumptions for surrender before the guarantee date(s), an assumption about the percentage of remaining policyholders who choose to surrender on their guarantee date(s) and an assumption for the level of MVR-free regular withdrawals taken by policyholders.

Persistency assumptions are given in item 4(9), along with assumptions about guarantee take-up. The interest rates used in the calculation are given in 4(2).

The guarantee is explicitly valued as part of the main calculation – there is no explicit reserve for it.

The tables show the unit value in force as the guaranteed amount. This represents the amount that would be paid if the policyholder surrendered with a no-MVR guarantee. It is also a proxy for the amount payable under the regular withdrawal guarantee, as a policyholder could ultimately redeem all of their units through regular withdrawals.

Where a spread of duration is shown, duration refers to the next date at which the policyholder could fully surrender with a guarantee (either no-MVR or money-back).

Valuation report – IPRU (INS) Appendix 9.4

Name of insurer

Aviva Life & Pensions UK Ltd – New/Old/Stakeholder With-Profits Sub-Funds

Global business

Financial year ended

31 December 2012NWPSF (Ex-CGNU business)

(i) Product name	(ii) basic reserve (£)	(iii) spread of outstanding term	(iv) guarantee reserve (£)	(v) guaranteed amount (£)	vi) MVR-free conditions				(vii) in force regular premiums	(viii) increments allowed to policy?
					1) no-MVR guarantee on full surrender	2) money-back guarantee (full surrender)	3) inflation protection guarantee (full surrender)	4) regular withdrawal guarantee		
Investment Bond	326,383,225	N/A; policy has no contractual exit date	0	325,064,678	None	None	None	No MVR on regular withdrawals up to 5% if taken from inception.	0	No (RW gtee)
Portfolio Bond (16/3/1993 to 30/9/1998)	379,045,264	N/A; policy has no contractual exit date	0	378,958,121	None	None	None	No MVR on regular withdrawals up to 7.5% if taken from inception.	0	No (RW gtee)
Portfolio Bond (1/10/1998 to 1/10/2000)	674,179,285	6% with duration less than 1 year; 46% with duration 1 year; 48% with duration 2 years	0	690,742,054	No MVR on surrender on 10th anniversary / any subsequent 5 yearly anniversaires	None	None	No MVR on regular withdrawals up to 7.5%. MVR applies to units cancelled from With Profit Income Fund if amount withdrawn is greater than the units allocated by way of bonus.	0	Switches-in allowed; treated as new premium
NU Portfolio Bond / NU Bond 2000 / NU Flexibond; all contracts issued 2/10/2000 to 24/6/2001 inclusive	688,464,898	31% with duration 2 years; 69% with duration 3 years	0	697,630,182	No MVR on surrender on 10th anniversary / any subsequent 5 yearly anniversaires	None	None	No MVR on regular withdrawals up to 7.5% of initial investment in With Profits Fund. MVR applies to units cancelled from With Profit Income Fund if amount withdrawn is greater than the units allocated by way of bonus.	0	Switches-in allowed; treated as new premium
NU Portfolio Bond / NU Bond 2000 / NU Flexibond; all contracts issued 25/6/2001 to 15/1/2002 inclusive	334,140,615	100% with guarantee expired	0	334,132,878	No MVR on surrender on 10th anniversary	None	None	No MVR on regular withdrawals up to 7.5% of initial investment in With Profits Fund. MVR applies to units cancelled from With Profit Income Fund if amount withdrawn is greater than the units allocated by way of bonus.	0	Switches-in allowed; treated as new premium
NU Portfolio Bond / NU Bond 2000 / NU Flexibond; all contracts issued 16/1/2002 to 6/7/2003 inclusive	633,093,571	88% with guarantee expired, 12% with duration less than 1 year	0	633,006,457	None	The amount paid on the 10th anniversary will be at least the amount used to buy the units cashed, less the amount of any regular withdrawals or charges for life cover.	None	No MVR on regular withdrawals up to 7.5% of initial investment in With Profits Fund. MVR applies to units cancelled from With Profit Income Fund if amount withdrawn is greater than the units allocated by way of bonus.	0	No
Portfolio Bond (contracts issued 7/7/2003 to 8/2/2004)	57,162,777	Duration less than 1 year	0	57,160,555	None	The amount paid on the 10th anniversary will be at least the amount used to buy the units cashed, less the amount of any regular withdrawals or charges for life cover.	None	No MVR on regular withdrawals up to 5% of initial investment in With Profits Fund. MVR applies to units cancelled from With Profit Income Fund if amount withdrawn is greater than the units allocated by way of bonus.	0	No
Portfolio Bond (contracts issued 9/2/2004 to 29/1/2006)	1,194,870,970	15% with duration less than 1 year; 26% with duration 1 year; 26% with duration 2 years; 14% with duration 3 years; 19% with duration 4 years	0	1,237,250,981	None	The amount paid on the 5th or 10th anniversary will be at least the amount used to buy the units cashed, less the amount of any regular withdrawals or charges for life cover.	None	No MVR on regular withdrawals up to 5% of initial investment in With Profits Fund. MVR applies to units cancelled from With Profit Income Fund if amount withdrawn is greater than the units allocated by way of bonus.	0	No
Portfolio Bond (contracts issued 30/1/2006 to 27/4/2008)	1,365,263,730	77% are past 5th anniversary; 23% with duration less than 1 year	0	1,250,903,099	None	The amount paid after the 5th anniversary will be at least the amount used to buy units cashed, increased in line with the rise in the Retail Price Index (RPI). The amount will be reduced in proportion to number of units already encashed/switched.	None	No MVR on regular withdrawals up to 5% of initial investment in With Profits Fund. MVR applies to units cancelled from With Profit Income Fund if amount withdrawn is greater than the units allocated by way of bonus.	0	No
Portfolio Bond 2008 (contracts issued 28/4/2008 to 31/10/2009)	1,257,819,337	66% with duration less than 1 year; 34% with duration 1 year	0	1,151,816,876	None	The amount paid after the 5th anniversary will be at least the amount used to buy units cashed, increased in line with the rise in the Consumer Price Index (CPI). The amount will be reduced in proportion to number of units already encashed/switched.	None	No MVR on regular withdrawals up to 5% of initial investment in With Profits Fund. MVR applies to units cancelled from With Profit Income Fund if amount withdrawn is greater than the units allocated by way of bonus.	0	No
Portfolio Bond (contracts issued from 1/11/2009)	224,955,669	2% with duration 1 years; 66% with duration 2 years; 21% with duration 3 years; 11% with duration 4 years	0	230,972,033	None	The amount paid from the 5th anniversary will be at least the amount used to buy the units cashed, less the amount of any regular withdrawals or charges for life cover.	None	No MVR on regular withdrawals up to 5% of initial investment in With Profits Fund. MVR applies to units cancelled from With Profit Income Fund if amount withdrawn is greater than the units allocated by way of bonus.	0	No

Valuation report – IPRU (INS) Appendix 9.4

Name of insurer

Aviva Life & Pensions UK Ltd – New/Old/Stakeholder With-Profits Sub-Funds

Global business

Financial year ended

31 December 2012OWPSF (Ex-CGNU business)

(i) Product name	(ii) basic reserve (£)	(iii) spread of outstanding term	(iv) guarantee reserve (£)	(v) guaranteed amount (£)	vi) MVR-free conditions				(vii) in force regular premiums	(viii) increments allowed to policy?
					1) no-MVR guarantee on full surrender	2) money-back guarantee (full surrender)	3) inflation protection guarantee (full surrender)	4) regular withdrawal guarantee		
Investment Bond	28,235,172	N/A; policy has no contractual exit date	0	28,107,384	None	None	None	Same as NWPSF	0	No (RW gtee)
Portfolio Bond (16/3/1993 to 30/9/1998)	28,023,987	N/A; policy has no contractual exit date	0	28,006,603	None	None	None	Same as NWPSF	0	No (RW gtee)
Portfolio Bond (1/10/1998 to 1/10/2000)	62,286,766	6% with duration less than 1 year; 42% with duration 1 year; 52% with duration 2 years	0	63,779,783	Same as NWPSF	None	None	Same as NWPSF	0	Switches-in allowed; treated as new premium
NU Portfolio Bond / NU Bond 2000 / NU Flexibond; all contracts issued 2/10/2000 to 24/6/2001 inclusive	71,782,712	29% with duration 2 years; 71% with duration 3 years	0	72,550,892	Same as NWPSF	None	None	Same as NWPSF	0	Switches-in allowed; treated as new premium
NU Portfolio Bond / NU Bond 2000 / NU Flexibond; all contracts issued 25/6/2001 to 15/1/2002 inclusive	28,597,316	100% with guarantee expired	0	28,596,277	Same as NWPSF	None	None	Same as NWPSF	0	Switches-in allowed; treated as new premium
NU Portfolio Bond / NU Bond 2000 / NU Flexibond; all contracts issued 16/1/2002 to 6/7/2003 inclusive	53,724,083	87% with guarantee expired, 13% with duration less than 1 year	0	53,704,600	None	Same as NWPSF	None	Same as NWPSF	0	No
Portfolio Bond (contracts issued 7/7/2003 to 8/2/2004)	4,501,452	99% with duration less than 1 year; 1% with duration 1 year	0	4,500,566	None	Same as NWPSF	None	Same as NWPSF	0	No
Portfolio Bond (contracts issued 9/2/2004 to 29/1/2006)	146,859,839	16% with duration less than 1 year; 23% with duration 1 year; 26% with duration 2 years; 15% with duration 3 years; 20% with duration 4 years	0	152,499,851	None	Same as NWPSF	None	Same as NWPSF	0	No
Portfolio Bond (contracts issued 30/1/2006 to 27/4/2008)	161,760,445	74% are past 5th anniversary; 26% with duration less than 1 year to 5th anniversary	0	147,902,129	None	None	Same as NWPSF	Same as NWPSF	0	No
Portfolio Bond 2008 (contracts issued 28/4/2008 to 31/10/2009)	167,471,696	66% with duration less than 1 year; 34% with duration 1 year	0	153,358,054	None	None	Same as NWPSF	Same as NWPSF	0	No
Portfolio Bond (contracts issued from 1/11/2009)	29,951,605	2% with duration 1 year; 66% with duration 2 years; 21% with duration 3 years; 11% with duration 4 years	0	30,752,650	None	Same as NWPSF	None	Same as NWPSF	0	No

Valuation report – IPRU (INS) Appendix 9.4

Name of insurer

Aviva Life & Pensions UK Ltd – New/Old/Stakeholder With-Profits Sub-Funds

Global business

Financial year ended

31 December 2012

Figures for Irish bonds are as follows:

(i) Product name	(ii) basic reserve	(iii) spread of outstanding term	(iv) guarantee reserve (£m)	(v) guaranteed amount	vi) no-MVR guarantee on full surrender	(vii) in force regular premiums	(viii) increments allowed to policy?
Irish Bonds (NWPSF)	17,042,613	42% with duration less than 1 year; 40% with duration 1 year; 18% with duration 2 years	0	17,042,613	No-MVR guarantee applies at 10th anniversary and every 5 years thereafter.	0	No (RW gtee)
Irish Bonds (OWPSF)	5,345,183	38% with duration less than 1 year; 43% with duration 1 year; 19% with duration 2 years	0	5,345,183	Same as NWPSF	0	No (RW gtee)

Figures for Aviva International Bonds are as follows.

NWPSF

(i) Product name	(ii) basic reserve (£)	(iii) spread of outstanding term	(iv) guarantee reserve (£)	(v) guaranteed amount (£)	vi) MVR-free conditions				(vii) in force regular premiums	(viii) increments allowed to policy?
					1) no-MVR guarantee on full surrender	2) money-back guarantee (full surrender)	3) inflation protection guarantee (full surrender)	4) regular withdrawal guarantee		
NUIL Bond (pre February 2004)	37,538,739	14% with guarantee expired; 86% with duration less than 1 year	0	37,638,667	None	The amount paid on the 10th anniversary will be at least the amount used to buy the units cashed, less the amount of any regular withdrawals or charges for life cover.	None	No MVR on regular withdrawals up to 5% of initial investment in With Profits Fund.	0	No
NUIL Bond (from February 2004)	151,147,591	15% with duration less than 1 year; 33% with duration 1 year; 36% with duration 2 years; 2% with duration 3 years; 14% with duration 4 years	0	156,645,214	None	The amount paid on the 5th or 10th anniversary will be at least the amount used to buy the units cashed, less the amount of any regular withdrawals or charges for life cover.	None	No MVR on regular withdrawals up to 5% of initial investment in With Profits Fund.	0	No
NUIL Bond (from 30/01/2006)	330,185,632	52% are past 5th anniversary; 33% with duration less than 1 year; 15% with duration 1 year	0	338,867,227	None	None	The amount paid after the 5th anniversary will be at least the amount used to buy units cashed, increased in line with the rise in the Retail Price Index (RPI). The amount will be reduced in proportion to number of units already encashed/switched.	No MVR on regular withdrawals up to 5% of initial investment in With Profits Fund.	0	No

Valuation report – IPRU (INS) Appendix 9.4

Name of insurer

Aviva Life & Pensions UK Ltd – New/Old/Stakeholder With-Profits Sub-Funds

Global business

Financial year ended

31 December 2012**OWPSF**

(i) Product name	(ii) basic reserve (£)	(iii) spread of outstanding term	(iv) guarantee reserve (£)	(v) guaranteed amount (£)	vi) MVR-free conditions				(vii) in force regular premiums	(viii) increments allowed to policy?
					1) no-MVR guarantee on full surrender	2) money-back guarantee (full surrender)	3) inflation protection guarantee (full surrender)	4) regular withdrawal guarantee		
NUIL Bond (pre February 2004)	7,289,625	2% with guarantee expired; 98% with duration less than 1 year	0	9,525,168	None	Same as NWPSF	None	Same as NWPSF	0	No
NUIL Bond (from February 2004)	30,398,921	11% with duration less than 1 year; 47% with duration 1 year; 30% with duration 2 years; 3% with duration 3 years; 9% with duration 4 years	0	28,900,224	None	Same as NWPSF	None	Same as NWPSF	0	No
NUIL Bond (from 30/01/2006)	41,210,813	49% are past 5th anniversary; 35% with duration less than 1 year; 16% with duration 1 year	0	42,140,658	None	None	Same as NWPSF	Same as NWPSF	0	No

Figures for Ex-NUL(RBS) business are as follows.

(i) Product name	(ii) basic reserve (£)	(iii) spread of outstanding term	(iv) guarantee reserve (£)	(v) guaranteed amount (£)	vi) MVR-free conditions			(vii) in force regular premiums	(viii) increments allowed to policy?
					1) no-MVR guarantee on full surrender	2) money-back guarantee (full surrender)	3) regular withdrawal guarantee		
Joint Venture Bond / Joint Venture Bond Income Fund; all contracts issued 28/1/02 to 25/1/04 inclusive (implicit charged)	473,454,492	57% with guarantee expired; 41% with duration less than 1 year; 2% with duration 1 year	0	473,356,110	None	The amount paid on the 10th anniversary will be at least the amount used to buy the units cashed, less the amount of any regular withdrawals or charges for life cover.	No MVR on regular withdrawals up to 7.5% of initial investment in With Profits Fund. MVR applies to units cancelled from With Profit Income Fund if amount withdrawn is greater than the units allocated by way of bonus.	0	No
Joint Venture Bond / Joint Venture Bond Income Fund; all contracts issued 26/1/04 to 5/2/05 inclusive (explicit charge)	120,338,078	91% with duration 1 year; 9% with duration 2 years	0	120,327,832	None	The amount paid on the 5th or 10th anniversary will be at least the amount used to buy the units cashed, less the amount of any regular withdrawals or charges for life cover.	No MVR on regular withdrawals up to 5% of initial investment in With Profits Fund. MVR applies to units cancelled from With Profit Income Fund if amount withdrawn is greater than the units allocated by way of bonus.	0	No

French UWP business does not have a guarantee on surrender.

German UWP business: the reserve for the business has been taken as the face value of units. Although there is a guaranteed bonus of 3% (see section 10(1) for details), this is less than the valuation interest rate for the business (ensuring that using the face value of units is prudent). The guarantee reserve is therefore zero.

Valuation report – IPRU (INS) Appendix 9.4Name of insurer **Aviva Life & Pensions UK Ltd – New/Old/Stakeholder With-Profits Sub-Funds**

Global business

Financial year ended **31 December 2012****Unit-linked:**Guaranteed Fund shortfall reserve:

The with-profit fund agrees to pay out the shortfall that will arise on all policies invested in the Unit-Linked Guaranteed Fund whenever the unit value at guarantee date is less than the money-back guarantee.

(a) Methodology:

The reserves are calculated as the best estimate, plus 33.5% of the excess of the cost that is modelled to arise under the 99th percentile investment over the best estimate. Investment returns are projected using a logNormal model for risky assets. Dynamic switching between asset classes is assumed over time, as such action is prescribed for the management of the assets in this fund.

(b)

- (i) Product names: 'Life property linked single premium' (code 700) and 'Trustee investment plan' (code 755).
- (ii) The base reserve for these products is £541m (although note that this is held within the UKL&P NP fund)
- (iii) Spread of outstanding durations:

Year	Proportion with Guarantee
2013	31.37%
2014	68.54%
2015	0.09%

- (iv) The Guarantee reserves are £7.4m for NWPSF and £1.0m for OWPSF
- (v) The Guaranteed amount totals £461m
- (vi) MVA free conditions: N/A
- (vii) The business is single premium only so there are no in-force premiums expected.
- (viii) Increments – the guarantee does not apply to switches into the fund.

Ex-CULAC:

No reserve is necessary for the investment performance guarantees either in the internal linked Life Cash Fund, Pension Secure Growth Fund, and Pension Safety Net since the nature of assets held is such as to provide the investment guarantee.

(3) Guaranteed Insurability Options

- (a) Ex-CGNU: A reserve for options was included to provide for options which grant additional or extension assurances without medical evidence in addition to reserves of various multiples of specific extra premiums charged. The valuation basis was chosen so as to make suitable allowance for other guarantees and options granted.

An amount was included in the Term Assurance Reserve to cover conversion and renewal options based on a multiple of the premiums paid for such options. This applies to the 'Level term assurance' (code 325). The reserve is calculated as 23% of option conversion premium for terms less than 10 years, plus 15% of option conversion premium for terms greater than or equal to 10 years, plus 7% of accumulated renewal option premium. A further amount was included in this reserve to provide for the terminal illness benefit having regard to the accelerated payment of claims.

Ex-CULAC: For convertible term assurances the option premium is accumulated at 3.25% per annum compound for the average duration of in force policies to cover the conversion options.

For other individual assurances where guaranteed insurability options exist, the reserve taken is an appropriate accumulation of the option premium.

- (b) The sum assured (net of reinsurance ceded) under conversion and renewal options is under £1bn and is therefore not included here in accordance with rule 9.3(b).

Valuation report – IPRU (INS) Appendix 9.4

Name of insurer **Aviva Life & Pensions UK Ltd – New/Old/Stakeholder With-Profits Sub-Funds**

Global business

Financial year ended **31 December 2012**

(4) Other guarantees and options

(a) Guaranteed Minimum Pension:

For some Unitised business (both with-profit and unit-linked), there is a guarantee that the pension bought with the benefits will not be less than the Guaranteed Minimum Pension arising from being contracted-out of the second state pension.

A reserve has been calculated on an individual level for a subset of affected policies. For each policy, the value of the Guaranteed Minimum Pension at retirement (calculated using the end-2012 valuation basis) was compared with the projected value of the policy's benefits. The difference, if positive, was noted as a percentage of the policy's benefits. These percentages were weighted and applied to the total benefit in force to estimate the reserve required on the business as a whole. An additional 10% margin was added to cover the risk arising from data quality.

The amount of business invested in products that may incorporate a Guaranteed Minimum Pension guarantee is £86.0m for NWPSF and £9.6m for OWPSF. The reserves for the guarantee are £38.0m in NWPSF and £5.0m in OWPSF.

- (b) A Death Benefit Guarantee Reserve was included in respect of Portfolio Bonds issued since August 1994, NU Bonds, NU Bond 2000 and NU Flexibond where premiums are linked to the internal linked funds of UKL&P.

The reserve was established using the methodology described in the report of the Maturity Guarantees Working Party. For this purpose the full standard Wilkie investment model was used assuming 100% investment in UK equities.

Reserves for these Bonds are all reassured out but the WP Funds retains Death Benefit Guarantee Reserves of £9.4m for NWPSF and £1.3m for OWPSF.

(c) Guaranteed annuity under Unitised with-profit Red Plan contracts

An initiative transferred Group Defined Benefit business from the Conventional Deferred Annuity Red Plan contract to Unitised With-Profits Pensions policies. As part of the transfer, the Company agreed to guarantee to provide an amount of annuity at retirement for each member. The members were allowed to convert this annuity to cash on guaranteed terms and these guaranteed terms were used to determine the amount of money used to buy units in the Unitised With-Profits fund. Excess returns on the UWP policies, together with future contributions, would be used to purchase additional annuity for the scheme members.

The benefit payable by the Company on the retirement of a member is:

(Market value of annuity amount) +
 $\max[\text{UWP fund value} - \min\{\text{Market value of annuity, Guaranteed value of annuity}\}, 0]$.

Under the deterministic model used in the Regulatory-peak valuation,

- i) Market value of annuity > Guaranteed value of annuity in all cases
- ii) UWP fund value > Guaranteed value of annuity.

This means that the benefit payable becomes:

(Market value of annuity amount) – (Guaranteed value of annuity) + UWP benefit.

Please note that the liability is not a Guaranteed Annuity Option on the UWP benefit (as defined by section 5(1)). Instead, it is a deferred annuity added to a call option on the UWP fund value. A Guaranteed Annuity Option could be expressed using a similar formula but the annuity being valued would vary in line with the UWP benefit (whereas the annuity in this case is fixed).

We have reserved for this by discounting the difference in annuity value and adding it to the current face value of units. This is expected to be a sizeable overstatement of the amount required. It is certainly expected to cover whatever small margin may be needed to allow for stochastic variation in annuity interest rates.

Members do not have to take their annuity amount in this form – they can choose to convert it to cash on the guaranteed terms mentioned. We have assumed that members will choose to convert 5% of their benefit. This is the equivalent of 95% option take-up in a Guaranteed Annuity Option calculation.

Valuation report – IPRU (INS) Appendix 9.4Name of insurer **Aviva Life & Pensions UK Ltd – New/Old/Stakeholder With-Profits Sub-Funds**

Global business

Financial year ended **31 December 2012**Basis:

The market value of the annuity has been valued using the same annuity interest rates/discount rates/mortality as for Guaranteed Annuity Option calculations (figures given in section 4(2) and 4(4)).

Base reserve = Face Value of units = £154.2m for NWPSF and £6.0m for OWPSF

Reserve for the guarantee = £71.0m for NWPSF and £3.5m for OWPSF.

6. Expense reserves

- (1) The tables below show the aggregate amount of expense loadings for 2013 and implicit allowances that can be used to offset non-attributable expenses.

NWPSF:

Homogeneous risk group	Implicit allowances £'000	Explicit allowances (investment) £'000	Explicit allowances (other) £'000	Non-attributable expenses £'000	Total £'000
Unit-Linked business (not 100% reinsured out)	255	-	1,319	-	1,574
All expenses attributable	-	27,194	43,180	-	70,374
Total	255	27,194	44,499	-	71,948

OWPSF:

Homogeneous risk group	Implicit allowances £'000	Explicit allowances (investment) £'000	Explicit allowances (other) £'000	Non-attributable expenses £'000	Total £'000
Unit-Linked business (not 100% reinsured out)	34	-	176	-	210
All expenses attributable	-	3,896	7,845	-	11,741
Total	34	3,896	8,021	-	11,951

- (2) The implicit allowance has been calculated as the surplus expected to emerge in 2013 on the valuation basis. This emerges due to the constraint that sterling reserves cannot be negative.
- (3) The 2012 figure for expenses in line 14 of Form 43 includes amounts for prior year adjustments, one-off items and exceptional expenses that are reserved for explicitly elsewhere. Excluding these items, the allowance for 2013 maintenance expenses in 6(1) above is higher than the adjusted Form 43 expense by £1,700,000 in NWPSF and £1,600,000 in OWPSF.
- (4) No reserve is deemed necessary to cover the costs of transacting new business in the year following the valuation date.
- (5) No explicit reserve for maintenance expense overrun has been made because existing provisions for expenses exceed their current levels.

INSRU 1.2.50R(2) requires us to make prudent provision for expenses allowing for:

- (a) tax
- (b) expenses in the last twelve months and expected future expenses
- (c) impact of expense inflation
- (d) cost of closure to new business 12 months after valuation date.

We have taken the following action to comply with INSRU 1.2.50R(2):

- (a) All expenses provisions allow for taxation.

Valuation report – IPRU (INS) Appendix 9.4Name of insurer **Aviva Life & Pensions UK Ltd – New/Old/Stakeholder With-Profits Sub-Funds**

Global business

Financial year ended **31 December 2012**

- (b) Our expense provision exceeds expenses incurred over the last twelve months and expected future expenses levels.
- (c) Expense inflation has been allowed for in the valuation at the rates dictated by the Management Services Agreement. The parameter used for RPI inflation (2.76%) was a best-estimate. By using a best-estimate assumption we are incorporating a margin for prudence into the valuation of expenses (since the gap between the valuation discount rate and expense inflation is far smaller than best-estimate).
- (d) An assessment was made of the cost of closure of the Company to new business at the end of 2012 using the following method and basis of calculation:
- All sales, marketing and new business administration operations were assumed to cease three months after the date of closure.
 - Allowance was made for statutory redundancy costs.
 - Allowance was made for costs arising from the delay in re-letting properties occupied by the new business areas.
 - Allowance was made for the additional cost that would be incurred through outsourcing existing business administration
 - Allowance was made for other costs incurred on closure to new business such as write-offs on fixed assets.

Allowance was made for the proportion of closure expenses that would be borne by the other sub-funds of the Company and Aviva Annuity UK Limited.

No allowance was made for terminating the existing Management Services Agreement charging structure for existing business, as this would be expected to remain in force after closure to new business.

A provision of £11.1m in NWPSF and £1.6m in OWPSF is held to cover the cost of closure.

- (6) No reserve is necessary to meet the non-attributable expenses as these are covered by the future valuation surplus.

7. Mismatching Reserves

- (1) The mathematical reserves (other than reserves in respect of property linked benefits) and matching assets, analysed by currency, are as follows.

NWPSF

Currency	Mathematical Reserves (£000)	Matching Assets (£000)	Matched %
Sterling	18,006,995	17,458,338	97%
Euro	194,249	194,249	100%
Dollar	79,320	79,320	100%
Total	18,280,564	17,731,907	97%

OWPSF

Currency	Mathematical Reserves (£000)	Matching Assets (£000)	Matched %
Sterling	2,582,216	2,582,216	100%
Euro	32,016	32,016	100%
Dollar	24,570	24,570	100%
Total	2,638,802	2,638,802	100%

- (2) No such grouping of liabilities has been needed.
- (3) The fund does not hold a reserve for currency mismatching.

The fund is exposed to the risk that assets held in different currencies to the liabilities are subjected to adverse currency movements. The table in 7(1) above shows that the majority of our liabilities – both UK and overseas - are covered by assets held in the same currency and mismatching risk is not material.

- (4) The firm is a realistic-basis firm and a resilience capital requirement is no longer required.

Valuation report – IPRU (INS) Appendix 9.4

Name of insurer **Aviva Life & Pensions UK Ltd – New/Old/Stakeholder With-Profits Sub-Funds**
Global business
Financial year ended **31 December 2012**

- (5) The firm is a realistic-basis firm and a resilience capital requirement is no longer required.
- (6) The firm is a realistic-basis firm and a resilience capital requirement is no longer required.
- (7) INSPRU 1.1.34R(1): "The assets *[held by a firm to cover its technical provisions]*...must...be of a sufficient amount, and of an appropriate currency and term, to ensure that the cash inflows from those assets will meet the expected cash outflows from the firm's insurance liabilities as they become due."

No further reserve has arisen following consideration of this rule.

Currency mismatching is considered in sections 7(1)-7(3).

The assets backing the liabilities do not precisely match them by term. The fund has significant holdings in Equity and Property assets that have no set maturity date. These assets are held to provide strong performance for policyholders.

Instead, the fund aims to ensure that cash outflows can be met through:

- Incoming premiums
- Income from its assets (dividends, rental income, coupon payments)
- Receipts on redemption from matched fixed interest stocks
- Holding appropriate volumes of cash and liquid assets
- Sales of assets.

There is a risk that the fund may have to sell assets at an unfavourable time, e.g. when prices are temporarily depressed. If the fund has to sell unmarketable assets it may also depress the price through the sale itself. The risk will be very short term; if our liquidity was genuinely an issue then we could sell illiquid assets for cash over the period of a year without distorting the price we would receive (and have used in our asset valuation).

The risk only impacts business where it cannot be passed on to policyholders. For example, the risk is negligible on assets backing Unit Linked business because any reduction in price arising on sale would be passed onto the remaining policyholders through the unit price. On With-Profits business, high levels of surrender may lead to higher MVR rates being applied.

To mitigate this risk the fund holds liquid assets (cash, certificates of deposit). It also ensures that a significant proportion of its other assets are invested in highly marketable stocks, in particular government bonds (but also shares issued by large companies).

An estimate of the Company's claims amounts for 2013 is £2,180m for NWPSF and £280m for OWPSF. Expected income, in 2013, from assets currently held in the NWPSF is £454m, £913m is held in deposit-style assets, £461m is held in UK gilts and the expected premium income is £482m. For OWPSF, the respective figures are £67m investment income, £235m deposit style assets and £75m expected premium income. Therefore we expect to be able to pay the company's claims from cash, incoming premiums and by selling these liquid assets at short notice without altering prices. Accordingly there is no need to hold an additional reserve.

8. Other Special Reserves

(1) Mortgage Endowment Promise

CGNU and CULAC announced its intention that payments on with profit mortgage endowment policies may, if necessary, be topped up at maturity (subject to certain conditions) where there is a shortfall between the claim value and the mortgage originally targeted.

Following the transfer and estate reattribution of the With-Profit funds of CGNU and CULAC, the scheme of transfer states that the top-up payments will be made even if the investment returns on the assets backing the free reserves of the relevant fund are not sufficient to cover them.

Maximum top-up amounts have been communicated to policyholders. We have also advised policyholders that even after the Promise payment has been made they may have a shortfall.

The reserve will be calculated by considering the full liability for payments advised to policyholders in Promise mailings.

Valuation report – IPRU (INS) Appendix 9.4

Name of insurer **Aviva Life & Pensions UK Ltd – New/Old/Stakeholder With-Profits Sub-Funds**
Global business
Financial year ended **31 December 2012**

The amount of the provisions are £346.4m in NWPSF and £83.4m in OWPSF.

(2) Pensions Review Reserve

This is the reserve for the expected remaining compensation payments arising from the review of pensions mis-selling. The reserve includes expected future compensation costs arising under Phases 1 and 2 of the review, together with the expected future expenses of administering the review and the expected amount of future levies to be paid by each company to the FSCS, the PCU and PASS.

The methodology used to calculate expected future compensation costs follows the Guidance issued by GAD at the start of the review of pensions mis-selling and what is laid down in the Guarantee Agreements between the companies and the investors. A prudent approach has been taken.

Future levies and expenses are derived by analysing past experience and adjusting to allow for expected future experience. Again, a prudent approach has been taken.

The reserve held totals £12.8m (NWPSF £11.3m, OWPSF £1.5m).

(3) Product Governance Provision

A reserve has been made to provide for estimated future rectification costs arising from known product governance issues.

The amount of the provisions are £64.1m in NWPSF and £8.6m in OWPSF.

(4) System migration costs

A provision of £38.2m in NWPSF and £5.1m in OWPSF is held to cover costs to be incurred as a result of migration of policies onto a new policy administration system.

9. Reinsurance

- (1) No premiums were payable during the report period for business ceded on a facultative basis to reinsurers who are not permitted to carry on business in the United Kingdom.
- (2) The section below responds for those treaties that satisfy 9.2(a), (b) or (c).
 - (a) This item covers a group of similar treaties.
 - (d) Munich Reinsurance Company
 - (e) The treaties provide cover for ex-CGNU level term assurance, mortgage protection, decreasing term assurance attached to low cost whole life assurance and pensions term assurance for business issued on or before (and still in force as at) 30 September 2001 (on original terms). This applies only to the portion that is not otherwise reinsured. Cover is also provided for ex-CGNU whole life and endowment assurances (where not covered by other specified treaties) on a risk premium basis and term assurances on original terms up to £3,500,000 (£5,000,000 for business written on or after 28 May 1999) above the Company's retention limit.
 - (f) The premium payable by the Company during 2012 was £12,100,000.
 - (g) There are no deposit-back arrangements.
 - (h) The group of treaties is closed to new business.
 - (i) There are no significant undischarged obligations to the reinsurers as at 31 December 2012.
 - (j) The mathematical reserves ceded under the treaties total £61,300,000 for NWPSF and £7,700,000 for OWPSF.
 - (k) N/A, see (h).
 - (l) The reinsurer is authorised to carry on insurance business in the United Kingdom.
 - (m) The Company is not connected with the reinsurer.
 - (n) The treaties are not subject to any material contingencies.
 - (o) No provision was made for refund of reinsurance commission in the event of lapse or surrender of the contracts.
 - (p) The treaties are not financing arrangements.

Valuation report – IPRU (INS) Appendix 9.4

Name of insurer **Aviva Life & Pensions UK Ltd – New/Old/Stakeholder With-Profits Sub-Funds**

Global business

Financial year ended **31 December 2012**

(b) This item covers a group of similar treaties.

- (d) Swiss Re Life & Health Limited
- (e) The treaty provides cover for ex-CGNU term assurances on original terms for up to £1,500,000 above the Company's retention limit and for term assurances with accelerated critical illness benefit on a risk premium basis up to £3,000,000 in excess of the Company's retention limit. From 2 October 2000 the treaty provides cover for term assurances with accelerated critical illness benefit on a risk premium basis for 50% in excess of the Company's retention limit up to £1,700,000.
- (f) The premium payable by the Company during 2012 was £2,900,000.
- (g) There are no deposit-back arrangements.
- (h) The treaty is closed to new business.
- (i) There are no significant undischarged obligations to the reinsurers as at 31 December 2012.
- (j) The mathematical reserves ceded under the treaty total £23,000,000 for NWPSF and £3,100,000 for OWPSF.
- (k) N/A, see (h).
- (l) The reinsurer is authorised to carry on insurance business in the United Kingdom.
- (m) The Company is not connected with the reinsurer.
- (n) The treaty is not subject to any material contingencies.
- (o) No provision was made for refund of reinsurance commission in the event of lapse or surrender of the contracts.
- (p) The treaty is not a financing arrangement.

Valuation report – IPRU (INS) Appendix 9.4Name of insurer **Aviva Life & Pensions UK Ltd – New/Old/Stakeholder With-Profits Sub-Funds**

Global business

Financial year ended **31 December 2012****10. Reversionary (annual, regular) bonus**

(1)

Ex-CGNU business

Product	NWPSF Amount of mathematical reserve (£m)	OWPSF Amount of mathematical reserve (£m)	Regular bonus (2011)	Regular bonus (2012)	Guaranteed bonus (2012)
Conventional Life					
Series 6 (super-compound)	1,451.7	226.9	0% SA / 0.5% RB	0% SA / 0.5% RB	0.00%
Series 5 (simple)	36.6	4.8	3.5% Simple	3.5% Simple	0.00%
Conventional Pensions					
Retirement Annuities	324.4	46.9	0% SA / 0% RB	0% SA / 0% RB	0.00%
Group Pensions, Individual Pension Arrangements, Money Purchase Schemes (1974)	67.8	32.3	0% SA / 0% RB	0% SA / 0% RB	0.00%
With Profits Annuity	15.3	0.7	1.50%	1.00%	0.00%
Unitised Life - direct written (UK)					
<u>Implicitly-charged business:</u>					
Loyalty fund units	196.9	15.9	2.00%	2.00%	0.50%
Units bought post 31/1/1994 on policies written pre 1/10/1998 (excluding Distribution Bonds)	836.8	70.3	1.50%	1.50%	0.00%
Units bought on policies written post 1/10/1998 (excluding Distribution Bonds)	2,055.3	215.2	1.50%	1.50%	0.00%
Units bought on Distribution Bond policies written post 1/10/1998	345.7	22.8	1.25%	1.25%	0.00%
<u>Explicitly-charged business:</u>					
Excluding distribution bonds	3,933.2	491.0	2.50%	2.50%	0.00%
Distribution Bonds	166.8	19.5	2.25%	2.25%	0.00%
<u>NUL(RBS) products:</u>					
Life excluding Distribution Bonds (Implicit charge)	331.3	52.1	1.50%	1.50%	0.00%
Life excluding Distribution Bonds (Explicit charge)	100.7	16.5	2.50%	2.50%	0.00%
Distribution Bonds (Implicit charge)	79.8	10.3	1.25%	1.25%	0.00%
<u>NUIL products:</u>					
Sterling Bond	322.1	44.5	2.75%	2.75%	0.00%
Dollar Bond	79.3	24.6	2.75%	2.75%	0.00%
Euro Bond	117.4	9.9	2.75%	2.75%	0.00%
Unitised Pensions - direct written (UK)					
<u>Implicitly-charged business:</u>					
Units bought prior to 22/1/1996 (13/5/1996 for regular premiums on existing business)	148.3	36.1	4.00% g'teed	4.00% g'teed	4.00%
Units bought on or after 22/1/1996 (13/5/1996) for policies sold before 1/10/1998	303.2	65.9	2.00%	2.00%	0.00%
Units bought on policies sold after 1/10/1998	354.7	68.9	2.00%	2.00%	0.00%
<u>Explicitly-charged business (excl Stakeholder)</u>					
All units purchased	533.6	104.5	3.00%	3.00%	0.00%
UNISURE funds 1000 and 1001**	75.8	20.3	2.60%	2.60%	0.00%
<u>Stakeholder Pensions</u>					
All units purchased	699.8	93.2	2.75%	2.75%	0.00%
Overseas business					
France Valeur Plus*	49.9	12.3	0.75%	0.75%	0.00%
Ireland - Life policies	17.0	5.3	1.75%	1.75%	0.00%
Swedish Personal Investment Plans	23.6	2.5	1.25%	1.25%	0.00%

*For French business a 1% pa fund management charge is deducted from the UWP fund. The bonus figures are shown net of this charge.

**New funds created following migration to Unisure

Valuation report – IPRU (INS) Appendix 9.4Name of insurer **Aviva Life & Pensions UK Ltd – New/Old/Stakeholder With-Profits Sub-Funds**

Global business

Financial year ended **31 December 2012**Ex-CULAC business

Product	NWPSF Amount of mathematical reserve (£m)	OWPSF Amount of mathematical reserve (£m)	Regular bonus (2011)	Regular bonus (2012)	Guaranteed bonus (2012)
<u>Conventional Life</u>					
New Series	764.7	148.6	0% SA / 1% RB	0% SA / 1% RB	0.0
<u>Conventional Pensions</u>					
Red Plan Deferred Annuity	16.5	2.2	0.5% of Annuity Purchased	0.5% of Annuity Purchased	0.0
All other Conventional Pensions business	270.1	55.5	0% SA / 0% RB	0% SA / 0% RB	0.0
<u>Unitised Life - direct written</u>					
All units purchased	563.0	52.0	2.50%	2.00%	0.00%
<u>Unitised Pensions - direct written</u>					
Sterling Group Plan (Deposit Admin)	45.1	14.9	2.75%	2.75%	0.00%
Units purchased pre 1/1/1993	15.6	3.0	4.00% g'teed	4.00% g'teed	4.00%
Units purchased after 31/12/1992	264.8	62.7	2.75%	2.75%	0.00%
Pensions Explicit pre 1/1/1993	92.2	32.3	5.00% g'teed	5.00% g'teed	5.00%
Pensions Explicit after 31/12/1992	225.1	72.1	3.75%	3.75%	0.00%
Sterling Group Plan (UWP) (non g'teed RB)	19.0	4.8	2.75%	2.75%	0.00%
Red Plan	225.3	9.5	2.75%	2.75%	0.00%

The reserves quoted are those required to meet the guaranteed policy benefits. Additional reserves required, such as the reserve for mortgage mis-selling, have not been allocated to a specific bonus class.

The reserves of New / Old With-Profits Sub-Funds include £36.6m for Conventional Life business from the Provident Mutual (PM) fund where policyholders redirected their investment. The bonus awarded for this business is shown in the Appendix 9.4 report for the PM sub-fund.

German business has a guarantee that the final payout will be at least as great as the payout the policyholder would have received if regular bonus had always been 3%. This is not the same as having a guaranteed regular bonus of 3%.

- (2) The figures for bonus awarded on Unitised with-profit business show the percentage increase in unit price during the year.
- (3) For super-compound business both rates are shown (the rate applying to the base benefit is shown as a percentage of SA, the rate applying to regular bonus awarded to date is shown as a percentage of RB).

We have not used averaging in the tables above.

Valuation report – IPRU (INS) Appendix 9.4

Name of insurer **Aviva Life & Pensions UK Limited – Non-Profit Sub-funds**
Global business
Financial year ended **31 December 2012**

1. Introduction

- (1) The valuation date is 31 December 2012.
- (2) The previous valuation was completed with an effective date of 31 December 2011.
- (3) An interim valuation was carried out with an effective date of 30 June 2012 for the purposes of Rule 9.3A.

2. Product Range

The only significant changes to products during the financial year were as follows:

We launched the Fixed Rate Deposit Plan, developed specifically for people with maturing endowment policies. This product offers a 2 year fixed interest rate.

We removed the limited payment term option for Guaranteed Whole of Life new business

In September 2012, we launched "Select Investment", the Retail Distribution Review compliant replacement for Portfolio. This was essentially a commission free version of the older bond, with lower Annual Management Charges. It has 100% allocation rates, and the only charges are on going Annual Management Charges. At this point we also closed the Unit-Linked Guaranteed 100 Fund on Portfolio.

Also in September 2012, we launched an adviser charging version of the Personal Pension. The commission and charge for advice variants of the product were closed on 29 December as they were not Retail Distribution Review compliant. Charges on the adviser charging version were the same as on the charge for advice version. We closed the Aviva Income Drawdown product and Your Pension Protector to new business in November.

We launched Consultancy Charging functionality on Group Personal Pensions.

3. Discretionary charges and benefits

- (1) Details of any market value reductions have been included in the with-profits fund abstract.
- (2) During 2012, ex-RSA and ex-NWL level and decreasing term assurance policies with accelerated critical illness cover were reviewed and premium changes were made in the range -2.5% to 3%.

For other business, products with reviewable premium anniversaries in the year 2012 were split into two cohorts: pre and post 18th August.

For those review anniversaries prior to 18th August 2012:

There were nearly 17,200 policies with eligible review anniversaries. Approximately 3,600 of these were 'no change'. Of the remainder, the reviewable critical illness element (RCI) of the policyholder premium and/or the Mortgage Payment Protection (MPP) element were changed. For level sum assured products, the range of changes to the RCI element was (13.9)% to 11.5%. For decreasing sum assured products, the range of changes to the RCI element was (11.2)% to 9.3%. The range of changes to MPP elements was (10.0)% to 0.0%.

For those review anniversaries post 17th August 2012:

There were nearly 9,300 policies with eligible review anniversaries. Approximately 1,600 of these were 'no change'. Of the remainder, the reviewable critical illness element (RCI) of the policyholder premium and/or the Mortgage Payment Protection (MPP) element were changed. For level sum assured products, the range of changes to the RCI element was (13.9)% to 16.2%. For decreasing sum assured products, the range of changes to the RCI element was (11.5)% to 13.3%. The range of changes to MPP elements was (19.9)% to (11.0)%.

- (3) There are no non-profit deposit administrations in forms 51 to 54
- (4) For ex-RSA and ex-NWL policies, service charges on all unit linked policies (deducted monthly via cancellation of units) were increased to reflect inflation in line with the National Average Earnings Index / Average Weekly Earnings Index over the same period. Increases were in the range 1.82% to 2.66% depending on policy type. For ex-RSA business, the cumulative increase since the policy was first written cannot exceed the cumulative increase in the index over the same period.

Valuation report – IPRU (INS) Appendix 9.4

Name of insurer **Aviva Life & Pensions UK Limited – Non-Profit Sub-funds**

Global business

Financial year ended **31 December 2012**

For other business, where service charges have been increased in 2012 on linked policies, the increases were no greater than the year on year increase in RPI, apart from Ireland products, where the increase was limited to the year on year increase in CPI.

- (5) There have been no changes to benefit charges on linked policies.
- (6) There were no changes to unit management charges or notional charges on accumulating with-profit policies.
- (7) **Allocation and creation of units**

The Company operates one pool of assets for each internal linked fund.

Asset units are created and cancelled at either the asset offer price or the asset bid price depending upon the prevailing basis of the fund and using the most recently available price. The pricing basis is set depending upon the short and medium term expectation of whether the associated internal linked fund will be in a net inflow or outflow position. This includes sales and purchases by Managed funds.

Where an instruction, payment and all our requirements are received for a transaction before 8:00am on a business day, then units are allocated at the unit price based upon market movements up to 11:00pm on the previous business day. Where the instruction, payment and all our requirements are received after 8:00am then units are allocated at the next available unit price. The Company reserves the right to defer any transaction to a subsequent valuation point.

For Pension Assured Funds, investment return is attributed through the issue of bonus units. Each month bonus units are allocated based on market movements up to 11:00pm on the last business day in the month. The offer unit price may increase during the month as new investments are not entitled to the bonus at the end of the first month. On contractual exits, units are de-allocated at the bid value of units, normally £1. On non-contractual exit payment may be subject to a Market Depreciation Discount.

For some very small closed funds, the valuation takes place on a weekly basis.

For Variable Annuity business (included in code 725 in Form 53), units in the internal linked funds are allocated or de-allocated (and simultaneously created or cancelled) as follows:

Accumulation Units

- (a) At least once a week the net value of Accumulation Units is determined by reference to the market value of the assets representing the Accumulation Account and the total number of units in force. For this purpose the market value of the assets is reduced to reflect the costs of asset realisation.
- (b) The gross value of Accumulation Units is also calculated as the net value increased by a bid/offer spread of 7%.
- (c) Premiums are carried to the Accumulation Account and applied (without any deduction) to purchase Accumulation Units using the current gross value of the unit.
- (d) The benefits are provided through the realisation of units, which takes place using the net value of the Accumulation Units. As appropriate, charges for management expenses are applied.
- (e) Unit transactions are based on the most recent valuation.

Annuity Units

- (a) At least once a week the value of Annuity Units is calculated. The value is such that, in the opinion of the Company's Chief Actuary, the market value of the assets representing the Annuity Account is sufficient to meet all the variable annuities included in the account throughout the remainder of their currency, together with associated expense deductions.
- (b) Units are allocated by converting the amount being transferred from the Accumulation Account into Annuity Units. The rate of conversion is such that the present value of the units allocated, on the same basis as used to calculate the current value of Annuity Units, is equal to the amount being transferred from the Accumulation Account.
- (c) Annuity Units are cancelled on the death of the annuitant.
- (d) Unit transactions are based on the most recent valuation.

Valuation report – IPRU (INS) Appendix 9.4

Name of insurer **Aviva Life & Pensions UK Limited – Non-Profit Sub-funds**

Global business

Financial year ended **31 December 2012**

- (8) When a capital gain is realised on the sale of an asset in a unit-linked fund, and this gain cannot be offset by past capital losses, then the capital gains tax due is retained in the fund until the next periodic settlement of tax due.

This applies in respect of tax on notional realisations under the Finances Acts as well as tax on realised capital gains. The tax rates used in calculating these deductions are as specified in section 3(9) below.

- (9) The internal linked funds are taxed on investment gains at the rate that would apply to the Long Term Business Fund. The intention is to adopt broad equity for all holders of units of similar types of fund. To achieve this, rates are reviewed frequently to ensure that they reflect both changes within the fund and changing market conditions. In the calculation of unit prices, allowance is made for indexation where applicable and also for the expected timing of the policyholder tax payment.

The tax rate applied to realised gains was 20% during 2012. The rate applied to unrealised gains varied by fund in the range 0.3% to 20% during the year to 31 December 2012.

Credit is given within unit prices for the tax benefit that may arise in future from realised and unrealised losses. For funds with an excess of realised/unrealised losses over gains the rate applied to the losses varied by fund in the range 0% to 20% during the year to 31 December 2012.

(10) Benefits from discounts, commission and other allowance

The Company derives no financial benefit in respect of collective investment fund units held by the internal linked funds. The Company's policy on receiving discount, commission or other allowance when purchasing, selling or holding units in collective investment funds is to pass the full benefit on to the fund.

4. Valuation basis (other than for special reserves)

Where either the gross mathematical reserves or the gross annual premiums for a group of products exceed £10m, details of the method and basis for valuation are provided below.

(1) Valuation methods

Non-linked business

A gross premium valuation method has been used for most material types of conventional product. The present value of future premiums is deducted from the present value of the benefits and future expenses. For certain blocks of business, negative reserves arising on individual contracts are set to zero – there is no allowance for future policy lapses on these contracts. However, for a large block of protection business, negative reserves have been allowed and prudent lapse assumptions have been included. The lapse rates assumed are higher than expected for contracts where the reserve is negative and lower than expected where the reserve is positive.

For deferred annuity contracts where premiums are returned with interest on death, mortality in the deferred period is ignored. Otherwise the value of any benefit payable on death during the deferred period is added to the value of the annuity.

For deferred annuities continued beyond the normal pension age, the cash available at the normal pension age is accumulated with interest.

For group life contracts, the total reserve consists of an Unearned Premium reserve, an Outstanding Claims reserve (consisting of 'Incurred but not reported' and 'reported but not paid' reserves) and a Claims Equalisation reserve.

For the majority of Creditor business, the total reserve consists of an Unearned Premium reserve, an Outstanding Claims reserve, a Profit Commission Reserve and a Credit Risk reserve associated with liabilities that could arise from distributor default. Allowances for data quality and expenses are also made. For other Collective Life business, the reserve was calculated as one year's office premium for annual premium contracts, plus the unearned proportion, on a 24ths basis, of the single premiums paid plus a reserve for profit sharing.

Valuation report – IPRU (INS) Appendix 9.4

Name of insurer **Aviva Life & Pensions UK Limited – Non-Profit Sub-funds**

Global business

Financial year ended **31 December 2012**

Reserves for the ex-Hamilton Life Assurance block of Creditor insurance business written prior to 31st October 2007 have been calculated based on audited reserves at that time, prudently adjusted for cashflows arising since acquisition. For ex-Hamilton Life Assurance business written since 1st November 2007, a similar method has been applied, allowing for written premiums less refunds and paid claims.

Individual PHI contracts have been valued using a gross premium valuation based on inception/annuity methodology. Contracts with waiver of premium were valued by treating the premium waiver as an extra benefit. The reserve for claims in payment is the discounted value of future claim payments. Any benefit escalation is explicitly allowed for. Claim expenses are valued explicitly during claim. An additional disputed claims reserve is held and a notified outstanding claims reserve is held in respect of claims reported but not yet authorised. Annually reviewable PHI contracts have been valued on an unexpired premium basis, plus claims reserve.

For other waiver of premium benefits, the reserve is taken as a multiple of the waiver premium. Where an extra premium has been charged for medical, occupational or residence reasons, an additional reserve of one times the yearly premium has generally been held.

For certain contracts which have fixed benefit increases the valuation provides for these increases within the gross premium valuation method.

Additional reserves are held to provide for future expenses not covered by the valuation method, including allowances for the potential cost of compensation payments. Further details are provided in sections 6 and 8.

For certain small blocks of business the net reserve was taken as the gross reserve. For a large block of business where policies are written under level or risk premium reinsurance arrangements, the net reserve was calculated on the retained benefits and premium.

Guaranteed Capital Bond

The liability for policyholder benefits and tax was taken as the market value of the backing assets allowing for the timing difference on the loan relationship tax. An additional expense reserve was calculated as an amount per policy per annum increasing each year by an assumed rate of inflation. Additional reserves were set up to meet death benefits and allow for the risk of default on the asset proceeds.

Guaranteed Income Bond

A gross premium valuation method was used to set up a reserve to cover the projected income payments during the term of the policy, the maturity benefit and expected death benefits and projected tax payable. The valuation interest rate used was determined by examining the return on the underlying asset tranches and was reduced by the required valuation margin.

An explicit expense reserve and a reserve to cover the risk of default on the asset proceeds have also been established.

The reserve per policy will be at least as large as the surrender value per policy.

For bonds which have continued beyond the option date the reserve has been taken as the face value of the benefit available.

Unit-linked business

Unit-linked business is valued as the face value of the units at market bid price, together with non-unit reserves for mortality and future expenses not supported by future margins within the individual contracts. Allowances are included where appropriate for loyalty bonus and for actuarial pre-funding of the periodic charge on capital units. Additional reserves are held for waiver of premium benefits, permanent health benefits, permanent total disability benefits, regular increase benefits and Guaranteed Insurability Options, and for the accrual of a periodic charge rebate on the Group Pension Investment Bond.

Non-unit reserves are calculated by projecting cashflows on a monthly basis for each month that the policy was expected to remain in force. Where the cashflow in any future month is found to be negative, the negative is offset where possible by positive cashflows in previous months. For any future month where this is not possible, then a positive sterling reserve is set up at the valuation date.

Valuation report – IPRU (INS) Appendix 9.4

Name of insurer	Aviva Life & Pensions UK Limited – Non-Profit Sub-funds
Global business	
Financial year ended	31 December 2012

Non-unit reserves include explicit allowance for per policy expenses. Allowance has also been made for expenses which are not directly attributable to individual contracts, as described in section 6. For benefits linked to the Guaranteed Funds, future charges which accrue to the New With Profit and Old With Profit subfunds have been allowed for at the rate of 0.5% p.a. applied to those funds. Explicit allowance is made for commission where appropriate.

Allowance is made for the promise that the Company made to certain policyholders that the charges on certain pensions policies will not exceed 1% p.a. in any future year.

For regular premium policies, the non-unit reserve is generally determined assuming that premiums cease at the valuation date.

Where non-unit reserves are negative, these are set to zero, except where the policy terms include a surrender penalty, in which case the absolute amount of the negative reserve is limited to the surrender penalty amount.

A non-unit reserve is determined along similar lines for unitised with profits business where the investment liability arises in the company's With Profits fund, but other policy benefits, charges and expenses arise in the company's Non Profit funds.

For Variable Annuity business (included in code 725 on Form 53), the mathematical reserve has been taken as the total amount of the internal linked funds. In view of the nature of this business, no additional non-unit reserve is required. No reserve is necessary for guarantees and options. The guarantees in the contract relate to maximum limits for levels of charge and in testing the requirement for sterling reserves no increases in the rates of charge have been assumed.

For ex-RSA regular premium linked pensions contracts the unit reserve is based on the "actuarially funded" units which are the units deemed allocated to the contracts reduced by the value of future renewal fund charges under the contract. This process is subject to the value of the actuarially funded units always being at least equal to the surrender or transfer value of the contract. For most pensions contracts there are surrender penalties which cease prior to the maturity date and so the normal actuarial funding factors have been modified to anticipate the required increase in unit value at the point at which surrender penalties cease.

For certain contracts a prudent allowance has been made for lapses.

Valuation report – IPRU (INS) Appendix 9.4Name of insurer **Aviva Life & Pensions UK Limited – Non-Profit Sub-funds**

Global business

Financial year ended **31 December 2012****(2) Valuation interest rates:**

The interest rates used at the end of the financial year, and at the end of the previous financial year, are set out below. These are before deduction for investment expenses.

Product	31 December 2012	31 December 2011
Life Assurances		
Conventional business	1.8%	1.9%
Ex-RSA and Ex-NWL	1.8%	1.9%
PHI		
Standalone critical illness	2.2%	2.4%
Income Protection		
Active lives	2.2%	2.4%
Disabled lives	3.1%	3.6%
Disabled lives (index-linked)	-0.7%	-1.0%
Pensions and General Annuities		
Immediate Annuity	2.6%	2.8%
Deferred Annuity/WDIS		
Post vesting	2.2%	2.4%
In deferment	2.6%	2.8%
Ex-RSA and Ex-NWL	2.2%	2.4%
Other	2.2%	2.4%
Sterling Reserves – Life		
Discount rate	2.1%	2.2%
Ex-RSA and Ex-NWL discount rate	2.1%	1.9%
Sterling Reserves – Pensions		
Discount rate	2.5%	2.7%
Ex-RSA and Ex-NWL discount rate	2.5%	2.4%

(3) Adjustment to yield for credit risk

The risk-adjusted yield in Form 57 has been determined after making the following allowances for risk, in accordance with INSPRU 3.1.41R.

For fixed interest assets, this adjustment took account of:

- The historic experience of bad debts for each of the major fixed interest asset classes,
- Market margins of gross yield over the yields of risk-free investments of a similar term in the same currency, where available,
- The reasonableness of the net of adjustment yields over the yields of risk-free investments of a similar term in the same currency, taking account of the points above,
- The need to take a prudent view of the above.

The adjustment made is expressed as a deduction from the expected yield and varies by type of asset as follows:

Type of Asset	Deduction from yield
Deposits	0.10%
Approved fixed interest securities	0.00%
Other fixed interest securities	1.29%
Loans secured by mortgages	1.64%

The deductions above for 'other fixed interest' and mortgages include an additional amount to allow for short-term recessionary risks.

Valuation report – IPRU (INS) Appendix 9.4

Name of insurer

Aviva Life & Pensions UK Limited – Non-Profit Sub-funds

Global business

Financial year ended

31 December 2012

The yield on all assets is further reduced by 2.5 % to allow for risk, as required by INSPRU 3.1.28R.

(4) Mortality assumptions

For ex-RSA and ex-NWL, the mortality bases used at the end of the financial year and at the end of the previous financial year were as follows:

Assurances	31 December 2012	31 December 2011
Non-Linked Life		
Over 50s Plan(**)	Adjusted AMC00/AFC00 (2) (**)	Adjusted AMC00/AFC00 (2) (**)
Level Term Assurances post June 2001	58.3% TMC00 (5) (Male Non-Smoker) 132.5% TMC00 (5) (Male Smoker) 63.6% TFC00 (5) (Female Non-Smoker) 137.8% TFC00 (5) (Female Smoker)	58.3% TMC00 (5) (Male Non-Smoker) 132.5% TMC00 (5) (Male Smoker) 63.6% TFC00 (5) (Female Non-Smoker) 137.8% TFC00 (5) (Female Smoker)
Level Term Assurances post June 2001 (limited underwriting)	84.8% TMC00 (5) (Male Non-Smoker) 190.8% TMC00 (5) (Male Smoker) 95.4% TFC00 (5) (Female Non-Smoker) 196.1% TFC00 (5) (Female Smoker)	84.8% TMC00 (5) (Male Non-Smoker) 190.8% TMC00 (5) (Male Smoker) 95.4% TFC00 (5) (Female Non-Smoker) 196.1% TFC00 (5) (Female Smoker)
Decreasing Term Assurances post June 2001	63.6% TMC00 (5) (Male Non-Smoker) 137.8% TMC00 (5) (Male Smoker) 74.2% TFC00 (5) (Female Non-Smoker) 148.4% TFC00 (5) (Female Smoker)	63.6% TMC00 (5) (Male Non-Smoker) 137.8% TMC00 (5) (Male Smoker) 74.2% TFC00 (5) (Female Non-Smoker) 148.4% TFC00 (5) (Female Smoker)
Decreasing Term Assurances post June 2001 (limited underwriting)	90.1% TMC00 (5) (Male Non-Smoker) 190.8% TMC00 (5) (Male Smoker) 95.4% TFC00 (5) (Female Non-Smoker) 201.4% TFC00 (5) (Female Smoker)	90.1% TMC00 (5) (Male Non-Smoker) 190.8% TMC00 (5) (Male Smoker) 95.4% TFC00 (5) (Female Non-Smoker) 201.4% TFC00 (5) (Female Smoker)
Unit-Linked Life		
Capital Investment Bond	90.1% AMC00/AMF00 (2)	90.1% AMC00/AMF00 (2)
Lifetime Security Plan	50.2% AM80/AF80 (2) (Non-Smoker) 100.6% AM80/AF80 (2) (Smoker)	50.2% AM80/AF80 (2) (Non-Smoker) 100.6% AM80/AF80 (2) (Smoker)
Mortgage Savings Plan and Flexible Mortgage Plan	58.3% AMC00/AFC00 (2) (Non-Smoker) 116.6% AMC00/AFC00 (2) (Smoker)	58.3% AMC00/AFC00 (2) (Non-Smoker) 116.6% AMC00/AFC00 (2) (Smoker)
Flexible Investment Bond	68.9% AMC00 (2) (Male) 100.7% AFC00 (2) (Female)	68.9% AMC00 (2) (Male) 100.7% AFC00 (2) (Female)
Flexible Protection Plan and Mortgage Endowment Plan	79.5% AMC00/AFC00 (2) (Non-Smoker) 185.5% AMC00/AFC00 (2) (Smoker)	79.5% AMC00/AFC00 (2) (Non-Smoker) 185.5% AMC00/AFC00 (2) (Smoker)
Unit-Linked Pensions (ex-RSA)		
	84.8% AMC00/AFC00 (2)	84.8% AMC00/AFC00 (2)
Unit-Linked Pensions (ex-NWL)		
	79.5% AMC00 (2) (Male Non-Smoker) 137.8% AMC00 (2) (Male Smoker) 74.2% AFC00 (2) (Female Non-Smoker) 137.8% AFC00 (2) (Female Smoker)	79.5% AMC00 (2) (Male Non-Smoker) 137.8% AMC00 (2) (Male Smoker) 74.2% AFC00 (2) (Female Non-Smoker) 137.8% AFC00 (2) (Female Smoker)
Bonds		
Guaranteed Capital Bond and Guaranteed Income Bond	100.7% AMC00/AFC00 (2)	100.7% AMC00/AFC00 (2)

Valuation report – IPRU (INS) Appendix 9.4

Name of insurer

Aviva Life & Pensions UK Limited – Non-Profit Sub-funds

Global business

Financial year ended

31 December 2012

The assumptions for future mortality experience contain margins over and above current best estimates for such experience. This provides a margin to anticipate significant, adverse change in mortality experience as a result of changing disease incidence.

(**) The mortality percentages shown for the Over 50s Plan are age dependent as shown below:

2012 Multiplier			2011 Multiplier		
Age	Males %	Females %	Age	Males %	Females %
1-55	381.6	318.0	1-55	381.6	318.0
56-60	233.2	233.2	56-60	233.2	233.2
61-65	222.6	159.0	61-65	222.6	159.0
66-70	169.6	159.0	66-70	169.6	159.0
71-75	143.1	132.5	71-75	143.1	132.5
75+	127.2	116.6	75+	127.2	116.6

For 2011, a factor of 1.1 was applied to these rates in the first 24 months of the policy. For 2012, this factor remains at 1.1.

For business other than ex-RSA/NWL, the mortality bases used at the end of the financial year and at the end of the previous financial year were as follows:

Mortality basis tables

Assurances	31 December 2012	31 December 2011
Whole life (Fifty Plus plan)	modified ELT15	modified ELT15
Whole life (other current products)	82.5% AM00/AF00 Sel	Same as level term
Whole Life (other)	Unchanged	138.9% AM00/AF00 Sel
Endowments	Unchanged	93.3% AM00/AF00
Level Term Assurance (Current Range)	Duration 0 and 1 72.1% TMN00 (Male Non-Smoker) 74.2% TMS00 (Male Smoker) 86.9% TFN00 (Female Non-Smoker) 89.0% TFS00 (Female Smoker) Duration 2, 3 and 4 62.5% TMN00 (Male Non-Smoker) 74.2% TMS00 (Male Smoker) 75.3% TFN00 (Female Non-Smoker) 89.0% TFS00 (Female Smoker) Duration 5+ 62.5% TMN00 (Male Non-Smoker) 74.2% TMS00 (Male Smoker) 75.3% TFN00 (Female Non-Smoker) 89.0% TFS00 (Female Smoker)	Duration 0 and 1 89.0% TMN00 (Male Non-Smoker) 95.4% TMS00 (Male Smoker) 96.5% TFN00 (Female Non-Smoker) 103.9% TFS00 (Female Smoker) Duration 2, 3 and 4 82.7% TMN00 (Male Non-Smoker) 89.0% TMS00 (Male Smoker) 91.2% TFN00 (Female Non-Smoker) 97.5% TFS00 (Female Smoker) Duration 5+ 76.3% TMN00 (Male Non-Smoker) 82.7% TMS00 (Male Smoker) 84.8% TFN00 (Female Non-Smoker) 91.2% TFS00 (Female Smoker)
Level Term assurance (Pre merger)	74.2% TMx00/TFx00	84.8% TMx00/TFx00
Mortgage Protection (Current)	Duration 0 and 1 86.9% TMN00 (Male Non-Smoker) 80.6% TMS00 (Male Smoker) 98.6% TFN00 (Female Non-Smoker) 91.2% TFS00 (Female Smoker) Duration 2, 3 and 4 78.4% TMN00 (Male Non-Smoker) 80.6% TMS00 (Male Smoker)	Duration 0 and 1 83.7% TMx00 (Male) 92.2% TFx00 (Female) Duration 2, 3 and 4 75.3% TMx00 (Male) 83.7% TFx00 (Female) Duration 5+

Valuation report – IPRU (INS) Appendix 9.4

Name of insurer

Aviva Life & Pensions UK Limited – Non-Profit Sub-funds

Global business

Financial year ended

31 December 2012

	90.1% TFN00 (Female Non-Smoker) 91.2% TFS00 (Female Smoker)	66. 8% TMx00 (Male) 75.3% TFx00 (Female)
	Duration 5+ 78.4% TMN00 (Male Non-Smoker) 80.6% TMS00 (Male Smoker) 90.1% TFN00 (Female Non-Smoker) 91.2% TFS00 (Female Smoker)	
Mortgage Protection (Pre Merger)	90.1% TMx00/TFx00	75.3% TMx00/TFx00
Term assurance with Critical Illness	Duration 0 and 1 111.6% CIM11A (Male Non-Smoker) 118.5% CIM11A (Male Smoker) 131.1% CIM11A (Female Non-Smoker) 177.1% CIM11A (Female Smoker) Duration 2, 3 and 4 117.3% CIM11A (Male Non-Smoker) 118.5% CIM11A (Male Smoker) 135.7% CIM11A (Female Non-Smoker) 177.1% CIM11A (Female Smoker) Duration 5+ 117.3% CIM11A (Male Non-Smoker) 118.5% CIM11A (Male Smoker) 131.1% CIM11A (Female Non-Smoker) 177.1% CIM11A (Female Smoker)	Duration 0 to 4 131.1% CIM11A (Male) 142.6% CIM11A (Female) Duration 5+ 113.9% CIM11A (Male) 126.5% CIM11A (Female)
Mortgage Protection with Critical Illness	Duration 0 and 1 110.4% CIM11A (Male Non-Smoker) 100.1% CIM11A (Male Smoker) 135.7% CIM11A (Female Non-Smoker) 128.8% CIM11A (Female Smoker) Duration 2, 3 and 4 117.3% CIM11A (Male Non-Smoker) 100.1% CIM11A (Male Smoker) 141.5% CIM11A (Female Non-Smoker) 128.8% CIM11A (Female Smoker) Duration 5+ 117.3% CIM11A (Male Non-Smoker) 100.1% CIM11A (Male Smoker) 135.7% CIM11A (Female Non-Smoker) 128.8% CIM11A (Female Smoker)	Duration 0 to 4 113.9% CIM11A (Male) 124.2% CIM11A (Female) Duration 5+ 89.7% CIM11A (Male) 100.1% CIM11A (Female)
Unitised Life		
Flexible Whole Life	Unchanged	138.9% AM00/AF00 Sel
Bonds	Unchanged	108.1% AM00/AF00 Sel
Mortgage Endowment	Unchanged	93.3% AM00/AF00 Sel
Pre-merger NU Bonds	Unchanged	108.1% AM00/AF00 Sel
Pre-merger NU Mortgage Endowment	Unchanged	93.3% AM00/AF00 Sel

Valuation report – IPRU (INS) Appendix 9.4

Name of insurer

Aviva Life & Pensions UK Limited – Non-Profit Sub-funds

Global business

Financial year ended

31 December 2012**CIM11A table**

The following tables contain the unmodified base rates of CIM11A for term assurance with critical illness and mortgage protection with critical illness, and these should be multiplied by the factors provided above to obtain the final rates used.

Age	Annual rates per mille:			
	Male Non-Smoker	Male Smoker	Female Non-Smoker	Female Smoker
25	0.84	1.02	0.54	0.73
35	1.09	1.65	1.26	1.38
45	2.56	5.53	2.74	3.85
55	7.10	16.07	6.25	9.64

For whole of life (Fifty Plus Plan), the mortality rate for age 55 is 0.015 for males and 0.0086 for females. The product is not available to lives aged less than 50.

For 2011 and 2012, the ex-RSA and ex-NWL accelerated critical illness rates were as follows:

Assurances	31 December 2011
Term assurances post June 2001 accelerated CI	120.75% GE Adj acc (Male) 120.75% GE Adj acc (Female)
Ex-RSA lifetime security plan stand alone CI	115.00% GE Adj s/a
Flexible Mortgage Plan & Mortgage Savings Plan Accelerated CI	115.00% IC94 Adj acc
Flexible Protection Plan & Mortgage Endowment Plan Accelerated CI	103.50% GE Adj acc

IC94 Adj acc is the IC94 Table loaded for Total and Permanent Disability (TPD) benefit and covers accelerated CI benefits. It does not allow for smoker status. The following rates are prior to the percentage factors given in the above table.

Age	IC94 Adj acc Annual rates per mille:	
	Male	Female
25	0.43	0.65
35	1.01	1.35
45	3.19	3.12
55	7.86	6.61

GE Adj s/a is a series of tables split by sex and smoker status provided by GE Frankona. They cover stand alone CI benefits. The following rates taken from these tables are prior to the percentage factors given in the above table.

Age	GE Adj s/a Annual rates per mille:			
	Male Non-Smoker	Male Smoker	Female Non-Smoker	Female Smoker
25	0.41	0.66	0.46	0.73
35	0.85	1.33	1.11	1.94
45	2.30	4.43	2.70	4.85
55	6.42	13.89	5.96	11.83

GE Adj acc is a series of tables split by sex and smoker status provided by GE Frankona. They cover accelerated CI benefits. The following rates taken from these tables are prior to the percentage factors given in the above table.

Valuation report – IPRU (INS) Appendix 9.4

Name of insurer

Aviva Life & Pensions UK Limited – Non-Profit Sub-funds

Global business

Financial year ended

31 December 2012

Age	GE Adj acc Annual rates per mille:			
	Male Non-Smoker	Male Smoker	Female Non-Smoker	Female Smoker
25	0.43	0.69	0.50	0.79
35	0.84	1.33	1.16	2.02
45	2.26	4.40	2.61	4.62
55	5.46	11.91	5.13	10.11

Greater uncertainty surrounds the impact of changing disease incidence and medical advancements on future critical illness claims experience. This uncertainty was recognised in the valuation by assuming that the experience for term assurances deteriorated compound in each future year by 2.00% for males and 2.50% for females. For unit-linked products, critical illness deterioration was ignored in the base reserve as it was assumed that any experience deterioration would be met by increasing charges to policyholders.

Annuitant mortality bases

Pensions and General Annuities	31 December 2012	31 December 2011
Immediate Annuities – individual	98.5% PCMA00 (Base year:2000) 93.5% PCFA00 (Base year:2000)	69% IML00 (Base year:2004) 72% IFL00 (Base year:2004)
Immediate Annuities – group	98.5% PCMA00 (Base year:2000) 93.5% PCFA00 (Base year:2000)	88.5% PCMA00 (Base year:2004) 83% PCFA00 (Base year:2004)
Structured Settlements	As individual annuities above + 1 year + 0.01 to rates	As individual annuities above + 1 year + 0.01 to rates
Deferred annuity cash contracts in deferment	Unchanged	60% AM00/AF00
Deferred & Reversionary Annuity Including retirement Annuity		
In deferment	Unchanged	60% AM00/AF00
In deferment – WDIS	Unchanged	110% AM00/AF00
Post vesting	98.5% PCMA00 (Base year:2000) 93.5% PCFA00 (Base year:2000)	88.5% PCMA00 83% PCFA00
Variable Annuity In deferment	Unchanged	RMV92 (C=2010)
Unitised Pensions (excluding ex-Hamilton Life Assurance Business)	Unchanged	106% AM00/AF00 ult
Unitised Pensions (ex-Hamilton Life Assurance Business)		
Linked – non smoker	Unchanged	76.5% A67/70 Select
Linked – smoker	Unchanged	102% A67/70 Select
Other		
Standalone Critical Illness	Unchanged	103.5% Reassurer Rates

Valuation report – IPRU (INS) Appendix 9.4

Name of insurer

Aviva Life & Pensions UK Limited – Non-Profit Sub-funds

Global business

Financial year ended

31 December 2012

For ex-RSA and ex-NWL business in 2013, assumed expectation of life is as follows:

For ex-NWL, males and females are subject to an age rating of -1 year.

	Expectation of Life for annuitant	
	aged 65	aged 75
ex-RSA, 97% PCMA00	24.5	15.6
ex-RSA, 78% PCFA00	28.2	18.3
ex-NWL, 69% RMC00	24.1	15.4
ex-NWL, 72% RFC00	27.1	17.5

For other annuitant business in 2013, assumed expectation of life is as follows:

	Expectation of Life for annuitant		Expectation of Life from age 65 for annuitant	
	aged 65	aged 75	aged 45	aged 55
98.5% PCMA00	24.8	15.3	28.2	26.4
93.5% PCFA00	26.5	16.8	29.0	27.8

Mortality improvement

The end-2012 annuitant mortality basis was derived by taking a percentage of the base table mortality rates (see relevant tables above) and applying improvement rates from the “CMI_2011” Model (which was accompanied by CMI working paper 55 (September 2011)) from base year 2000 using [1.5%] p.a. long-term improvements for Males and [1.0%] p.a. for Females; with a constant addition of 0.5% p.a. (both Males and Females) from year 2012 onwards.

For end-2011, improvements for the main business were based on Interim Cohort Projections presented in CMI Working Paper 1 (Dec 2002), and used the medium cohort basis applicable from 2005; 100% for males, 75% for females; with minimum improvements of 2.0% p.a. for males and 1.5% p.a. for females.

Impact of changes in incidence of disease

The margins in the published mortality and morbidity bases are considered sufficient to provide for adverse deviations in experience arising from various causes, so no additional reserves are held.

(5) Morbidity assumptions:

Section 4(4) above includes the basis for accelerated critical illness, as well as stand-alone critical illness for ex-RSA and ex-NWL business.

Standalone Critical Illness

The morbidity bases used at the end of the financial year and at the end of the previous financial year are as follows:

Life Assurances	31 December 2012	31 December 2011
Standalone Critical Illness	Unchanged	Modified Reassurer rates (see below)
Critical Illness rider benefits	Unchanged	1 periodic premium

Rates for the modified tables for 31 December 2012 (and 2011) were as follows:

Valuation report – IPRU (INS) Appendix 9.4

Name of insurer

Aviva Life & Pensions UK Limited – Non-Profit Sub-funds

Global business

Financial year ended

31 December 2012

Age	Stand alone Critical Illness			
	Annual rates per mille:			
	Male Non-Smoker	Male Smoker	Female Non-Smoker	Female Smoker
25	0.66	0.66	0.96	0.96
35	1.05	1.34	1.52	2.19
45	3.27	5.84	3.14	6.28
55	8.74	19.42	8.12	17.65

For critical illness policies with guaranteed premiums, a guarantee loading is applied to the critical illness rate as follows (unchanged from 2011):

	Female	Male
CI guarantee loading (for each year from valuation date)	2.5%	2.0%
	Compound	compound

Income Protection - Claims inception rates

For Safeguard and PHI product groups these have been based on CIDA rates, adjusted by factors dependent on the age, deferred period, occupation, sex, smoker status, sales channel and location, reflecting our own experience. Further margins have been taken for prudence.

For Safeguard and PHI policies, modified rates are shown below. The rates assume the following:

Occupation class 1

Deferred period 6 months

Non-smoker status

Location – South England

Channel – IFA

Duration of policy – 5+ years

Age	Safeguard rates			
	Annual rates per mille:			
	31 December 2012	31December 2012	31 December 2011	31December 2011
	Male	Female	Male	Female
25	0.93	1.02	0.93	1.02
35	0.43	0.91	0.43	0.91
45	0.82	1.95	0.82	1.95
55	1.96	5.39	1.96	5.39

Age	PHI rates			
	Annual rates per mille:			
	31 December 2012	31December 2012	31 December 2011	31December 2011
	Male	Female	Male	Female
25	1.61	3.05	1.61	3.05
35	1.06	2.08	1.06	2.08
45	1.44	3.07	1.44	3.07
55	2.64	4.49	2.64	4.49

Income Protection - Recovery rates

For Safeguard and PHI policies, these have been based on CMIR12, adjusted by factors dependent on the age, deferred period, duration and disability type, reflecting our own experience. Further margins have been taken for prudence.

For Safeguard and PHI policies, modified rates are shown below. The rates assume the following:

Occupation class 1

Deferred period 6 months

Non-smoker status

Location – South England

Valuation report – IPRU (INS) Appendix 9.4

Name of insurer

Aviva Life & Pensions UK Limited – Non-Profit Sub-funds

Global business

Financial year ended

31 December 2012

Age	Safeguard rates : 31 December 2012 (changed from 2011)			
	Annual rates per mille:			
	Recovery 2 years	Recovery 2 years	Recovery 5 years	Recovery 5 years
	Male	Female	Male	Female
25	213.93	213.93	64.64	64.64
35	185.97	185.97	53.66	53.66
45	150.04	150.04	43.62	43.62
55	106.11	106.11	34.78	34.78

Age	Safeguard rates : 31 December 2011			
	Annual rates per mille:			
	Recovery 2 years	Recovery 2 years	Recovery 5 years	Recovery 5 years
	Male	Female	Male	Female
25	225.15	225.15	68.04	68.04
35	195.72	195.72	56.48	56.48
45	157.91	157.91	45.92	45.92
55	111.68	111.68	36.61	36.61

Age	PHI rates : 31 December 2012 and 31 December 2011			
	Annual rates per mille:			
	Recovery 2 years	Recovery 2 years	Recovery 5 years	Recovery 5 years
	Male	Female	Male	Female
25	246.32	246.32	74.47	74.47
35	214.13	214.13	61.82	61.82
45	172.77	172.77	50.25	50.25
55	122.20	122.20	40.07	40.07

The margins in the published morbidity bases are considered sufficient to provide for adverse deviations in experience arising from changes in morbidity experience, so no additional reserves are held.

Long Term Care (Well-being and Future Care Plan)

Mortality, prior to claim – PMA80 C=2020 and PFA80 C=2020, with a deduction of 2 years to all ages.

Mortality, during claim – 95% ELT14, with additions to age depending on age and the severity of disablement.

Morbidity – the disability tables used are based on the data underlying the disability prevalence rates contained in Report 9 of the OPCS surveys of disability in Great Britain. The data was adjusted in light of the Company's underwriting policy and the definitions of the Activities of Daily Living used. The morbidity used was 115% (regular premium) and 160% (single premium) of the adjusted prevalence rates.

(6) Expense assumptions:

Details of the expense bases used at 31 December 2012 are as follows.

The value of future maintenance expenses is calculated from current maintenance expense levels by broad category of business, increasing by future expense inflation over the lifetime of each contract. The following expense assumptions, except Income Protection and ex-RSA/NWL business, are based on the terms of the Management Services Agreement between Aviva Life Services UK Limited and Aviva Life & Pensions UK Limited and increased by 10% in respect of project costs.

No zillmer adjustment was used at the end of 2012 - valuations were carried out on a Gross Premium basis

The expense assumptions are the same for both premium-paying and non-premium paying contracts.

Valuation report – IPRU (INS) Appendix 9.4

Name of insurer

Aviva Life & Pensions UK Limited – Non-Profit Sub-funds

Global business

Financial year ended

31 December 2012**Per policy expenses in the year after the valuation date**

Category	31/12/2012 Expense (£)	31/12/2011 Expense (£)
Term assurance	14.82	14.38
Critical illness	14.82	14.38
Income protection	21.00	15.50
Income protection claims in payment	21.00	15.50
Annuity	19.06	18.26
UWP bond	55.84	53.50
UWP savings endowment	37.80	36.22
UWP target cash endowment	17.57	16.83
UWP regular premium pension	17.44	16.71
UWP single premium pension	17.44	16.71
UWP group regular premium pension	16.90	16.20
UWP group single premium pension	35.56	34.08
UL bond	20.14	19.29
UL savings endowment	11.71	11.36
UL target cash endowment	17.57	17.05
UL regular premium pension	17.22	16.71
UL single premium pension	17.22	16.71
UL group regular premium pension	16.69	16.20
UL group single premium pension	16.69	16.20

Per policy expenses in the year after the valuation date for Ex-RSA and Ex-NWL business

Product Code	Category	31/12/2012 Expense (£)	31/12/2011 Expense (£)
325, 330 340, 345	Term Assurance (post June 2001)	18.09	17.60
700	Capital Investment Bond (pre Oct 1997)	36.05	35.08
700	Capital Investment Bond (post Sep 1997)	34.51	33.58
515, 720	Mortgage Savings Plan	63.10	61.41
515, 720	Flexible Mortgage Plan	72.92	70.96
700	Flexible Investment Bond (pre June 2001)	20.33	19.78
700	Flexible Investment Bond (post June 2001)	18.09	17.60
515, 720	Mortgage Endowment Plan	26.83	26.11
525, 725	Executive Pension Plan (regular premium) pre Oct 1997	122.43	119.14
525, 725	Executive Pension Plan (single premium/paid up) pre Oct 1997	91.83	89.36
525, 725	Executive Pension Plan (regular premium) post Sep 1997	113.92	110.86
525, 725	Executive Pension Plan (single premium/paid up) post Sep 1997	85.44	83.15
525, 725 755	Personal Pension Plan (regular premium) pre Oct 1997	79.30	77.17
525, 725 755	Personal Pension Plan (single premium/paid up) pre Oct 1997	59.47	57.87
525, 725	Personal Pension Plan (regular premium) post Sep 1997	71.26	69.35
525, 725	Personal Pension Plan (single premium/paid up) post Sep 1997	53.45	52.01
525, 725	Executive Pension Plan (regular premium)	87.21	84.87
525, 725	Executive Pension Plan (single premium/paid up)	65.47	63.71
525, 725	Personal Pension Plan (regular premium)	29.19	28.41
525, 725	Personal Pension Plan (single premium/paid up)	21.87	21.28

Valuation report – IPRU (INS) Appendix 9.4

Name of insurer

Aviva Life & Pensions UK Limited – Non-Profit Sub-funds

Global business

Financial year ended

31 December 2012

525, 725	Top Up Pension Plan (regular premium)	29.19	28.41
525, 725	Top Up Pension Plan (single premium/paid up)	21.87	21.28
525, 725	Grouped Personal Pension Plan (regular premium)	58.26	56.70
400	Ex-RSA pension annuity*	18.75	18.25
400	Ex-NWL pension annuity*	24.08	23.43

* These figures are shown gross of reinsurance. These products are 100% reinsured. The net expense reserve for 2012 and 2011 is zero as there is no reinsurer charge for payment service and therefore no compensation on a recapture.

All figures are gross of tax relief which is assumed at 20% on relevant products.

Expenses as % of Claim

Income protection claims in payment	2012	2011
- Group	12.5%	11.5%
- Individual (Mortgage Payment Protection)	19.0%	19.0%
- Individual (other)	19.0%	23.0%

Investment expenses

For ex-RSA business, valuation interest rates were reduced to allow for investment expenses by 0.14% for life products and 0.17% for pensions products.

For ex-NWL business, valuation interest rates were reduced to allow for investment expenses by 0.09% for life products and 0.11% for pensions products.

For other business:

For non-unit liabilities, the yield on assets backing the liabilities was reduced for investment expenses of 0.055%. This reduced the upper bound on the interest rates used in the valuation.

In the calculation of sterling reserves on unitised business, explicit allowance was made for investment expenses of 0.172% of the unit fund for unit linked investments and 0.129% of the asset share for unitised with profit investments written in the company's with profit fund.

The allowances reflect the charging structure agreed with our fund managers, Aviva Investors.

(7) Unit Growth and Inflation

For ex-RSA and ex-NWL business the unit growth and inflation rates are as follows:

	31 December 2012	31 December 2011
Inflation rate for future expenses	2.76%	3.40%
Linked business		
Unit Growth Rate life	2.60%	2.16%
Unit Growth Rate pensions	3.30%	2.70%

For all other business the expense and inflation rates are:

	31 December 2012	31 December 2011
Inflation rate for future expenses	2.76%	2.84%
Linked business		
Unit Growth Rate for gross business	3.30%	3.50%
Unit Growth Rate for net business	2.60%	2.80%
Future increases in policy charges	2.76%	2.84%

Valuation report – IPRU (INS) Appendix 9.4

Name of insurer

Aviva Life & Pensions UK Limited – Non-Profit Sub-funds

Global business

Financial year ended

31 December 2012

Expense inflation is set according to the terms of the Management Services Agreement between Aviva Life Services UK Limited and Aviva Life & Pensions UK Limited. This agreement was renegotiated in 2009 resulting in the per policy charges inflating at RPI.

- (8) There are no with-profit contracts in the non-profit sub-funds.
- (9) A summary of lapse and surrender assumptions for ex-RSA and ex-NWL is provided below:

Product		Average lapse / surrender rate for the policy years			
		1-5	6-10	11-15	16-20
Decreasing Term	lapse 1	17.9%	13.5%	13.5%	13.5%
Decreasing Term	lapse 2	8.6%	6.5%	6.5%	6.5%
Level term	lapse 1	22.9%	10.8%	10.8%	10.8%
Level term	lapse 2	11.0%	5.2%	5.2%	5.2%
UL cash endowment	surrender	N/A*	N/A*	5.2%	5.2%
UL accelerated critical illness	surrender	6.6%	4.6%	4.6%	4.6%

* The surrender rates for policy year 1-5 and 6-10 are no longer applicable as those products closed to new business in 2000.

For other business lapse and surrender assumptions are provided below:

Product		Average lapse / surrender rate for the policy years			
		1-5	6-10	11-15	16-20
Accelerated critical illness	lapse 1	16.5%	12.7%	10.2%	10.1%
Accelerated critical illness	lapse 2	7.9%	6.1%	4.9%	4.9%
Decreasing Term	lapse 1	16.5%	12.7%	10.2%	10.1%
Decreasing Term	lapse 2	7.9%	6.1%	4.9%	4.9%
Level term	lapse 1	12.3%	5.9%	5.4%	5.4%
Level term	lapse 2	5.9%	2.9%	2.6%	2.6%
UL bond	surrender	3.9%	5.6%	11.8%	11.8%
UL individual pension, regular premium	surrender	2.9%	2.9%	2.9%	4.9%
UL individual pension, single premium	surrender	2.9%	2.9%	2.9%	4.9%
UWP individual pension, regular premium	surrender	2.9%	2.9%	2.9%	4.9%
UWP individual pension, single premium	surrender	2.9%	2.9%	2.9%	4.9%
UL group pension, regular premium	surrender	2.6%	2.6%	2.6%	4.2%
UL group pension, single premium	surrender	2.6%	2.6%	2.6%	4.2%
UWP group pension, regular premium	surrender	2.6%	2.6%	2.6%	4.2%
UWP group pension, single premium	surrender	2.6%	2.6%	2.6%	4.2%

The 'lapse 1' rates in the table are used for contracts where the reserve is negative, and the 'lapse 2' rates are used for contracts where the reserve is positive.

No PUP assumptions are shown in the above tables. It is assumed that premiums cease at the valuation date for regular premium unit-linked policies, unless the assumption of continuing premiums leads to a higher non-unit reserve.

For the vast majority of UL and UWP Bonds (96% of total mathematical reserves on all such business), automatic withdrawals are taken to be the actual withdrawal amount at the valuation date for each individual policy.

For unit-linked bonds, the surrender rates shown in the tables exclude additional surrenders at the end of the period where surrender penalties apply. The average additional surrender rate assumption is 26.8%.

Valuation report – IPRU (INS) Appendix 9.4

Name of insurer

Aviva Life & Pensions UK Limited – Non-Profit Sub-funds

Global business

Financial year ended

31 December 2012**(10) Option take-up rates**

For deferred annuities with a guaranteed cash option and assurances with a guaranteed annuity option, other than for the Pensionvestor contract, it is assumed that policyholders will choose to exercise the greater of the two options on 95% of the available benefit. For the Pensionvestor contracts this percentage is assumed to vary linearly, from 82% on policies maturing within 1 year, to 95% on policies maturing after 14 years or more.

Taxation

Valuation interest rates on Life business include an allowance for taxation, assuming a tax rate of 20% in respect of income on Fixed Interest for Life business:

Allowance for taxation is included within the unit pricing of unit-linked funds as described in section 3(9) above.

No allowance has been made for taxation in respect of Pensions business.

(11) Derivatives

For ex-RSA and ex-NWL, derivative contracts are used to back Guaranteed Bond liabilities.

These derivatives move in and out of the money depending on the level of the stock market. The company retains no market risk from these derivatives because they are used to match the index-linked policyholder maturity guarantees as explained in section 5 (2).

Where derivative contracts are included amongst the property linked assets relating to property linked contracts they have been valued at their fair market value.

Some interest rate swap assets were hypothecated to cover liabilities within Form 57, supporting a higher valuation interest rate for applicable reserves.

(12) Changes in INSPRU valuation rules

There were no changes in valuation methodology in 2012 arising from changes in INSPRU valuation rules which came into effect at 31 December 2006.

5. Options and Guarantees**(1) Guaranteed Annuity Options:**

- (a) For deferred annuities with a cash option and assurances with a guaranteed annuity option, the value of the benefits at the vesting date is the greater of the value of the annuity or the cash option, subject to option take-up rates as described in 4(10). Where a guaranteed annuity is more valuable on the valuation basis than the cash alternative, a provision for future expenses in payment is also held.

(b) Pensionvestor

Pensionvestor policies have a basic reserve of £32m.

The distribution of policies by outstanding term and retirement age is as follows:

Retirement Age	Outstanding Term (years)						Total
	0-5	5-10	10-15	15-20	20-25	25-30	
55 and under	0	1	0	0	0	0	1
56-60	248	87	16	1	0	0	352
61-65	89	74	19	3	0	0	185
66-70	4	2	2	0	0	0	8
71-75	28	97	156	2	0	0	283
Total	369	261	193	6	0	0	829

The guarantee reserve is £38m.

Valuation report – IPRU (INS) Appendix 9.4

Name of insurer **Aviva Life & Pensions UK Limited – Non-Profit Sub-funds**
 Global business
 Financial year ended **31 December 2012**

The guaranteed annuity rate is 12.244% of the cash sum for a male aged 65, based on a single life annuity payable annually in arrears.

Policyholders may make increments to the policy, but no guaranteed annuity options are given on increments.

(2) Guaranteed surrender and unit-linked maturity values:

For ex-RSA and ex-NWL, no additional investment performance guarantee reserve was considered necessary in respect of index-linked bonds since the underlying investments deliver returns which are matched to the policyholder liabilities. Derivatives contracts are used to hedge the investment guarantees provided to holders of single premium bonds.

Pension Assured Fund

Units in the Pension Assured Fund have a guaranteed price of £1 at the selected pension date or on earlier death. Details are provided in the valuation report of the Company's Provident Mutual Fund, where the majority of these guarantees arise.

Guaranteed Fund shortfall reserve

For business written before September 2009, the with-profit fund agrees to pay out the shortfall that will arise on all policies invested in the Unit-Linked Guaranteed Fund whenever the unit value at the guarantee date is less than the money-back guarantee.

For business written since then:

(a) Methodology:

The reserves are calculated as the best estimate, plus 33% of the excess of the cost that is modelled to arise under the 99th percentile investment over the best estimate. Investment returns are projected using a logNormal model for risky assets. Dynamic switching between asset classes is assumed over time, as such action is prescribed for the management of the assets in this fund.

(b)

- (i) Product names: 'Life property linked single premium' (code 700) and 'Trustee investment plan' (code 755).
- (ii) The base reserve for these products is £1,316m
- (iii) Spread of outstanding durations:

Year	Proportion with Guarantee
2014	3.0%
2015	52.0%
2016	33.0%
2017	12.0%

- (iv) The Guarantee reserves are £29.9m in the NP funds
- (v) The Guaranteed amount totals £1,204m
- (vi) MVA free conditions: N/A
- (vii) The business is single premium only so there are no in-force premiums expected.
- (viii) Increments – the guarantee does not apply to switches into the fund.

(3) Guaranteed Insurability Options

- (a) The reserve for guaranteed insurability options is calculated as the option premiums received in respect of policies in force accumulated with interest.

One periodic option premium is held as a reserve for those policies which select conversion or renewal options, apart from ex-RSA/NWL business where options are not material.

- (b) The table below, together with the comments that follow, gives details for certain protection policies with conversion and renewal options.

Valuation report – IPRU (INS) Appendix 9.4

Name of insurer

Aviva Life & Pensions UK Limited – Non-Profit Sub-funds

Global business

Financial year ended

31 December 2012

Product name	In-force premiums	Sum Assured	Guarantee Reserve
Level Term Assurance	£14.4m	£3,974.8m	£0.3m
Decreasing Term Assurance	£14.4m	£3,514.1m	£7.5m

Conversion option

Conversion options are included on certain policies. For an additional premium, and provided the option is selected prior to their 65th birthday, the policyholder can convert all or part of their policy without further medical evidence. If the policy is a level term assurance then it can be converted into either a non-increasing term type policy or a low cost whole of life. If the policy is a decreasing term assurance it may also be converted into an endowment assurance. In either case the maximum sum insured will be the original sum insured inflated using RPI to the conversion date.

Renewal option

Renewal options are included on certain policies. For an additional premium, and provided the term of the policy expires before the policyholder's 65th birthday (if a level term assurance) or 75th birthday (if a decreasing term assurance), the policyholder may effect a new policy at the end of the policy term. The term of the new policy must not exceed the term of the original policy. No further medical evidence is required on selecting this option, unless a critical illness or premium protected option is selected on the new policy. The maximum sum insured will be the original sum insured inflated using RPI to the conversion date.

(4) Other guarantees and options

When contracts provide other options with a specific premium, a reserve is generally held of all option premiums paid.

Some group business contains premium rate guarantees for a limited period. No specific reserve for these is considered necessary.

6. Expense reserves

- (1) The aggregate amount for expense loadings, grossed up for taxation where appropriate, expected to arise during 2013 is shown in the table below:

Homogenous risk Group	Implicit allowances	Explicit allowance (investment)	Explicit allowance (other)	Non attributable expenses	Total
UL Life	£0.0m	£15.7m	£7.2m	£23.9m	£46.9m
UL individual pensions	£0.0m	£30.3m	£18.0m	£50.4m	£98.7m
UL employer sponsored pension	£0.0m	£15.3m	£13.0m	£29.4m	£57.7m
All expenses attributable	£0.7m	£0.3m	£49.5m	n/a	£50.5m
Total	£0.7m	£61.6m	£87.7m	£103.7m	£253.7m

- (2) Non-attributable expenses on unit linked business are allowed for implicitly, through expected future valuation surplus. In 2012, the valuation surplus on unit linked business of £162.2m covers the expected amount of non-attributable expenses, £103.7m.

Investment expenses on conventional business are reserved for implicitly, through a margin in the valuation interest rate. The expected expense over 2013 is £0.7m.

- (3) The total amount of maintenance expenses shown at line 14 of Form 43 (combined for the non-profit sub-funds) is £213.6m
- (4) In determining the requirement for a new business expense overrun reserve, a prudent assessment of the projected value of 2013 new business is calculated, and compared against the projected new business expense overrun. A reserve is held if the latter exceeds the former. No new business expense overrun reserve is required in respect of 2013 new business.
- (5) In addition to per policy expense reserves, explicit expense reserves of £144.9m are held in accordance with INSPRU 1.2.50R. These reserves include appropriate allowance for expected redundancy and other costs

Valuation report – IPRU (INS) Appendix 9.4

Name of insurer **Aviva Life & Pensions UK Limited – Non-Profit Sub-funds**
Global business
Financial year ended **31 December 2012**

associated with ceasing to transact new business 12 months after the valuation date, and for expense overruns in respect of business in force at the valuation date.

- (6) For unit linked business, the explicit expense reserve only covers expenses directly attributable to unit linked contracts. Non-attributable expenses are covered by future valuation surplus, and so the reserve for these expenses is zero.

7. Mismatching Reserves

- (1) Apart from £32.9 million of Euro-denominated reserves, all of the mathematical reserves of the non-profit sub-funds are held to support liabilities payable in Pounds Sterling. The funds hold sufficient sterling assets to match these liabilities. There are no Euro-denominated assets in the funds to match the small volume of Euro-denominated liabilities.
- (2) There are no liabilities in non-sterling currencies other than those described in 7(1) above.
- (3) The fund does not hold an explicit reserve for the small volume of mismatched Euro-denominated liabilities.
- (4) The Company is a realistic-basis firm and no resilience capital requirement is required.
- (5) The Company is a realistic-basis firm and no resilience capital requirement is required.
- (6) The Company is a realistic-basis firm and no resilience capital requirement is required.
- (7) The non-profit sub-funds hold significant volumes of liquid assets (e.g. cash, certificates of deposit), mitigating the risk that the fund may have to sell assets at an unfavourable time. The firm also ensures that a significant proportion of other assets are invested in highly marketable stocks, in particular government bonds, but also corporate bonds issued by large companies. Any cash flow shortfall could therefore be met by selling some of these assets at short notice.

A further reserve of £10.6m is held against the risk of mismatching between positive and negative cash flows arising on different blocks of conventional business where positive and negative reserves are held.

8. Other Special Reserves

Counterparty Risk Reserve

A reserve of £46.5m is held for adverse deviations in respect of credit risk from reinsurer defaults. The exposure to each reinsurer by credit rating is identified, and using a probability of default for each rating, the risk amount in each calendar year is assessed. The Counterparty Risk reserve is the discounted value of the future annual counterparty risk amounts for each reinsurer.

Staff Pension Scheme Deficit Reserve

A reserve of £142.6m is held to cover the deficit funding payments to be made to the Aviva Staff Pension Scheme over a 5-year period.

Data Quality Reserves

A provision of £20m is held against the risk that the data underlying the calculation of the mathematical reserves on unit-linked business is deficient in any way. The amount of this reserve is determined by general considerations.

A similar provision of £29m is held in respect of non-linked business. The amount of this reserve is determined by general considerations.

Compensation Reserve

We hold a reserve for Product Governance compensation, amounting to £57.8m.

Closed Fund Expense Reserve

The reserve for expenses associated with ceasing to write new business is discussed in section 6(5) above.

Valuation report – IPRU (INS) Appendix 9.4

Name of insurer

Aviva Life & Pensions UK Limited – Non-Profit Sub-funds

Global business

Financial year ended

31 December 2012**Depreciation**

A reserve of £13.7m is held for “depreciation”, referring to projects where the expenses have been capitalised, and Aviva Life Services UK Limited plan to amortise the costs, and charge them to the product companies, over an extended period. A reserve is set up for these future payments that are expected to be made by the product companies.

9. Reinsurance

- (1) Within the non profit sub-funds the company has no facultative reinsurance with a reinsurer who is not authorised to carry out business in the United Kingdom.
- (2) Reassurance details are provided in the table below. The third and fourth columns marked A and C indicate, respectively, whether the reinsurer is authorised to carry out insurance business in the United Kingdom, and whether the reinsurer is connected to the Company.
- (3) For Unit-Linked External Funds the reinsurance premium represents the net cashflow of unit transactions from Aviva UK Life fund to the external unit linked fund provider. This can be negative if, for example, claims met by the external unit-linked fund exceed premiums paid into the external unit-linked fund.

Ref	Name of Reinsurer	A	C	Class of business	Reinsurance Premiums £'000s	Reserve £'000s	Open/ Closed to NB	% retained for new business
A	Swiss Re Life & Health Limited	Yes	No	Term and Gteed Integrated CI	11,164	70,891	Closed	
B	Swiss Re Life & Health Limited	Yes	No	MP and Gteed Integrated CI	63,448	62,950	Open	25% up to £50k
C	Hannover Re (Ireland)	No	No	Term and Gteed Integrated CI	7,592	13,437	Closed	
D	Hannover Life Reassurance (UK) Limited	Yes	No	Term and Gteed Integrated CI	8,321	10,343	Closed	
E	Munich Reinsurance Company, UK Life Branch.	Yes	No	Term and Gteed Integrated CI	71,115	172,375	Open	10% up to £500k
F	Munich Reinsurance Company, UK Life Branch.	Yes	No	Term Assurance, Mortgage Protection, Low Cost Endowment.	-	15,291	Closed	
G	SCOR Global Life Reinsurance Ireland Ltd	No	No	Term and Gteed Integrated CI	2,842	18,158	Closed	
H	RGA Americas Reinsurance Company Limited	No	No	Term and Gteed Integrated CI	54,834	162,055	Closed	
I	RGA Americas Reinsurance Company Limited	No	No	MP and Gteed Integrated CI	33,813	10,759	Open	10% up to £500k
J	RGA Americas Reinsurance Company Limited	No	No	Term with Rev Integrated CI	2,151	134,608	Closed	
K	Swiss Re Life & Health Limited	Yes	No	Term and Gteed Integrated CI	13,519	181,270	Open	
L	Swiss Re Life & Health Limited	Yes	No	MP and Gteed Integrated CI	11,461	9,589	Closed	
M	XL Re Limited (UK Branch)	Yes	No	Term and Gteed Integrated CI	37,809	141,581	Open	Life: 10% up to £500k, CI: 25% up to £50k
N	Swiss Re Life & Health Limited	Yes	No	2008 Existing Business	3,667	292,979	Open	

Valuation report – IPRU (INS) Appendix 9.4

Name of insurer

Aviva Life & Pensions UK Limited – Non-Profit Sub-funds

Global business

Financial year ended

31 December 2012

O	Swiss Re Life & Health Limited	Yes	No	Future SH Transfer	1,763	56,339	Open	
P	Swiss Re Life & Health Limited	Yes	No	Deferred annuity	-	780,889	Closed	
Q	Invesco Pensions Limited	Yes	No	Unit-linked External Funds	11,736	151,858	Open	
R	Deutsche Asset Management Life & Pensions Ltd	Yes	No	Unit-linked External Funds	15,009	98,733	Closed	
S	Blackrock/Merrill Lynch	Yes	No	Unit-linked External Funds	355,205	1,001,431	Open	
T	PartnerRe Ltd	Yes	No	Term Assurance	10,148	86,804	Open	
U	Aviva Annuity UK Ltd	Yes	Yes	Immediate Annuities	7,796	119,482	Open	
V	Legal and General Assurance (Pensions Management)	Yes	No	Unit-linked	- 412,904	244,802	Closed	
W	Swiss Re Life & Health Limited	Yes	No	Standalone Gteed CI	203	15,075	Closed	
X	Swiss Re Life & Health Limited	Yes	No	MP with Rev Integrated CI	11,262	39,029	Open	
Y	Kolnische Ruckversicherungs-Gesellschaft AG (KR AG)	Yes	No	Whole Life	4,799	29,515	Closed	
Z	Scottish Widows	Yes	No	Annuities	5,704	95,039	Open	
AA	Peak Re Ltd	No	Yes	Flexible Investment Bonds	-	37,807	Closed	
AB	Hannover Life Reassurance (UK) Limited	No	No	Pension Annuities	-	62,413	Closed	
AC	Swiss Re Life & Health Limited	Yes	Yes	Permanent Health	-	15,125	Open	
AD	Baillie Gifford	No	Yes	Unit-linked External Funds	8,555	22,349	Open	
AE	RGA Americas Reinsurance Company Limited	Yes	Yes	MP with Rev Integrated CI	6,522	27,112	Closed	
AF	Swiss Re Europe S.A (UK Branch)	Yes	Yes	Permanent Health	742	16,110	Open	
AG	Swiss Re Europe S.A (UK Branch)	Yes	Yes	Integrated Guaranteed CI	2,054	63,452	Open	
AH	Swiss Re Europe S.A (UK Branch)	Yes	Yes	MP with Rev Integrated CI	3,783	19,979	Open	
AI	Swiss Re Life & Health Limited	Yes	No	Unit-linked, Unitised with-Profit and Conventional	4,231	14,578	Closed	

Valuation report – IPRU (INS) Appendix 9.4

Name of insurer

Aviva Life & Pensions UK Limited – Non-Profit Sub-funds

Global business

Financial year ended

31 December 2012

An indication of the cover given under each treaty is provided below:

Ref	Benefits Reinsured
A	Variable % of Sum Assured by sex or smoker status
B	Quota Share - death and CI benefits
C	Quota Share - death and CI benefits
D	Quota Share
E	Quota Share - Life
F	Quota Share - Death Benefits for all business with no previous reinsurance
G	Quota Share - death and CI benefits
H	Quota Share death benefits
I	Quota Share - Life
J	RGA UK 5% of SA, RGA US 45% of SA
K	50% of SA
L	50% of SA
M	Quota Share
N	Financing Arrangement (TDSL)
O	Financing Arrangement (TDSL)
P	Quota share and surplus
Q	Unit-linked External Funds
R	Unit-linked External Funds
S	Unit-linked External Funds
T	49.9% of SA
U	100% of Immediate Annuity Benefits
V	Unit Liability
W	Quota Share - death and CI benefits
X	Quota Share - death and CI benefits
Y	50% of life assurance risk from July 2003 to 3 February 2005, 100% thereafter
Z	100% of annuity
AA	100% of unit and non-unit reserve for series 2 funds
AB	100% of annuity
AC	Surplus Reinsurance
AD	Unit-linked External Funds
AE	RGA UK 5% of SA, RGA US 45% of SA
AF	Quota Share & Surplus Reinsurance
AG	90% of SA
AH	25% of SA
AI	Financing Arrangement (Financial Reinsurance)

Valuation report – IPRU (INS) Appendix 9.4

Name of insurer	Aviva Life & Pensions UK Limited – Non-Profit Sub-funds
Global business	
Financial year ended	31 December 2012

There are no significant undischarged obligations to the reinsurers as at 31/12/2012.

There are no deposit back arrangements in any of these treaties.

Financing Treaties (table reference N, O and AI)

Three financing arrangements exist between the Company and Swiss Reinsurance Company.

Treaties referenced in the table above as N and O are Time Deferred Stop Loss arrangements, where the recapture of the liability is contingent on future shareholder surplus; no liability for the undischarged obligation has been taken into account in the valuation.

The treaty referenced as AI in the table above is a financial reinsurance arrangement where the reinsurer has paid Aviva an upfront cash amount in exchange for future surplus payments. The future surplus payments are contingent upon surplus emerging on the in scope business.

Account has been taken of the credit risk exposure to the reinsurers in the reinsurer counterparty exposure reserve (see section 8).

10. There are no with-profits contracts in the non-profit sub-funds.

Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4AName of insurer **Aviva Life & Pensions UK Ltd – With-Profits Sub-Fund**

Global business

Financial year ended **31 December 2012****1. Introduction**

- (1) The **valuation date** is 31 December 2012.
- (2) The date of the previous valuation was 31 December 2011.
- (3) An interim valuation was carried out with an effective date of 30 June 2012 for the purposes of rule 9.3A.

2. Assets**(1) Economic assumptions for valuation of non-profit business**

- The economic assumptions used to value future profits on non-profit business are as follows:

	2012	2011
Gross investment return		
• Annuities	Yield on supporting assets less an allowance for defaults	Yield on supporting assets less an allowance for defaults plus 0.5% p.a.
• Other non-profit business	Risk free rate	Risk free rate
Risk Discount rate		
• Annuities	Yield on supporting assets less an allowance for defaults	Yield on supporting assets less an allowance for defaults plus 0.5% p.a.
• Other non-profit business	Risk-free rate	Risk-free rate plus 0.5% p.a.
Expense inflation	2.76%	2.84%
Tax rates	20%	20%

- The risk free rates used are the same as the rates used to determine guarantee costs, and shown in section 6(4)(a)(ii) below.
 - The discount rate is now equal to the investment return. An explicit margin is held to allow for the cost of any non-financial guarantees.
 - The value of future profits on non-profit business includes the release of the LTICR in respect of non-profit business. In assessing this release an approximate allowance is made for tax and investment expenses.
- (2) Not applicable.
 - (3) Not applicable.
 - (4) Not applicable.

3. With-Profits Benefits Reserve Liabilities**(1) There are four main methods used to calculate the with-profits benefits reserve.**

- Asset share (individual) (retrospective)
- Asset share (group) (retrospective)
- Bonus Reserve Valuation (prospective)
- Regulatory Reserve (prospective)

The majority of the conventional with-profits benefits reserves are asset shares calculated on an individual policy (or increment) basis. They represent an accumulation of premiums plus investment return less charges and other sources of profit or loss in line with the fund's PPFM.

Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4AName of insurer **Aviva Life & Pensions UK Ltd – With-Profits Sub-Fund**

Global business

Financial year ended **31 December 2012**

For unitised business, the asset share of a policy is defined as the sum of the asset shares of the units of the policy. Our approach calculates the asset share of each individual unit, and then aggregates across all units in a policy. We have recorded this approach as being individual.

Where asset shares are not currently calculated, or where they are unreliable as a starting point for deriving future bonuses, then either bonus reserve valuations (BRV) or regulatory reserves are used. BRVs are the discounted value of future expected benefits and expenses using risk-free earned and discount rates along with best-estimate assumptions for other basis items such as lapses and mortality. BRVs are used for the following classes of business:

- Conventional paid up policies (PUP)
- Conventional Whole Life policies
- With-profit immediate annuity business

Regulatory reserves are used for remaining small classes of business where asset share or BRV calculations are not currently carried out.

At 31 December 2012

Product Class	With-profit benefits reserve £m	Future Policy Related Liabilities £m	Total £m
Conventional Life		673	3,579
Asset Share (individual)	2,199		
Asset Share (grouped)	62		
BRV	645		
Conventional Pensions		1,759	4,040
Asset Share (individual)	1,073		
Asset Share (grouped)	343		
BRV	839		
Regulatory Reserve	26		
UWP Life		(10)	1,202
Asset Share (individual)	1,211		
Asset Share (grouped)	1		
UWP Pensions		391	5,928
Asset Share (individual)	5,522		
Asset Share (grouped)	15		
Miscellaneous Other	18	(39)	(21)
Total	11,954	2,774	14,728

The with-profits benefit reserves are mainly asset shares calculated on an individual policy level or, in the case of UWP business, individual unit level. The asset shares are an accumulation of premiums, investment return, expense deductions and other adjustments such as mortality profits, as set out in the fund's PPFM. Asset shares for the conventional business are charged actual expenses. Asset shares for the direct-written UWP business are charged the policy charges. As from 1 May 2004 a charge has been made on all direct-written With Profits Sub-fund asset shares to help cover the cost of guarantees in the fund.

The only direct-written new business in With Profits Sub-fund (other than increments on existing contracts) is the with-profit annuity.

Conventional Life consists mainly of conventional endowments, with only £645m of whole-life contracts. The whole-life products have a bonus reserve valuation. The grouped asset shares in Conventional Life refer to adjustments that are made on a grouped basis. All conventional life products are written on a 90/10 basis. Conventional life endowment policies have guaranteed amounts at maturity equal to the basic sum assured plus any regular bonus accrued to date. Conventional whole life contracts provide a guaranteed payout on death of basic sum assured plus regular bonus accrued to date.

Conventional Pensions consists mainly of deferred cash schemes with attaching guaranteed minimum annuities due at retirement. There is also a block of deferred annuity business with minimum cash values at retirement. Asset shares are used for all premium-paying business. Paid up policies are valued at £602m using a BRV approach. Conventional Group Defined Benefits business uses the regulatory reserve. The grouped asset shares in Conventional Pensions refer to adjustments that are made on a grouped

Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4AName of insurer **Aviva Life & Pensions UK Ltd – With-Profits Sub-Fund**

Global business

Financial year ended **31 December 2012**

basis. In line with current bonus practice, the BRV is based on the final bonus scales derived from projected premium paying policies.

Conventional Pensions also contains £237m of with-profit annuity business valued using a BRV calculation. The with-profit annuity provides a level of income equal to a basic amount, plus accrued regular bonus, plus a discretionary top-up bonus. Customers can also select a future anticipated level of regular bonus. This increases the initial annuity amount payable, but the annuity amount reduces by the anticipated amount each year such that the total annuity payable would be level if the actual regular bonus rate equalled the anticipated rate. There is also a guaranteed minimum annuity amount attaching to this contract.

UWP Life consists of unitised single premium bonds and unitised mortgage endowments all written on a 100:0 basis. UWP units purchased prior to 1 January 1999 for policies sold prior to 1 January 1995 have a guaranteed minimum regular bonus rate of 2.5% p.a.

The following guarantees apply to With Profits Sub-fund UWP bonds.

Product	Dates of Issue	Anniversary Guarantee
Capital Plan	1989-93	No MVR on 10 th 15 th 20 th etc
Norwich With-Profit, Bicentennial, and Flexibond	1996-1/10/2002	Money back on 10 th

There is also the guarantee that MVRs will not apply on any automatic partial withdrawals selected from outset (subject to certain limits).

UWP Pensions consists of unitised individual and group personal pensions written on a 100:0 basis. UWP units purchased prior to 1 January 1999 for policies sold prior to 1 January 1995 have a guaranteed minimum regular bonus rate of 4% p.a.

'Miscellaneous other' consists of reserves held to cover other liabilities to the fund that cannot be assigned to certain product types such as Pension transfer review reserves, reserves for future development and audit fees. The figure also includes the asset/liability for future smoothing costs. The miscellaneous items in the With Profits Benefit Reserve relate to amounts yet to be added to individual Asset Shares in respect of past experience.

(2) Not applicable

(3) See (1)

(4) See (1)

4. With-profits benefits reserve – Retrospective method**(1) Table of methods**

Method	With-profit benefits reserve (%)
Asset Share (individual)	84
Asset Share (grouped)	3
BRV	13
Regulatory Reserve	0
Miscellaneous Other	0
Total	100

The table above shows the proportion of with profit benefit reserves calculated using each method.

(2) Changes in valuation method

(a) There have been no significant changes to the valuation methodology during 2012

(b) Not applicable.

(3) Allocation of expenses

(a) See (b)

(b) UKLS income and expenses are calculated on a monthly basis and a profit or loss determined on an annual basis.

Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4A

Name of insurer **Aviva Life & Pensions UK Ltd – With-Profits Sub-Fund**

Global business

Financial year ended **31 December 2012**

- (c) The text below sets out the treatment of charges made to asset shares with respect to expenses and commission.

For Conventional with-profit business – the actual per policy expenses are charged to the policies

For Unitised with-profit business – the policies have defined charges as per the policy conditions, and expenses are charged to the non-profit fund.

Other expenses fall to the estate.

	2012			
	Charged to WPBR £m	Not-Charged to WPBR £m	Non-Profit expenses £m	Total £m
Estimated initial expenses and commission	0	2	0	2
Renewal expenses and commission	83	(25)	0	58
Shareholder Transfers	4	23	0	26

The above table approximately splits out the expenses incurred over 2012. Non-profit expenses are expenses relating to non-profit business within the fund. With Profits Sub-fund direct-written business asset shares are charged all actual per policy expenses and charges incurred.

Expenses charged to the with-profit funds

From 01/01/2009 a new Management Services agreement (MSA) is in place whereby per policy (annual) and per fund charges are made. The per fund charge is allowed for by using an estimate of the policies in force in a given year, by MSA category, and by fund. Changes in policy counts over the year will be monitored, and this will be amended to reflect the actual policy counts retrospectively.

For policies that have migrated on to the outsourced platform “Alpha”, an additional per policy charge will apply. Furthermore, there is a trail fixed charge p.a. for the years 2009-2012.

Investment management expenses are charged to the funds in line with the Investment Management Agreement with the fund managers and are reviewed on at least an annual basis.

Commission and sales related expenses are also charged to the with-profits funds. Initial and renewal commission scales and uplifts depend on product type and the agreement with the particular sales channel.

The with-profit funds also incur other non policy-related expenses such as for development expenses, audit fees and mis-selling expenses. These are charged to the with-profit fund as laid out in each fund’s PPFM.

Shareholder transfers are charged to the with-profits funds. Most conventional business is written on a 90/10 basis with transfers equal to 1/9th of the cost of bonus. With Profits Sub-fund conventional with-profit annuity business written prior to 2 October 2002 has shareholder transfers equal to a fixed proportion of asset shares. UWP business written in With Profits Sub-fund is on a 100:0 basis.

Expenses charged to the with-profits benefit reserves

The total expenses charged to with-profits benefit reserves over 2012 are approximately £86m. The majority of this relates to renewal expenses as there is minimal new business written in With Profits Sub-fund.

Deductions are made to the asset shares in respect of expenses and commission and shareholder transfers. The difference between expenses, commission and shareholder transfers incurred and charges made are a credit to or deduction from the estate.

Sales and policy administration expenses are charged to asset shares in two main ways:

Actual expenses apply to With Profits Sub-fund conventional business

Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4A

Name of insurer **Aviva Life & Pensions UK Ltd – With-Profits Sub-Fund**

Global business

Financial year ended **31 December 2012**

Asset shares are currently charged 100% of the MSA agreement. They are also charged the management investment fee and any custody fees. Any initial or renewal commission is deducted from the asset share.

Policy charges are applied to With Profits Sub-fund UWP business

The asset share is deducted the actual charges on the policy. Also note that any surrender penalty would apply to the asset share on exit.

Expenses not charged to the with-profits benefits reserve

For UWP business written in With Profits Sub-fund the actual expenses are passed across to Non Profit Sub-fund along with the charges deducted from the asset shares, so no policy related expenses are accrued to the estate.

Shareholder transfers for With Profits Sub-fund conventional business are charged to the estate.

All development, regulatory and audit fees are not currently charged to asset shares, although this is reviewable in line with statements in the PPFMs.

(4) Guarantee Charges

A deduction of 0.50% p.a. from the with-profits benefit reserves for direct-written With Profits Sub-fund business was made in 2012 to help cover the cost of guarantees. Total charges made over 2012 are approximately £60m (£96m in 2011). Charges are assumed to be 0.5% for 2013 and 0.75% p.a. for all years thereafter.

(5) Non-Insurance Risk Charges

No explicit deduction is made from the with-profits benefit reserves in respect of non-insurance risks.

(6) Claims ratios

Fund	Product Type	2010	2011	2012
With Profits Sub-fund	Conventional Life	98%	97%	93%
	Conventional Pensions	123%	125%	125%
	UWP Life	97%	99%	98%
	UWP Pensions	99%	99%	98%

These are estimates of claim amounts relative to asset share for the past three complete calendar years.

The figures above are estimates based on actual maturity and surrender payouts.

All entries for Form 19 lines 32 and 33 in respect of reserves for past miscellaneous surplus and any past miscellaneous deficit are zero.

(7) Gross investment return allocated to WPBR

Gross returns allocated to asset shares over 2012 are 8.1%. This rate applies to all policies.

5. With-profits benefits reserve – Prospective method

(1) Prospective assumptions

Bonus reserve valuation (BRV) is used for approximately 12% of the with-profit benefits reserve. The key blocks of business valued in this way are:

- Conventional whole life contracts, where the calculation is based on a deterministic reserve including an allowance for Final Bonus;
- Paid-up Conventional Pensions, where the calculation is based on a deterministic reserve including an allowance for Final Bonus and a stochastic uplift;
- With-profit immediate annuities, where the calculation uses stochastic final bonus rates derived from the current WPIA bonus model.

Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4AName of insurer **Aviva Life & Pensions UK Ltd – With-Profits Sub-Fund**

Global business

Financial year ended **31 December 2012**

The key assumptions behind the prospective valuation of with-profit benefits reserves are as follows:

(a) Economic Assumptions

The valuation of the BRV for the conventional Pension PUPs uses the stochastic valuation model used to value guarantee costs with term dependent risk free rate for both the earned rate and discount rate. In summary these are:

Term (years)	Rate
1	0.61%
5	1.02%
10	1.92%
15	2.56%

For with-profit immediate annuity business an equivalent single rate is used:

Product Class	2012
With-profit Immediate Annuity	1.57%

The basis used for whole life business is that used for the regulatory valuation.

The rate used for immediate annuities is the flat risk free rate.

(b) Investment returns and risk adjustments.

The BRV is based on the risk free rate.

(c) Expense inflation:

See (e) below.

(d) Future Assumed Regular Bonus Rates

Product Class	2012
Conventional Pension PUPs	0%
Whole of Life	0%
With-profit Immediate Annuity	1.5%

Final bonuses on paid-up pension contracts are based on the premium paying policy scales which are derived from projections of the asset shares.

(e) Future Expense Assumptions

Product Class	2012	
	Renewal Expenses Per policy	Expense Inflation %
Conventional Pension PUPs	£41.47	2.76
With-profit Immediate Annuity	£20.22	2.45

The future expense assumptions used for whole life business is that used for the regulatory valuation. Expenses increase with inflation at the policy anniversary.

(f) Future Assumed Lapse Rates

Product Class	Policy Duration						
%	1	2	3	4	5	6	7+
Conventional Pension PUPs	0	0	0	0	0	0	0
With-profit Immediate Annuity	0	0	0	0	0	0	0

The lapse rate assumed for whole life business is that used for the regulatory valuation.

Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4A

Name of insurer **Aviva Life & Pensions UK Ltd – With-Profits Sub-Fund**

Global business

Financial year ended **31 December 2012**

(g) Future mortality assumptions

Conventional pension PUPs: No mortality is assumed in deferment

Conventional Pension PUPs post-vesting:

	31 December 2012
Males	103.5% PCMA00 with 100% medium cohort improvement factors, minimum 1.5% pa, applicable from 2001
Females	98.5% PCFA00 with 100% medium cohort improvement factors, minimum 1.0% pa, applicable from 2001

With-Profit Annuity:

	31 December 2012
Males	90.5% * PCMA00 with 100% medium cohort improvement factors, minimum 2% pa, applicable from 2005
Females	85% * PCFA00 with 75% medium cohort improvement factors, minimum 1.5% pa, applicable from 2005

The mortality rate assumed for whole life business is that used for the regulatory valuation.

(2) **Regulatory Reserves**

The methodology for the calculation of these reserves is described in Appendix 9.4.

Miscellaneous Other

Not applicable

6. Costs of guarantees, options and smoothing

(1) Not applicable.

(2)

(a) The calculation of the cost of guarantees, options and the cost of the mortgage promise has been performed using a stochastic model.

A description of the stochastic model is given below.

(b) **Grouping Basis**

All valuation methods use grouped policy data. Data has been divided as follows:

For conventional business:

- Product class (e.g. life endowment, conventional pensions, deferred annuities and GMP business)
- Life Endowment contracts are grouped by original term, outstanding term and also by eligibility to endowment promise.
- Conventional Pensions are grouped by premium type, sex, original term, outstanding term and GAO eligibility.
- Deferred annuities are grouped by premium type, sex, policy term, outstanding term, annuity escalation rate and source admin system
- GMP business is grouped by outstanding term, sex, GMP eligibility, in-the-moneyness of the guarantee and original term

For unitised with-profit business:

- Product class (e.g. life bonds, pensions)
- Life Bonds are split by bonus series, age band, entry year, joint life status, and guarantee type.

Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4AName of insurer **Aviva Life & Pensions UK Ltd – With-Profits Sub-Fund**

Global business

Financial year ended **31 December 2012**

- Pensions are grouped by year of unit purchase, bonus series, outstanding term and guarantee type

For With Profits Sub-fund, we have grouped approximately 0.8 million policies into approximately 1800 grouped model points.

Validations

The total grouped policy benefit data is reconciled back to the individual policy benefit data. The aggregate asset shares are reconciled to the totals in Form 19. We also undertake a comparison of the grouped model points run on a deterministic basis within the stochastic model to the ungrouped data run through the embedded value model

- (c) The stochastic model directly models 89% of with profit business (as measured by asset share). Residual business, together with any associated guarantees, is modelled by scaling similar directly modelled business.
- (3) The principal changes to the valuation method for valuing the costs of guarantees, options or smoothing since the previous valuation are:
- Dynamic equity backing ratio modelling improvement with regards to projection of equity and property proportions.
 - Allowance for the recovery of smoothing costs has been updated to align recoveries with our current asset share policy.

(4) Description of guarantees, options or smoothing being valued**(a) Stochastic Model - Description of guarantees, options or smoothing**

- (i) Here follows the cost and description of the guarantees, options and smoothing methods by product grouping.

Product Class	Planned deductions for cost of guarantees/options	Planned deductions for other costs	Contractual Guarantee costs	Non-Contractual Commitments	Cost of financial options	Smoothing costs
Conventional Life	32	0	52	548	0	0
Conventional Pensions	71	0	1,170	0	626	0
UWP Life	43	0	33	0	0	0
UWP Pensions	276	0	668	0	0	0
Misc	0	10	0	0	0	(146)
Total	422	10	1,923	548	626	(146)

Planned Deductions to WPBR for guarantees and options

This represents the expected future value (from 1 January 2013) of the 0.5% charge for 2013 and the 0.75% p.a. charge thereafter made on direct-written With Profits Sub-fund asset shares. This charge has been made to help cover the future costs of guarantees within the fund. This charge was introduced 1 May 2004.

The aggregate level of the charge is restricted to be no greater than the aggregate costs of the guarantees in any scenario.

Planned Deductions to WPBR for other costs

This represents an allowance for a charge in respect of expenses incurred in the migration of business to the Admin Re platform, which is expected to be charged to Asset Shares.

Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4AName of insurer **Aviva Life & Pensions UK Ltd – With-Profits Sub-Fund**

Global business

Financial year ended **31 December 2012****Contractual Guarantee Costs**

To assess the extent to which guarantees or options are in or out of the money we have compared the stochastic cost included in Form 19 against the cost on the deterministic 'central-estimate' basis using the risk-free rate.

Conventional Life

This represents the cost of the basic sum assured plus any accrued bonuses to date exceeding 100% asset share under the stochastic projection.

Stochastic Reserve	£52m
Central Estimate	£2m
Option value	97%

Conventional life guarantees are almost completely out of the money.

Conventional Pensions

This represents the cost of the basic sum assured plus any accrued bonuses to date exceeding 100% asset share under the stochastic projection.

Stochastic Reserve	£523m
Central Estimate	£509m
Option value	3%

Conventional pension guarantees are in-the-money.

In addition a reserve in respect of Guaranteed Minimum Pension (GMP) liabilities on Section 32 Transfer policies arises where the value of the GMP exceeds the greater of 100% of asset share and the cost of the basic sum assured plus any accrued bonuses. This reserve has also been calculated using the stochastic projection.

	GMP
Stochastic Reserve	£649m
Central Estimate	£642m
Option value	1%

On those policies which have a GMP, the cost of this underpin is generally in-the-money.

UWP Life

Stochastic Reserve	£33m
Central Estimate	£5m
Option value	85%

This represents the cost of the payouts exceeding 100% asset share due to no-MVR guarantee under the stochastic projection. Note that this includes the cost of any guaranteed bonus rates.

The guarantees are out of the money.

UWP Pensions

Stochastic Reserve	£671m
Central Estimate	£489m
Option value	27%

This represents the cost of the payouts exceeding 100% asset share due to no-MVR guarantee under the stochastic projection.

Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4A

Name of insurer **Aviva Life & Pensions UK Ltd – With-Profits Sub-Fund**

Global business

Financial year ended **31 December 2012**

The guarantees are in the money for many years of purchase, and the future guarantee of 4% per annum return requires an investment return in excess of 5.6% to support it.

Non-Contractual Commitments

This represents the cost of the mortgage endowment promise from conventional endowments (plus a small cost from unitised endowments). The amount paid under the promise is the difference between the mortgage amount and policy payout if returns on the fund after tax are 6% or more, or the amount as communicated to policyholders in other circumstances.

Maximum top-up amounts have been communicated to policyholders. We have also advised policyholders that even after the Promise payment has been made they may have a shortfall.

Payment of the mortgage promise is conditional on the investment earnings achieved on the estate. These must be sufficient to pay the shortfall amounts falling due each year.

For the purposes of the valuation, we have assumed that the full promise amount would be paid at all times, with no reduction in those scenarios where the cost of the promise exceeds the investment earnings on the estate.

The payment of promise amounts also gives rise to additional transfers to shareholders.

Mortgage Endowment Promise

Stochastic Reserve	£548m
Central Estimate	£548m
Option value	0%

The option value is negative as in some scenarios very good returns will mean we don't need to pay the full promise amount.

Costs of Financial Options

This represents the cost of the guaranteed annuity option (GAO) attaching to conventional deferred cash pensions. Contracts provide for a basic cash amount plus accrued regular bonus and a final bonus. The policyholder then has the option to take this cash amount or to convert this into income at guaranteed rates written into the policy conditions.

	GAO
Stochastic Reserve	£625m
Central Estimate	£611m
Option value	2%

Guaranteed annuity options are very deeply in the money.

Smoothing Costs

The amount reported is designed to give broadly neutral smoothing costs allowing for the costs incurred to the valuation date, consistent with statements in the PPFM for With Profits Sub-fund.

Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4AName of insurer **Aviva Life & Pensions UK Ltd – With-Profits Sub-Fund**

Global business

Financial year ended **31 December 2012****(ii) Description of the asset model**

The asset model was calibrated using the following assumptions:

Risk-free rate:

- The Risk-free rate curve used in the model is shown below:

Term	Risk-free rate (Gilts +10)	Risk-free rate (Swaps)	
	Dec-11	Dec-11	Dec-12
1	0.32%	1.09%	0.57%
2	0.42%	1.30%	0.67%
3	0.64%	1.37%	0.77%
4	0.89%	1.47%	0.90%
5	1.14%	1.61%	1.04%
6	1.38%	1.75%	1.21%
7	1.61%	1.91%	1.39%
8	1.82%	2.06%	1.57%
9	2.02%	2.20%	1.75%
10	2.20%	2.32%	1.92%
15	2.85%	2.79%	2.58%
20	3.21%	3.02%	2.96%
25	3.39%	3.12%	3.14%
30	3.46%	3.17%	3.24%

- All assets were expected to grow at the risk-free rate (i.e. risk neutral pricing was used).

Derivation of risk-free rate curve:

The risk-free rate will be based on gilts +10bps for the opening position and the swap curve for the closing position. December swap curve is given for comparative purposes only. The swap curve has been adopted for use at April 2012 onwards in order to be consistent with the exiting Pillar 2 and MCEV practice, and in advance of Solvency 2 regulations which will require the use of a swap curve.

Use of the curve:

The above risk-free rate curve was used for all option-pricing purposes.

Interest Rate Model

A monthly Libor Market Model Plus (LMM+) is used.

The LMM+ model allows for variation of interest rate volatility by moneyness of guarantees as well as by term to maturity and term of payment (for GAO and GMP). This results in a better fit to the volatility surface.

Real interest rates are modelled using a 2-factor Vasicek model.

The Vasicek model is one of the simplest interest rate models. The model uses two stochastic factors – this allows a richer universe of possible yield curve shapes and allows a degree of de-correlation between different parts of the yield curve. Under the Vasicek model it is possible to obtain negative interest rates. Unlike the nominal case, this is not a problem for real interest rates as it is possible to observe negative real rates in practice.

The inflation assumption is derived from the difference in modelled nominal and real interest rates.

Equity Model

Equity volatility is calibrated to equity implied volatility. The approach to calibration is to capture the volatility of the longest available option term

Exchange traded options generally only trade up to two year terms. However, this is not a very good proxy for the long term guarantees embedded in insurance contracts. Longer terms are

Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4AName of insurer **Aviva Life & Pensions UK Ltd – With-Profits Sub-Fund**

Global business

Financial year ended **31 December 2012**

available OTC from investment banks - the longest term available is usually 10 years. This data is collected from a panel of investment banks.

The equity model is for the excess return process. That is, the element of return in excess of cash.

Barrie and Hibbert's Stochastic Volatility Jump Diffusion (SVJD) model is used. The SVJD model allows volatility to vary by equity price and time. This allows the model to capture the volatility skew as well as the term structure. As the full implied volatility surface can be captured the model is suitable for valuing guarantees where the characteristics vary by term and moneyness. The following sample UK equity volatilities have been produced from the ESG model:

Term\Strike	0.7	0.8	0.9	1	1.1	1.2	1.3
1	25.6%	23.3%	20.8%	18.4%	15.6%	12.3%	11.6%
3	27.0%	25.1%	23.2%	21.5%	19.8%	18.1%	16.4%
5	28.0%	26.6%	25.2%	23.9%	22.7%	21.5%	20.3%
10	28.4%	27.4%	26.4%	25.6%	24.8%	24.0%	23.4%
15	28.6%	27.8%	27.2%	26.6%	26.1%	25.6%	25.1%
20	28.7%	28.1%	27.6%	27.1%	26.7%	26.4%	26.1%

Property Model

Property is modelled as an equity type asset using the constant volatility model.

The model is calibrated using our best estimate assumptions as there are no meaningful option prices. The best estimate is 15%.

Correlations

Correlations are controlled in two ways. For equity markets, correlations are defined by the exposures to common elements of the factor model. For other assets, correlations can be defined between the stochastic shocks to the returns. Shock correlations are not equivalent to return correlations. However, shock correlations can be used to target a particular return correlation.

Correlations between asset returns are targeted to best estimate assumptions. These targets have been derived by considering historical behaviour.

The target correlations used within the ESG are displayed below:

UK Equity Return versus	End Dec 2012
Property	35%
Bonds	17%
IL Bonds	11%
Short Rate	-7%
European Equities	75%
US Equities	75%
Japanese Equities	52%
Emerging Markets Equities	62%
Pacific Basin Equities	54%

Correlations between asset classes are not constant within the model and will differ from the above, but the above targets represent the level of correlation which the parameters of the model are chosen to reproduce in the long term.

Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4AName of insurer **Aviva Life & Pensions UK Ltd – With-Profits Sub-Fund**

Global business

Financial year ended **31 December 2012****(iii) Option prices from asset model**

	<i>K</i>	0.75				1				1.5			
<i>n</i>	<i>Duration (n)</i>	5	15	25	35	5	15	25	35	5	15	25	35
<i>r</i>	<i>Annualised compound equivalent of the risk free rate assumed for the period (r)</i>	1.04%	2.58%	3.15%	3.30%	x	x	x	x	x	x	x	x
1	<i>Risk-Free Zero Coupon Bond</i>	949,444	682,464	460,428	320,823	x	x	x	x	x	x	x	x
2	<i>FTSE All Share Index (p=1)</i>	107,670	254,307	346,906	416,963	213,861	399,046	515,510	601,555	544,684	746,034	891,897	999,584
3	<i>FTSE All Share Index (p=0.8)</i>	105,036	225,675	280,294	311,881	208,751	354,585	417,646	452,113	532,136	664,856	725,866	755,883
4	<i>Property (p=1)</i>	29,533	100,838	168,391	231,595	131,010	232,636	317,021	395,067	521,440	605,541	693,594	779,090
5	<i>Property (p=0.8)</i>	27,727	79,019	116,961	148,237	125,230	189,181	228,058	261,273	507,325	515,510	524,151	540,220
6	<i>15yr Risk-Free ZCBs (p=1)</i>	8,695	11,756	13,923	28,665	78,706	87,283	94,944	129,939	500,481	502,030	503,763	522,658
7	<i>15yr Risk-Free ZCBs (p=0.8)</i>	7,923	6,411	4,182	6,374	73,580	54,465	36,929	41,629	485,220	395,709	304,382	264,805
8	<i>15yr Corporate Bonds (p=1)</i>	11,079	19,101	25,523	43,344	86,184	102,580	113,038	149,119	500,866	503,795	505,891	530,771
9	<i>15yr Corporate Bonds (p=0.8)</i>	10,144	11,580	10,441	13,131	80,956	69,020	52,829	58,415	485,685	399,923	313,638	280,025
10	<i>Portfolio 1 (p=1)</i>	65,067	173,929	251,841	314,268	161,891	306,332	405,027	481,937	519,120	652,408	769,029	859,991
11	<i>Portfolio 1 (p=0.8)</i>	62,942	149,208	194,184	223,388	156,793	264,654	315,188	345,618	505,204	568,900	605,764	626,235
12	<i>Portfolio 2 (p=1)</i>	57,099	151,287	217,568	272,566	147,220	275,352	361,390	429,836	508,390	612,843	713,191	796,322
13	<i>Portfolio 2 (p=0.8)</i>	55,163	128,638	164,891	189,569	142,396	235,969	276,700	301,700	494,102	530,199	553,861	568,555
14	<i>Portfolio 3 (p=1)</i>	29,447	87,117	135,107	180,377	109,317	196,615	262,322	320,648	502,228	547,685	613,397	677,181
15	<i>Portfolio 3 (p=0.8)</i>	28,019	69,578	93,686	111,617	104,517	159,714	185,379	205,422	487,139	458,195	450,736	451,935
16	<i>Sterling Receiver Swaptions</i>	19.27%	12.52%	10.18%	7.69%	22.53%	15.34%	12.36%	9.36%	25.47%	17.67%	14.19%	10.65%
		<i>Swap Duration = 15 years</i>				<i>Swap Duration = 20 years</i>				<i>Swap Duration = 25 years</i>			

Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4A

Name of insurer **Aviva Life & Pensions UK Ltd – With-Profits Sub-Fund**

Global business

Financial year ended **31 December 2012**

Notes on the table above:

Row 1 shows the value of cash payments of £1,000,000 due n years after the valuation date. Rows 2 to 15 inclusive is completed for the appropriate asset classes showing the value of a put option on a portfolio worth £1,000,000 on the valuation date exercisable n years after the valuation date with strike price of $K * £1,000,000 * (1+r^*p)^n$.

All references to 15-year bonds mean rolling bonds traded to maintain the 15 year duration at all future dates. The corporate bonds are assumed to be rolling AA rated zero coupon bonds.

Row 16 shows the value of sterling receiver swaptions with a strike of 5% exercisable n years after the valuation date with swap durations on exercise of L years. The values are expressed as a percentage of nominal.

The property put options are assumed to relate to a well diversified portfolio of UK commercial property.

A zero trend growth in property prices is assumed where this is relevant.

In each case the options are valued with reinvestment of any dividend income into the FTSE All Share index and reinvestment of any rental or other property income into UK property.

Tax is ignored in all calculations.

All options are assumed to be European-style.

Commentary on the results:

Our maturity value and no-MVR guarantees that are priced through this process have a discounted mean term of around 11 years. Results produced for guarantees longer than 20 years are of less relevance.

For Guaranteed Annuity Options our model is calibrated to the discounted mean term of the GAO liability and the strike price of the GAOs (around 9%). The results produced by the model at 5% strike are not relevant to our valuation of GAO.

For the gilt portfolio pricing we are asked to base these results on a 15-year rebalancing portfolio. Our philosophy is to hold fixed-interest assets with duration matching to the discounted mean term of the liability (i.e. the portfolio shortens over time). Similar to the comments above, results produced incorporating a 15-year rebalancing rule have little practical relevance to the cost of our guarantees.

(iv) Initial Equity and Property Rental Yields

For UK, the initial equity yield is 3.72% and the initial property rental yield is 4.3%.

(v) UK risk free rates are applied throughout.

Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4AName of insurer **Aviva Life & Pensions UK Ltd – With-Profits Sub-Fund**

Global business

Financial year ended **31 December 2012****(vi) Duration of significant guarantees**

The following tables show the durations of significant guarantees and promises for the with-profits funds. Duration is calculated as weighted average of projected maturity years with weights equal to the cost of guarantees.

With Profits Sub-fund – Duration of guarantees

	Duration (yrs)	%														
		2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027+
Conventional Life																
Base guarantee	6.3	0	8	18	20	13	8	4	3	0	-	6	-	7	-	13
Mortgage promise	2.4	17	26	22	24	8	2	0	-	0	-	0	-	-	-	-
Conventional Pensions																
Base guarantee	7.7	4	4	6	9	6	9	9	8	9	7	7	6	5	3	8
GAR option	5.7	12	15	9	9	7	6	6	6	5	6	4	4	3	3	5
S32 GMP guarantee	6.4	8	8	9	9	7	10	8	7	7	6	5	4	3	2	5
Unitised Life:																
Death guarantee	11.7	1	2	3	4	4	5	6	6	6	6	6	6	6	5	34
Partial surrender guarantee	8.1	2	5	7	8	8	9	9	8	7	6	5	5	4	3	13
Surrender guarantee	6.0	0	1	14	33	4	0	1	12	25	2	0	0	2	4	1
Unitised Pensions:																
Base guarantee	13.3	1	0	2	2	3	4	4	4	5	5	5	6	6	6	46

Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4A

Name of insurer **Aviva Life & Pensions UK Ltd – With-Profits Sub-Fund**

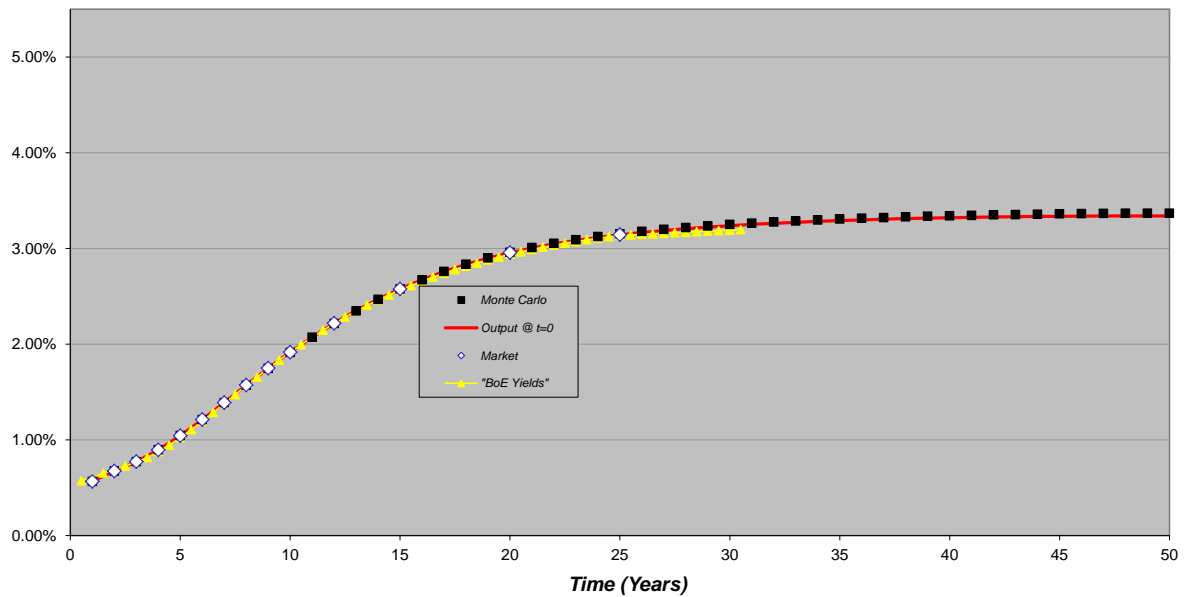
Global business

Financial year ended **31 December 2012**

The following illustrate the fit of the asset model to specimen market traded instruments:

Yield curve validation

Nominal Yield Curve Validations (end December 2012)



Market implied volatilities:

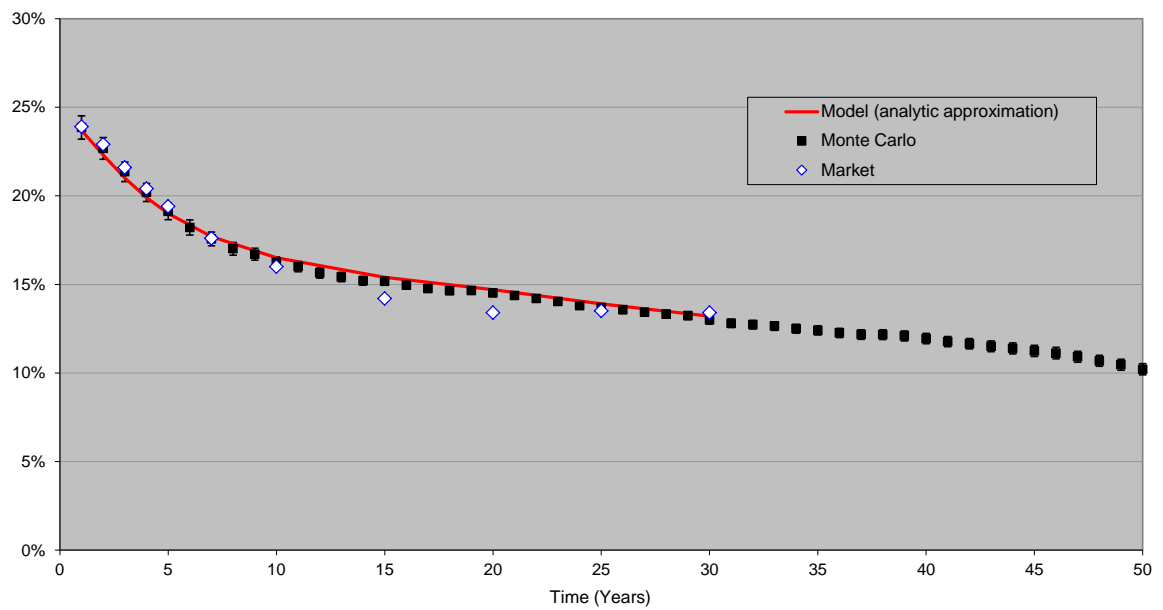
Term\Strike	0.7	0.8	0.9	1.0	1.1	1.2	1.3
1	27.2%	23.9%	20.6%	17.6%	15.2%	14.0%	13.6%
3	27.1%	25.1%	23.2%	21.5%	19.8%	18.3%	17.1%
5	28.0%	26.3%	24.8%	23.4%	22.1%	21.0%	20.1%
9	29.4%	28.2%	27.0%	26.0%	25.0%	24.1%	23.3%

Difference between Modelled volatilities and Market Implied volatilities (bps):

Term\Strike	0.7	0.8	0.9	1.0	1.1	1.2	1.3
1	(161)	(59)	23	77	37	(170)	(199)
3	(8)	2	0	(1)	(1)	(15)	(66)
5	0	28	42	53	53	45	24
9	(91)	(74)	(63)	(55)	(44)	(36)	(34)

Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4AName of insurer **Aviva Life & Pensions UK Ltd – With-Profits Sub-Fund**

Global business

Financial year ended **31 December 2012**Swaption implied volatilities**Swaption LMM+ ATM Validation 20 years (end Dec 2012)****(vii) Nature of validations of asset model**

The table below shows the discounted value of £1 invested on the valuation date and projected forward t years ($t=5, 10, 15, 20$) invested in equities and property. For a risk-neutral model, the expected result would be 100%.

t (year from valuation date)		5	10	15	20
Equities	5000 Simulation results	99.5%	100.0%	99.7%	99.7%
	standard error	0.3%	0.6%	1.0%	1.4%
Property	5000 Simulation results	100.0%	99.7%	99.4%	99.6%
	standard error	0.2%	0.3%	0.5%	0.6%

t (year from valuation date)		5	10	15	20
Equities	1000 Simulation results	98.7%	98.5%	97.4%	97.2%
	standard error	0.7%	1.4%	2.1%	2.8%
Property	1000 Simulation results	99.6%	99.2%	99.3%	99.6%
	standard error	0.3%	0.6%	0.9%	1.5%

(viii) Number of projections

To ensure convergence of the liabilities, separate calculations were carried out on different numbers of simulations (2500 and 5000). This has demonstrated that there is no significant change in convergence between 2500 and 5000 sims. 2500 sims has been used in the step through analysis over the year and in the final closing position.

Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4A

Name of insurer **Aviva Life & Pensions UK Ltd – With-Profits Sub-Fund**

Global business

Financial year ended **31 December 2012**

(b) **Market costs of hedging - Description of guarantees, options or smoothing**

No guarantees, options or smoothing costs have been valued using this method.

(c) **Deterministic projections - Description of guarantees, options or smoothing**

No guarantees, options or smoothing costs have been valued using this method.

(5) **Management Actions**

- (a) There are various allowances and limitations for management actions in the stochastic model. Details of the key decisions are set out below.

Projected Equity backing Ratio (EBR)

It is assumed that management will intervene and carry out switches (over and above any market movements) of assets backing asset shares. The aim of this approach is to maximise policyholder returns, whilst managing solvency within acceptable risk levels.

If equity/property performance was poor, solvency would reduce, leading to management action to reduce the exposure to these assets. The model contains limits on the maximum change to the total EBR that can be made per month and has upper and lower EBR bounds. Additionally, the model contains limits on the maximum change to the relative proportion of equity and property that can be made per annum.

The EBR dynamic rule within the stochastic model takes into account the projected value of the future guarantees, available capital and asset shares. It then adopts a dynamic hedging approach to determine the EBR for the assets backing the asset share.

If projected asset shares are close to the projected value of the guarantees and the available capital is low, then we are less able to rely on equity/property assets, which leads to a lower EBR. However, if the projected asset shares are significantly in excess of the projected guarantees or if the available capital is high, then there is more scope to invest in equity/property and EBR can increase accordingly.

Regular Bonus Assumptions

The RB rate is set to ensure that a sufficient level of final bonus can be built up whilst also ensuring the RB rate has reasonable long term sustainability.

The stochastic model utilises a dynamic RB algorithm that depends on the projected asset share to projected guaranteed benefit relationship, along with the desired final bonus buffer and investment return assumption. This calculation also allows for a maximum per annum movement in the RB rate.

The RB algorithm has been compared with actual bonus declarations with satisfactory results.

The results produced by the application of this model are shown in 6.5(b)(i).

Guarantee Charges on asset shares

The model uses a 0.5% guarantee charge for 2013 and a 0.75% guarantee charge thereafter on asset shares for With Profits Sub-fund business. The Guarantee Charge has been restricted to be no greater than the cost of guarantees in any scenario, which complies with the requirements of INSPRU 1.3.188R.

Shareholder Transfers and tax

The model assumes that transfers to shareholders continue at the rate of one ninth of the cost of bonus on Conventional Business only.

Shareholder transfers and the associated tax are assumed to be charged to asset shares or the estate in line with the PPFM.

Mortality costs

Mortality profits and losses are passed on to the asset shares of Conventional policies in line with PPFM.

Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4AName of insurer **Aviva Life & Pensions UK Ltd – With-Profits Sub-Fund**

Global business

Financial year ended **31 December 2012****Surrender costs**

The current practice of the fund is to target surrender payouts at 100% of Asset Share. Consequently, no future surrender profit or loss is anticipated to emerge.

(b) Best estimate of future proportions of assets backing the WPBR.

- The projection allows for future EBR management action as discussed earlier in this document. The results reflect an average of the simulated positions.

(i) Projection at risk free rateUWP Bonus Rates

Product	31-Dec-12	31-Dec-17	31-Dec-22
UWP Life	0.75%	1.06%	1.39%
UWP Life with Gtee	2.50%	2.59%	2.75%
UWP Pension	1.25%	1.46%	1.61%
UWP Pension with Gtee	4.00%	4.01%	4.04%

Further notes on bonus rates:

- Units purchased before 1 January 1999 on Life policies written before 1 January 1995 have a guaranteed regular bonus rate of 2.5%;
- Units purchased before 1 January 1999 on Pensions policies written before 1 January 1995 have a guaranteed regular bonus rate of 4% p.a.

Assets Backing With-Profit Benefits Reserve

To the extent that the asset mix in the fund is different from the benchmark asset mix for the fund, it is assumed that the asset mix is reset to the benchmark immediately following the valuation date.

Consequently, the projections below are based on the benchmark asset share mix as at 31 December 2012:

Asset Class	31/12/2012	31/12/2017	31/12/2022
Equities	40.3%	39.0%	42.2%
Property	23.6%	22.8%	24.7%
Fixed Interest	36.1%	35.9%	30.7%
Cash	0.0%	2.4%	2.4%
Total Assets	100.0%	100.0%	100.0%
EBR	63.9%	61.7%	66.9%

(ii) Projection at risk free rate plus 17.5%UWP Bonus rates

Product	31-Dec-12	31-Dec-17	31-Dec-22
UWP Life	0.75%	1.31%	1.69%
UWP Life with Gtee	2.50%	2.65%	2.88%
UWP Pension	1.25%	1.76%	1.92%
UWP Pension with Gtee	4.00%	4.01%	4.07%

Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4AName of insurer **Aviva Life & Pensions UK Ltd – With-Profits Sub-Fund**

Global business

Financial year ended **31 December 2012**Assets Backing With-Profit Benefits Reserve

Asset Class	31/12/2012	31/12/2017	31/12/2022
Equity	40.3%	40.9%	43.6%
Property	23.6%	23.9%	25.5%
Fixed Interest	36.1%	32.8%	28.5%
Cash	0.0%	2.4%	2.4%
Total Assets	100.0%	100.0%	100.0%
EBR	63.9%	64.8%	69.2%

(iii) **Projection at risk free rate minus 17.5%**UWP Bonus rates

Product	31-Dec-12	31-Dec-17	31-Dec-22
UWP Life	0.75%	0.83%	1.13%
UWP Life with Gtee	2.50%	2.54%	2.65%
UWP Pension	1.25%	1.18%	1.34%
UWP Pension with Gtee	4.00%	4.00%	4.02%

Assets Backing With-Profit Benefits Reserve

Asset Class	31/12/2012	31/12/2017	31/12/2022
Equity	40.3%	36.4%	40.2%
Property	23.6%	21.3%	23.5%
Fixed Interest	36.1%	40.0%	33.9%
Cash	0.0%	2.4%	2.4%
Total Assets	100.0%	100.0%	100.0%
EBR	63.9%	57.6%	63.7%

Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4AName of insurer **Aviva Life & Pensions UK Ltd – With-Profits Sub-Fund**

Global business

Financial year ended **31 December 2012****(6) Persistency and Mortality Assumptions**

The lapse rates assumed in the projection of the asset shares and guaranteed benefits are based on own experience adjusted for anticipated trends. The following table shows the static assumptions; the model incorporates a dynamic overlay to these rates.

WPSF		<u>Average surrender / paid-up rate for the</u> <u>policy years</u>			
		1-5	6-10	11-15	16-20
CWP savings endowment	surrender	n/a	n/a	n/a	3.00%
CWP target cash endowment	surrender	n/a	n/a	n/a	3.00%
UWP savings endowment	surrender	n/a	n/a	10.00%	10.00%
UWP target cash endowment	surrender	n/a	n/a	10.00%	10.00%
UWP bond	surrender	n/a	n/a	10.00%	10.00%
UWP bond	automatic withdrawals	n/a	n/a	1.75%	1.75%
CWP pension regular premium	PUP	0.00%	0.00%	0.00%	0.00%
CWP pension regular premium	surrender	1.00%	1.00%	1.00%	1.00%
CWP pension single premium	surrender	1.00%	1.00%	1.00%	1.00%
UWP indiv pension regular premium	PUP	n/a	n/a	n/a	n/a
UWP indiv pension regular premium	surrender	3.50%	3.50%	3.50%	3.50%
UWP indiv pension single premium	surrender	3.50%	3.50%	3.50%	3.50%

For UWP business we make no allowance for future premiums, so the PUP rate is not applicable.

Automatic partial withdrawals on bonds have no MVRs applied (subject to certain limits).

Mortality Assumptions

Mortality assumptions for the Realistic Balance sheet are generally best-estimate assumptions.

Annuitant Mortality

For all immediate annuities and deferred annuities in payment we use the following annuitant mortality basis

	31 December 2012
Males	103.5% PCMA00 with CMI_2011_M(1.5%) improvement factors, applicable from 2001
Females	98.5% PCFA00 with CMI_2011_M(1.5%) improvement factors, applicable from 2001

Guaranteed Annuity Option take-up rate

A take-up rate of 88% has been assumed in respect of Guaranteed Annuity options attaching to pensions.

The take up rate is assumed irrespective of how in the money the option is.

The member's chosen normal retirement age has been used to determine the value of the Guaranteed Annuity Option.

(7) Policyholder Actions

Policyholder actions are covered by the static persistency and GAO take-up rates in the previous section, together with a dynamic overlay for certain classes of business. There is dynamic linking of policyholder behaviour in respect of no-MVR and 'money-back' guarantees for certain classes of business.

Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4A

Name of insurer **Aviva Life & Pensions UK Ltd – With-Profits Sub-Fund**

Global business

Financial year ended **31 December 2012**

7. Financing Costs

There are no financing costs.

8. Other long-term insurance liabilities

Product Class	Any other liabilities related to treating customers fairly	Any other long-term insurance liabilities
Conventional Life	0	105
Conventional Pensions	0	33
UWP Life	0	0
UWP Pensions	0	0
Miscellaneous	0	118
Total	0	256

Any other liabilities related to treating customers fairly

No liability is held in respect of any other liabilities related to treating customers fairly.

Any other long-term insurance liabilities

Shareholder transfers and the additional tax due on shareholder transfers are not chargeable to With Profits Sub-fund asset shares as set out in the demutualisation scheme. £134m is held in respect of these liabilities to the estate.

£53m is held to cover the cost of future expenses not charged to asset shares.

£20m is included in respect of other liabilities including future pension transfer review costs, funding for the Aviva staff pension scheme deficit, and investigation and redress of mortgage endowment mis-selling complaints.

An additional liability of £50m is held to cover shortcomings in the modelling process.

9. Realistic current liabilities

The realistic current liabilities include the following:

- Outstanding claims
- Creditors arising out of direct insurance business
- Amounts owed to credit institutions
- Creditors in relation to current tax liabilities
- Other creditors
- Accruals and deferred income

The realistic current liabilities at 31 December 2012 are £2,475m.

The realistic current liabilities are £7m lower than the regulatory liabilities. This reflects taking partial credit for assumed future income and capital gains for which tax due can be offset against an existing deferred tax asset.

Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4AName of insurer **Aviva Life & Pensions UK Ltd – With-Profits Sub-Fund**

Global business

Financial year ended **31 December 2012****10. Risk Capital Margin**

(1)

Fund	RCM (£m)
With Profits Sub-fund	552.1

(a)

(i) Changes in asset values under stress scenarios for equities and real estate (property)

Asset Class	Change in market values
UK Equities	20.0%
OS Equities	21.6%
Property	12.5%

The overseas equity fall is set such that it has the same probability as UK equities falling 20%.

A fall in market values of equity and property is more onerous than a rise in market values.

(ii)

Asset Class	Rise in FI yields	Fall in FI yields
Nominal change in yields	+41bps	-41bps
long-term yield – level post-stress	2.73%	1.91%
long-term yield – % movement post-stress	+17.50%	-17.50%

The fall in fixed-interest yield scenario is more onerous.

(iii)

Fund	Average Increase in credit spread – excluding Approved stock	Change in FI asset value – excluding Approved stock
With Profits Sub-fund	1.03%	-6.12%

The average increase in credit spread is weighted by current market value of fixed interest.

The change in FI asset values is from the increase in credit spreads from the credit-risk test.

No stress has been applied to any other assets in the credit risk scenario.

There is no reinsurance in the Fund.

(iv) For the persistency test a 32.5% decrease in lapse rates is tested as this increases the fund's exposure to maturity guarantees.

% increase in realistic liabilities = 0.95%

(v) Not applicable.

(b) Management Actions under the stress tests

(i) No changes in management actions or to any other assumptions are assumed to be made under the stress tests.

(ii) Not applicable.

(iii) The same investment management rules governing any change in asset mix of the fund have been used for projection of assets in the stress tests as in the central scenario.

(iv) In the stress test, the Guarantee Charge remains at 0.50% for 2013 and 0.75% p.a thereafter.

Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4AName of insurer **Aviva Life & Pensions UK Ltd – With-Profits Sub-Fund**

Global business

Financial year ended **31 December 2012**

(c)

(i) The assets hypothecated to back the risk capital margin are set out in the following table

Assets backing RCM	£m	%
UK equities	0.0	0.0%
Overseas equities	0.0	0.0%
Land and buildings	0.0	0.0%
Approved fixed interest securities	552.1	100.0%
Other fixed interest securities	0.0	0.0%
All other assets	0.0	0.0%
Total	552.1	100.0%

(ii) All assets backing the RCM are within the With-Profits Sub-Fund.

11. Tax**(1) Tax treatment in the with-profits benefit reserves**

Asset shares are credited with net of tax investment returns allowing for actual tax rates.

	2012 %
Income tax	20
Capital gains tax	20
Franked income tax	-
Withholding tax	15

Capital gain tax is charged or relief credited, on unrealised gains or losses in each period allowing for the probability of the charge or relief materialising in future. A probability of 50% is assumed as this would be expected to prevail in the vast majority of economic circumstances. For 2012 returns the probability lead to a notional tax charge/credit of 10%.

(2) Tax treatment in future policy related liabilities

The following tax rates have been used in the future for all projections:

Corporation Tax	23%
Income Tax	20%
Capital Gains Tax	20%
Franked Income Tax	0%
Withholding Tax	15%

The corporation tax rate has been updated from 25% to 23% in respect of payments from 2013 onwards, following the rate that will apply from April 2013. No allowance is made for possible further reductions in this rate in future.

For asset share projections in the stochastic model, capital gains tax is levied on gains in each future period at 20% in simulations where there are sufficient cumulative indexed gains.

(3) Tax treatment in the realistic current liabilities

In the realistic regime allowance for deferred tax assets is made. The credit in relation to capital losses is reduced to allow for the probability of no future value being obtained for those capital losses. Discounting is applied for deferral of tax on deemed disposals on OEICs and any acquisition expense elements of the tax asset.

In the regulatory regime no allowance is made for deferred tax assets.

Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4A

Name of insurer **Aviva Life & Pensions UK Ltd – With-Profits Sub-Fund**

Global business

Financial year ended **31 December 2012**

12. Derivatives

Security	Exposure at 31/12/2012
	£m
Futures on Bonds - short term trading derivatives	(669)
Futures on Equities - short term trading derivatives	(533)
Currency Futures	2,210
Property swaps	0
Interest Rate Swaps	2,704
Credit Default Swaps	7
Equity Options	446

The exposure to futures is part of Aviva Life & Pensions UK Limited portfolio management strategy, and the majority of futures expire no later than 31 March 2013.

The Property swaps are used to manage the property exposure in the fund

The Interest Rate Swaps are used as a partial hedge of the Guaranteed Annuity Option liability.

The Credit Default Swaps are used to manage bond spread and default risk within the fund.

The swap exposure figures are shown as gross counterparty exposure and do not allow for the offset of individual contracts against one another.

The Equity Options are used to manage equity exposure within the fund.

Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4AName of insurer **Aviva Life & Pensions UK Ltd – With-Profits Sub-Fund**

Global business

Financial year ended **31 December 2012****13. Analysis of working capital**

	£m
Working capital at 31/12/2011	1,614
Investment return on opening working capital and profits on assets backing liabilities	135
Economic assumption changes	(7)
Non-economic assumption changes	(27)
Policyholder action assumption changes	58
Other experience variances	85
Planned enhancements to WPBR	0
Impact of new business	0
Changes in reinsurance and regulation	0
Modelling changes and opening adjustments	37
Miscellaneous liabilities	(6)
Working capital at 31/12/2012	1,890

Notes

1. The profits on assets backing liabilities includes the reduction in guarantee costs arising from the release of time value in guarantees and options, returns on assets backing guarantees in excess of the movement in the cost of guarantees. It has not been possible to split return on working capital and return on guarantee costs so this has also been included in this line of the analysis.
2. The economic assumption impact in is mainly driven by changes in assumed asset mix, partially offset by reductions in equity volatility.
3. Non-economic assumption changes include a strengthening of the annuitant mortality assumptions, a weakening of the assurance mortality assumptions and a reduction to the planned charge to asset shares in 2013.
4. The policyholder assumption changes relates to a removal of the assumed future increase in the Guaranteed Annuity Option take-up rate and an increase in lapse rates on UWP bonds.
5. Experience variances include the impact of premiums, claims and expenses.
6. The fund does not write significant volumes of new business.
7. Modelling changes and opening adjustments include
 - Harmonisation activities to improve consistency with other “best estimate” valuation bases (ICA, MCEV).
 - Dynamic equity backing ratio modelling improvement with regards to projection of equity and property proportions
 - Improvement to the modelling of the asset share uplifts for the refund of accumulated past guarantee charges
8. Note that the change in other liabilities from Form 19 line 47 is included in the analysis above.
9. The change in working capital arising purely from the change in line 51 cannot be quantified.

14. Optional Disclosure

The split and determination of what is classified as contractual and non-contractual obligations are covered in section 6.

Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4A

Name of insurer **Aviva Life & Pensions UK Ltd – Provident Mutual Sub-Fund**

Global business

Financial year ended **31 December 2012**

1. Introduction

- (1) The **valuation date** is 31 December 2012.
- (2) The date of the previous valuation was 31 December 2011.
- (3) An interim valuation was carried out with an effective date of 30 June 2012 for the purposes of rule 9.3A.

2. Assets

(1) Economic assumptions for valuation of non-profit business

The economic assumptions used to value future profits on non-profits business are as follows

	2012	2011
Gross investment return	Term dependent risk free rates	Term dependent risk free rates
Discount rate	Investment return	Investment return plus 0.5% p.a.
Expense inflation	2.76%	2.84%
Tax rates	20%	20%

- The risk free rates used are the same as the rates used to determine guarantee costs, and shown in section 6(4)(a)(ii) below.
 - The discount rate is now equal to the investment return. An explicit margin is held to allow for the cost of any non-financial guarantees.
 - The value of future profits on non-profit business includes the release of the LTICR in respect of non-profit business. In assessing this release an approximate allowance is made for tax and investment expenses.
- (2) Not applicable.
 - (3) Not applicable.
 - (4) Not applicable.

3. With-Profits Benefits Reserve Liabilities

- (1) There are four main methods used to calculate the with-profits benefits reserve.

- Asset share (individual) (retrospective)
- Asset share (group) (retrospective)
- Bonus Reserve Valuation (prospective)
- Regulatory Reserve (prospective)

The majority of the with-profits benefits reserves are asset shares calculated on an individual policy (or increment) basis. They represent an accumulation of premiums plus investment return less charges and other sources of profit or loss in line with the fund's PPFM. A small amount of business is treated at an aggregate level using accounts and reserve information to derive the asset share.

The With Profit Benefit Reserve for With Profits Immediate Annuities is set to the bonus reserve valuation for group business with entry years prior to 1984, where a BRV approach is used so that the With Profits Benefits reserve is aligned to the bonus setting process.

The total amount of With Profit Benefit Reserve calculated by reference to the BRV approach is £44m.

Regulatory reserves are used for remaining small classes of business where asset share or BRV calculations are not currently carried out.

Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4AName of insurer **Aviva Life & Pensions UK Ltd – Provident Mutual Sub-Fund**

Global business

Financial year ended **31 December 2012****At 31 December 2012**

Product Class	With-profit benefits reserve £m	Future Policy Related Liabilities £m	Total £m
Conventional Life		3	52
Asset Share (individual)	38		
Regulatory Reserve	11		
Conventional Pensions		459	1,653
Asset Share (individual)	984		
Asset Share (group)	132		
Bonus Reserve Valuation	44		
Regulatory Reserve	33		
Miscellaneous Other	2	(11)	(9)
Total	1,244	450	1,694

Conventional life consists mainly of endowment business with £11m of whole life business. The WPBR consists of individual policy level asset shares for premium paying business, regulatory reserve of £7m for premium paying business where reliable asset shares are not available, and another £4m of regulatory reserve on paid-up policies where no historical premium payment information is available. Conventional life endowment policies have guaranteed amounts at maturity equal to the basic sum assured plus any regular bonus accrued to date. Conventional whole life contracts provide a guaranteed payout on death of basic sum assured plus regular bonus accrued to date. Reinsurance of endowment business to OWPSF and NWPSF has reduced the asset share of this business in the PM fund by £45m.

Conventional pensions business consists of regular and single premium cash on retirement and deferred annuity business. Many of the pensions have a guaranteed annuity option (GAO) or minimum cash value at the normal retirement date. The majority of business has asset shares calculated at an individual policy basis with some approximations where reliable premium histories are unavailable. The asset shares for the DAF Fund are calculated at an aggregate level and total £102m at 31 December 2012.

Regulatory reserves of £33m are held mainly in respect of with-profit annuity, executive pensions and self-employed retirement annuities where reliable asset shares are not available. The miscellaneous items in the With Profits Benefit Reserve relate to amounts yet to be added to individual Asset Shares in respect of past experience.

(2) Not applicable.

4. With-profits benefits reserve – Retrospective method**(1) Table of methods**

Method	With-profit benefits reserve (%)
Asset Share (individual)	82
Asset Share (grouped)	11
BRV	4
Regulatory Reserve	4
Miscellaneous Other	0
Total	100

The table above shows the proportion of with profit benefit reserves calculated using each method.

The asset shares on a grouped basis relate to the conventional pension DAF scheme. The asset shares are an accumulation of premiums plus investment return, less claims and expenses at product level.

Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4AName of insurer **Aviva Life & Pensions UK Ltd – Provident Mutual Sub-Fund**

Global business

Financial year ended **31 December 2012****(2) Changes in valuation method**

- (a) The PM fund includes with-profits immediate annuities which have previously been modelled using a prospective Bonus Reserve Valuation method. With the adoption of a new stochastic model the majority of with-profit immediate annuities will now be valued using a retrospective asset share plus the present value of guarantee costs, allowing for future projected bonuses. A small subset of with-profits immediate annuity business will continue to use the BRV approach as asset share data is not available.
- (b) The products impacted by the changes described above are the with-profit immediate annuities.

(3) Allocation of expenses

- (a) See (b)
- (b) UKLS income and expenses are calculated on a monthly basis and a profit or loss determined on an annual basis.
- (c) The text below sets out the treatment of charges made to asset shares with respect to expenses and commission. Broadly speaking, all policy related expenses and commission are charged to asset shares.

	2012			
	Charged to WPBR £m	Not-Charged to WPBR £m	Non-Profit expenses £m	Total £m
Initial expenses and commission	0	0	0	0
Renewal expenses and commission	2	6	1	9
Shareholder Transfers	0	5	0	5

The above tables approximately splits out the expenses incurred over 2012. Non-profit expenses are expenses relating to non-profit business within the fund. PM asset shares are charged all actual expenses incurred. Charges for mortgage endowment mis-selling are deducted as an exit cost when calculating final bonus rates, however no such charge is made at present.

Expenses charged to the with-profit funds

From 01/01/2009 a new Management Services agreement (MSA) is in place whereby per policy (annual) and per fund charges are made. The per fund charge is allowed for by using an estimate of the policies in force in a given year, by MSA category, and by fund. Changes in policy counts over the year will be monitored, and this will be amended to reflect the actual policy counts retrospectively.

For policies that have migrated on to the outsourced platform “Alpha”, an additional per policy charge will apply. Furthermore, there is a trail fixed charge p.a. for the years 2009-2012.

Investment management expenses are charged to the funds in line with the Investment Management Agreement with the fund managers.

Commission and sales related expenses are also charged to the with-profit fund. Initial and renewal commission scales and uplifts depend on product type and the agreement with the particular sales channel.

Shareholder transfers are charged to the with-profit fund on a 90/10 basis.

Expenses charged to the with-profits benefit reserves

The total expenses charged to with-profits benefit reserves over 2012 are approximately £2.1m. Almost all of this relates to investment expenses and renewal expenses, as PM is not open to new business other than through increments to existing contracts.

Actual sales and policy administration fees are charged to asset shares on a cost plus basis.

Actual investment management fees are charged to asset shares.

Shareholder transfers are not charged to asset shares.

Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4AName of insurer **Aviva Life & Pensions UK Ltd – Provident Mutual Sub-Fund**

Global business

Financial year ended **31 December 2012****Expenses not charged to the with-profits benefits reserve**

Shareholder transfers are charged to the estate. The tax on shareholder transfers is paid for by the shareholders.

(4) Guarantee Charges

No regular deduction is made from the with profits benefit reserve of policies in respect of the cost of guarantees. A one-off adjustment is made to maturity payouts, as described in 6(4)(a).

(5) Non-Insurance Risk Charges

No explicit deduction is made from the with-profits benefit reserves in respect of non-insurance risks.

(6) Claims ratios

Fund	Product Type	2010	2011	2012
PM	Life	93%	99%	95%
PM	Pensions	95%	96%	94%

These are estimates of claim amounts relative to asset share for the past three complete calendar years.

The figures above for 2009 to 2011 are estimates based on actual maturity and surrender payouts. Figures for pensions policies are quoted relative to the asset share after any charge for projected Guarantee Annuity Option costs are applied.

All entries for Form 19 lines 32 and 33 in respect of reserves for past miscellaneous surplus and any past miscellaneous deficit are zero.

(7) Gross investment return allocated to WPBR

Gross returns allocated to asset shares over 2012 are 11.0%. This rate applies to all policies.

5. With-profits benefits reserve – Prospective method**(1) Prospective assumptions**

4% of the PM with-profit benefits reserve is made up of bonus reserves and 4% is made up of regulatory reserves. The key assumptions are:

(a) & (b) Valuation interest rates are as outlined in Appendix 9.4.

(c) Expense inflation assumption is 2.89%.

(d) Future bonus rates are as described in section 3(1).

(e) Expense assumptions are as outlined in Appendix 9.4.

(f) No allowance is made for lapses.

(g) Mortality bases are as outlined in Appendix 9.4.

(2) Not applicable.

Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4AName of insurer **Aviva Life & Pensions UK Ltd – Provident Mutual Sub-Fund**

Global business

Financial year ended **31 December 2012****6. Costs of guarantees, options and smoothing**

(1) Not applicable.

(2)

(a) The calculation of the cost of guarantees, options and smoothing has been performed using a stochastic model. A description of the stochastic model is given below.

(b) Grouping Basis

All valuation methods use grouped policy data. Data has been divided as follows:

For conventional business:

- Product class (e.g. life endowment, conventional pensions, with-profit annuity)
- Life Endowment contracts are grouped by business type, age, sex and outstanding term
- Conventional Pensions are grouped by business type, age, sex, outstanding term, original term and GAO eligibility.
- With Profit Annuities are grouped by business type, age, sex, outstanding term, annuity frequency, entry year, guarantee period, advance or arrear payment, bonus series and joint life status.

Approximately 53,000 individual model points have been grouped into 13,000 grouped model points.

Validations

The aggregate asset shares are reconciled to the totals in Form 19.

(c) Not applicable.

(3) Following a development we will determine the value of the cost of guarantees, guaranteed annuity options, and shareholder transfers for PM within the same stochastic model framework used for Aviva's other With-Profit funds, using consistent valuation methods. This replaces the semi-stochastic model previously used for PM. The new stochastic model allows for a full stochastic approach including the dynamic modelling of future EBR movements and bonus rate changes.

The PM fund includes with-profits immediate annuities which have previously been modelled using a prospective Bonus Reserve Valuation method. With the adoption of the new stochastic model the majority of with-profit immediate annuities will now be valued using a retrospective asset share plus the present value of guarantee costs, allowing for future projected bonuses. A small subset of with-profits immediate annuity business will continue to use the BRV approach as asset share data is not available.

(4) Description of guarantees, options or smoothing being valued**(a) Stochastic Model - Description of guarantees, options or smoothing**

(i) Here follows the cost and description of the guarantees, options and smoothing methods by product grouping.

Product Class	Planned enhancements to WPBR for cost of guarantees/options	Planned Deductions to WPBR for other costs	Contractual Guarantee costs	Non-Contractual Commitments	Cost of Financial Options	Smoothing costs
Conventional Life	1	0	0	0	0	0
Conventional Pensions	27	0	73	0	314	0
Miscellaneous	0	6	0	0	0	15
Total	28	6	73	0	314	15

Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4A

Name of insurer **Aviva Life & Pensions UK Ltd – Provident Mutual Sub-Fund**

Global business

Financial year ended **31 December 2012**

Planned Enhancements to WPBR

When the fund is in surplus prior to adjustments, we allow for payouts on maturing policies of all classes to be enhanced. The level of the enhancement is calculated so that the net realistic working capital in the fund is zero. At 31 December 2012 the planned enhancements to WPBR totalled £28m.

Planned Deductions to WPBR for Cost of guarantees and options

When the fund is in deficit prior to adjustments, we allow for payouts on maturing policies of classes that have a Guaranteed Annuity Option to be charged a proportion of the realistic cost of providing for the Guaranteed Annuity Options attaching to many of the policies. The proportion of the cost is calculated so that the net realistic working capital in the fund is zero, and the charge is no greater than 10% of the asset share.

When the fund is in deficit prior to adjustments, payouts on maturing Endowment policies are charged the cost of any compensation payable in respect of mis-selling of Mortgage Endowments.

At 31 December 2012, there were no planned deductions.

Planned Deductions to WPBR for other costs

This represents the expected charge to Asset Shares in respect of expenses incurred in the migration of business to the Admin Re platform.

Contractual Guarantee Costs

To assess the extent to which guarantees or options are in or out of the money we have compared the stochastic cost included in Form 19 against the cost on the deterministic 'central-estimate' basis using the risk-free rate.

Conventional Life

This represents the cost of the basic sum assured plus any accrued bonuses to date exceeding 100% asset share under the stochastic projection.

Stochastic Reserve = £0.1m

Central Estimate = £0.1m

Option Value = 34%

Conventional life guarantees are mostly in the money.

Conventional Pensions

This represents the cost of the basic sum assured plus any accrued bonuses to date exceeding 100% asset share under the stochastic projection. The costs of providing for any guaranteed annuity options is covered under the cost of financial options.

Stochastic Reserve = £35.0m

Central Estimate = £32.6m

Option Value = 7%

Conventional pensions guarantees are in the money.

Some pension policies have Guaranteed Annuity Rate options. The methodology for these reserves is covered in 6(4)(b).

Immediate Annuities

This represents the cost of guarantees on survival.

Stochastic Reserve = £38.1m

Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4AName of insurer **Aviva Life & Pensions UK Ltd – Provident Mutual Sub-Fund**

Global business

Financial year ended **31 December 2012**

Central Estimate = £28.9m

Option Value = 24%

Immediate annuity guarantees are mostly in the money

Costs of Financial Options

This represents the cost of the guaranteed annuity option (GAO) attaching to conventional deferred cash pensions. Contracts provide for a basic cash amount plus accrued regular bonus and a final bonus. The policyholder then has the option to take this cash amount or to convert this into income at guaranteed rates written into the policy conditions.

	GAO
Stochastic Reserve	£314m
Central Estimate	£310m
Option value	1%

Smoothing Costs

The amount reported is designed to give broadly neutral smoothing costs allowing for the costs incurred to the valuation date, consistent with statements in the PPFM for PM.

(ii) Description of the asset model

The asset model was calibrated using the following assumptions:

Risk-free rate:

- Risk-free rate curve as shown below –

Term	Risk-free rate (Gilts +10)	Risk-free rate (Swaps)	
	Dec-11	Dec-11	Dec-12
1	0.32%	1.09%	0.57%
2	0.42%	1.30%	0.67%
3	0.64%	1.37%	0.77%
4	0.89%	1.47%	0.90%
5	1.14%	1.61%	1.04%
6	1.38%	1.75%	1.21%
7	1.61%	1.91%	1.39%
8	1.82%	2.06%	1.57%
9	2.02%	2.20%	1.75%
10	2.20%	2.32%	1.92%
15	2.85%	2.79%	2.58%
20	3.21%	3.02%	2.96%
25	3.39%	3.12%	3.14%
30	3.46%	3.17%	3.24%

- The discount rate was set equal to the risk-free rate.
- All assets were expected to grow at the risk-free rate (i.e. risk neutral pricing was used).

Derivation of risk-free rate curve:

The risk-free rate will be based on gilts +10bps for the opening position and the swap curve for the closing position. December swap curve is given for comparative purposes only. The swap curve has been adopted for use at April 2012 onwards in order to be consistent with the exiting Pillar 2 and MCEV practice, and in advance of Solvency 2 regulations which will require the use of a swap curve.

Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4A

Name of insurer **Aviva Life & Pensions UK Ltd – Provident Mutual Sub-Fund**
 Global business
 Financial year ended **31 December 2012**

Use of the curve:

The above risk-free rate curve was used for all option-pricing purposes.

Interest Rate Model

A monthly Libor Market Model Plus (LMM+) is used.

The LMM+ model allows for variation of interest rate volatility by moneyness of guarantees as well as by term to maturity and term of payment (for GAO and GMP). This results in a better fit to the volatility surface.

Real interest rates are modelled using a 2-factor Vasicek model.

The Vasicek model is one of the simplest interest rate models. The model uses two stochastic factors – this allows a richer universe of possible yield curve shapes and allows a degree of de-correlation between different parts of the yield curve. Under the Vasicek model it is possible to obtain negative interest rates. Unlike the nominal case, this is not a problem for real interest rates as it is possible to observe negative real rates in practice.

The inflation assumption is derived from the difference in modelled nominal and real interest rates.

Equity Model

Equity volatility is calibrated to equity implied volatility. The approach to calibration is to capture the volatility of the longest available option term

Exchange traded options generally only trade up to two year terms. However, this is not a very good proxy for the long term guarantees embedded in insurance contracts. Longer terms are available OTC from investment banks - the longest term available is usually 10 years. This data is collected from a panel of investment banks.

The equity model is for the excess return process. That is, the element of return in excess of cash.

Barrie and Hibbert's Stochastic Volatility Jump Diffusion (SVJD) model is used. The SVJD model allows volatility to vary by equity price and time. This allows the model to capture the volatility skew as well as the term structure. As the full implied volatility surface can be captured the model is suitable for valuing guarantees where the characteristics vary by term and moneyness. The following sample UK equity volatilities have been produced from the ESG model:

Term\Strike	0.7	0.8	0.9	1	1.1	1.2	1.3
1	25.6%	23.3%	20.8%	18.4%	15.6%	12.3%	11.6%
3	27.0%	25.1%	23.2%	21.5%	19.8%	18.1%	16.4%
5	28.0%	26.6%	25.2%	23.9%	22.7%	21.5%	20.3%
10	28.4%	27.4%	26.4%	25.6%	24.8%	24.0%	23.4%
15	28.6%	27.8%	27.2%	26.6%	26.1%	25.6%	25.1%
20	28.7%	28.1%	27.6%	27.1%	26.7%	26.4%	26.1%

Property Model

Property is modelled as an equity type asset using the constant volatility model.

The model is calibrated using our best estimate assumptions as there are no meaningful option prices. The best estimate is 15%.

Correlations

Correlations are controlled in two ways. For equity markets, correlations are defined by the exposures to common elements of the factor model. For other assets, correlations can be defined between the

Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4A

Name of insurer **Aviva Life & Pensions UK Ltd – Provident Mutual Sub-Fund**

Global business

Financial year ended **31 December 2012**

stochastic shocks to the returns. Shock correlations are not equivalent to return correlations. However, shock correlations can be used to target a particular return correlation.

Correlations between asset returns are targeted to best estimate assumptions. These targets have been derived by considering historical behaviour.

The target correlations used within the ESG are displayed below:

UK Equity Return versus	End Dec 2012
Property	35%
Bonds	17%
IL Bonds	11%
Short Rate	-7%

Correlations between asset classes are not constant within the model and will differ from the above, but the above targets represent the level of correlation which the parameters of the model are chosen to reproduce in the long term.

Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4AName of insurer **Aviva Life & Pensions UK Ltd – Provident Mutual Sub-Fund**

Global business

Financial year ended **31 December 2012****(iii) Option prices from asset model**

	<i>K</i>	0.75				1				1.5			
<i>n</i>	<i>Duration (n)</i>	5	15	25	35	5	15	25	35	5	15	25	35
<i>r</i>	<i>Annualised compound equivalent of the risk free rate assumed for the period (r)</i>	1.04%	2.58%	3.15%	3.30%	x	x	x	x	x	x	x	x
1	<i>Risk-Free Zero Coupon Bond</i>	949,444	682,464	460,428	320,823	x	x	x	x	x	x	x	x
2	<i>FTSE All Share Index (p=1)</i>	107,670	254,307	346,906	416,963	213,861	399,046	515,510	601,555	544,684	746,034	891,897	999,584
3	<i>FTSE All Share Index (p=0.8)</i>	105,036	225,675	280,294	311,881	208,751	354,585	417,646	452,113	532,136	664,856	725,866	755,883
4	<i>Property (p=1)</i>	29,533	100,838	168,391	231,595	131,010	232,636	317,021	395,067	521,440	605,541	693,594	779,090
5	<i>Property (p=0.8)</i>	27,727	79,019	116,961	148,237	125,230	189,181	228,058	261,273	507,325	515,510	524,151	540,220
6	<i>15yr Risk-Free ZCBs (p=1)</i>	8,695	11,756	13,923	28,665	78,706	87,283	94,944	129,939	500,481	502,030	503,763	522,658
7	<i>15yr Risk-Free ZCBs (p=0.8)</i>	7,923	6,411	4,182	6,374	73,580	54,465	36,929	41,629	485,220	395,709	304,382	264,805
8	<i>15yr Corporate Bonds (p=1)</i>	11,079	19,101	25,523	43,344	86,184	102,580	113,038	149,119	500,866	503,795	505,891	530,771
9	<i>15yr Corporate Bonds (p=0.8)</i>	10,144	11,580	10,441	13,131	80,956	69,020	52,829	58,415	485,685	399,923	313,638	280,025
10	<i>Portfolio 1 (p=1)</i>	65,067	173,929	251,841	314,268	161,891	306,332	405,027	481,937	519,120	652,408	769,029	859,991
11	<i>Portfolio 1 (p=0.8)</i>	62,942	149,208	194,184	223,388	156,793	264,654	315,188	345,618	505,204	568,900	605,764	626,235
12	<i>Portfolio 2 (p=1)</i>	57,099	151,287	217,568	272,566	147,220	275,352	361,390	429,836	508,390	612,843	713,191	796,322
13	<i>Portfolio 2 (p=0.8)</i>	55,163	128,638	164,891	189,569	142,396	235,969	276,700	301,700	494,102	530,199	553,861	568,555
14	<i>Portfolio 3 (p=1)</i>	29,447	87,117	135,107	180,377	109,317	196,615	262,322	320,648	502,228	547,685	613,397	677,181
15	<i>Portfolio 3 (p=0.8)</i>	28,019	69,578	93,686	111,617	104,517	159,714	185,379	205,422	487,139	458,195	450,736	451,935
16	<i>Sterling Receiver Swaptions</i>	19.27%	12.52%	10.18%	7.69%	22.53%	15.34%	12.36%	9.36%	25.47%	17.67%	14.19%	10.65%
		<i>Swap Duration = 15 years</i>				<i>Swap Duration = 20 years</i>				<i>Swap Duration = 25 years</i>			

Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4A

Name of insurer **Aviva Life & Pensions UK Ltd – Provident Mutual Sub-Fund**

Global business

Financial year ended **31 December 2012**

Notes on the table above:

Row 1 shows the value of cash payments of £1,000,000 due n years after the valuation date.

Rows 2 to 15 inclusive has been completed for the appropriate asset classes showing the value of a put option on a portfolio worth £1,000,000 on the valuation date exercisable n years after the valuation date with strike price of $K * £1,000,000 * (1 + r * p)^n$.

All references to 15-year bonds mean rolling bonds traded to maintain the 15 year duration at all future dates. The corporate bonds should be assumed to be rolling AA rated zero coupon bonds.

Row 16 shows the value of sterling receiver swaptions with a strike of 5% exercisable n years after the valuation date with swap durations on exercise of L years. The values are expressed as a percentage of nominal.

The property put options assumed relate to a well diversified portfolio of UK commercial property.

A zero trend growth in property prices is assumed where this is relevant.

In each case the options are valued with reinvestment of any dividend income into the FTSE All Share index and reinvestment of any rental or other property income into UK property.

Tax is ignored in all calculations.

All options are assumed to be European-style.

Commentary on the results:

This is a combined table for 6.4(a)(iii) and 6.4(b)(iii).

Our maturity value guarantees that are priced through this process have a discounted mean term of around 10 years. Results produced for guarantees longer than 20 years are of less relevance.

For GAOs our model is calibrated to the discounted mean term of the GAO liability and the strike price of the GAOs (around 9%). The results produced by the model at 5% strike are not relevant to our valuation of GAO.

For the gilt portfolio pricing we are asked to base these results on a 15-year rebalancing portfolio. Our philosophy is to hold fixed-interest assets with duration matching to the discounted mean term of the liability (i.e. the portfolio shortens over time). Similar to the comments above, results produced incorporating a 15-year rebalancing rule have little practical relevance to the cost of our guarantees.

Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4AName of insurer **Aviva Life & Pensions UK Ltd – Provident Mutual Sub-Fund**

Global business

Financial year ended **31 December 2012****(iv) Initial Equity and Property Rental Yields**

For UK, the initial equity yield is 3.72% and the initial property rental yield is 4.3%.

(v) UK risk free rates are applied throughout.**(vi) Duration of significant guarantees**

The following table shows the durations of significant guarantees in the PM Fund. Duration is calculated as weighted average of projected maturity years with weights equal to the cost of guarantees.

Proportion of Guarantee Costs arising in Year (%)			
Year	Conventional Life – Base Guarantee	Conventional Pensions – Base Guarantee	Conventional Pensions – GAR Option
2013	18	9	30
2014	7	4	14
2015	4	5	10
2016	21	5	9
2017	13	6	7
2018	8	5	6
2019	3	6	5
2020	14	5	4
2021	2	8	4
2022	5	5	3
2023	0	6	2
2024	3	5	1
2025	1	5	2
2026	0	4	1
2027+	1	24	4
Total	100	100	100
Duration (yrs)	4.6	9.5	4.2

Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4A

Name of insurer

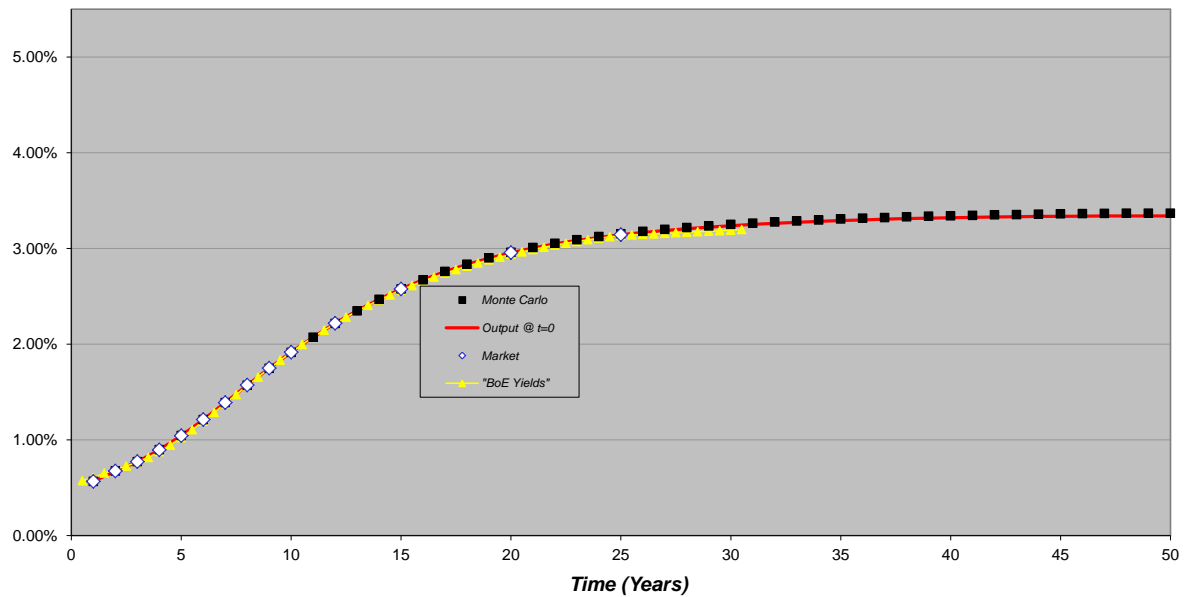
Aviva Life & Pensions UK Ltd – Provident Mutual Sub-Fund

Global business

Financial year ended

31 December 2012

The following illustrate the fit of the asset model to specimen market traded instruments:

Yield curve validation**Nominal Yield Curve Validations (end December 2012)**Market implied volatilities:

Term\Strike	0.7	0.8	0.9	1.0	1.1	1.2	1.3
1	27.2%	23.9%	20.6%	17.6%	15.2%	14.0%	13.6%
3	27.1%	25.1%	23.2%	21.5%	19.8%	18.3%	17.1%
5	28.0%	26.3%	24.8%	23.4%	22.1%	21.0%	20.1%
9	29.4%	28.2%	27.0%	26.0%	25.0%	24.1%	23.3%

Difference between Modelled volatilities and Market Implied volatilities (bps):

Term\Strike	0.7	0.8	0.9	1.0	1.1	1.2	1.3
1	(161)	(59)	23	77	37	(170)	(199)
3	(8)	2	0	(1)	(1)	(15)	(66)
5	0	28	42	53	53	45	24
9	(91)	(74)	(63)	(55)	(44)	(36)	(34)

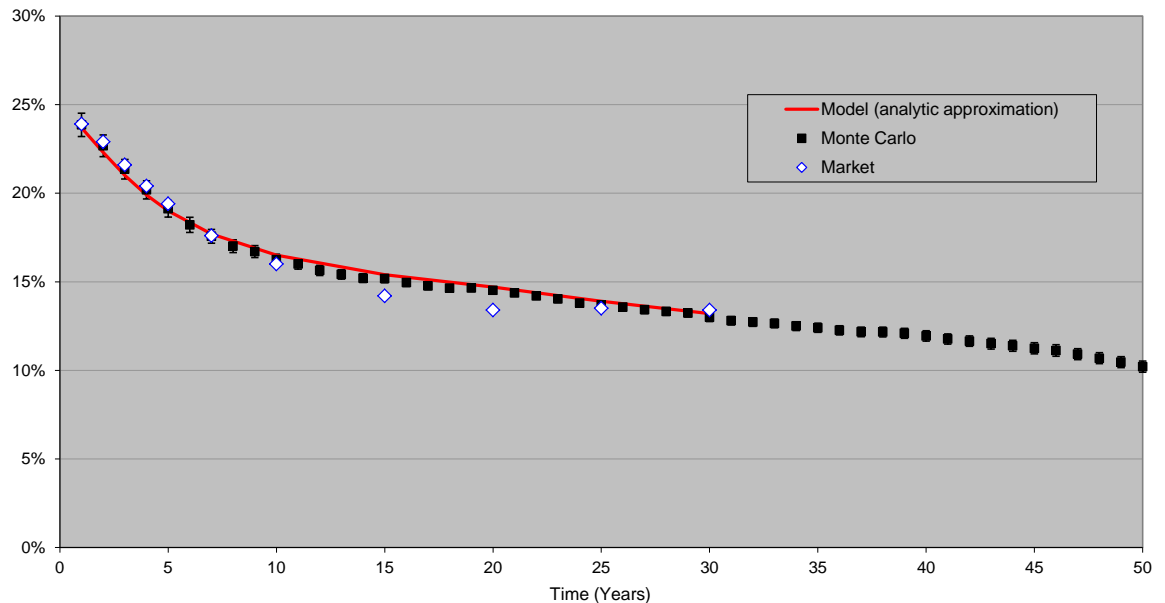
Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4A

Name of insurer

Aviva Life & Pensions UK Ltd – Provident Mutual Sub-Fund

Global business

Financial year ended

31 December 2012Swaption implied volatilities**Swaption LMM+ ATM Validation 20 years (end Dec 2012)****(vii) Nature of validations of asset model**

The table below shows the discounted value of £1 invested on the valuation date and projected forward t years ($t=5, 10, 15, 20$) invested in equities and property. For a risk-neutral model, the expected result would be 100%.

t (year from valuation date)		5	10	15	20
Equities	5000 Simulation results	99.5%	100.0%	99.7%	99.7%
	standard error	0.3%	0.6%	1.0%	1.4%
Property	5000 Simulation results	100.0%	99.7%	99.4%	99.6%
	standard error	0.2%	0.3%	0.5%	0.6%

t (year from valuation date)		5	10	15	20
Equities	1000 Simulation results	98.7%	98.5%	97.4%	97.2%
	standard error	0.7%	1.4%	2.1%	2.8%
Property	1000 Simulation results	99.6%	99.2%	99.3%	99.6%
	standard error	0.3%	0.6%	0.9%	1.5%

(viii) Number of projections

To ensure convergence of the liabilities, separate calculations were carried out on different numbers of simulations (2500 and 5000). This has demonstrated that there is no significant change in convergence between 2500 and 5000 sims.

Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4A

Name of insurer **Aviva Life & Pensions UK Ltd – Provident Mutual Sub-Fund**

Global business

Financial year ended **31 December 2012**

(b) **Market costs of hedging - Description of guarantees, options or smoothing**

No guarantees, options or smoothing costs have been valued using this method.

(c) **Deterministic projections - Description of guarantees, options or smoothing**

No guarantees, options or smoothing costs have been valued using this method.

(5) **Management Actions**

- (a) There are various allowances and limitations for management actions in the stochastic model. Details of the key decisions are set out below.

Projected Equity Backing Ratio

It is assumed that management will intervene and carry out switches (over and above any market movements) of assets backing asset shares. The aim of this approach is to maximise policyholder returns, whilst managing solvency within acceptable risk levels.

If equity/property performance was poor, solvency would reduce, leading to management action to reduce the exposure to these assets. The model contains limits on the maximum change to the total EBR that can be made per month and has upper and lower EBR bounds.

The EBR dynamic rule within the stochastic model takes into account the projected value of the future guarantees, available capital and asset shares. It then adopts a dynamic hedging approach to determine the EBR for the assets backing the asset share.

If projected asset shares are close to the projected value of the guarantees and the available capital is low, then we are less able to rely on equity/property assets, which leads to a lower EBR. However, if the projected asset shares are significantly in excess of the projected guarantees or if the available capital is high, then there is more scope to invest in equity/property and EBR can increase accordingly.

Regular Bonus Assumptions

Except for with-profit immediate annuities, the RB rate is set to ensure that a sufficient level of final bonus can be built up whilst also ensuring the RB rate has reasonable long term sustainability.

The stochastic model utilises a dynamic RB algorithm that depends on the projected asset share to projected guaranteed benefit relationship, along with the desired final bonus buffer and investment return assumption. This calculation also allows for a maximum per annum movement in the RB rate.

For with-profit immediate annuities, no final bonus exists. For this business a RB rate is set for each bonus series based on current asset shares.

The RB algorithm has been compared with actual bonus declarations with satisfactory results.

Guarantee Charges on asset shares

The model uses no charge to asset share in respect of guarantees.

Any planned deductions in respect of the GAO liability on conventional pensions, and in respect of the mortgage endowment mis-selling costs on endowments are calculated separately.

Allocation of non-profit profits to asset share

It is assumed that no future non profit profits are allocated to asset shares, in line with the PPFM.

Shareholder Transfers and tax

The model assumes that transfers to shareholders continue at the rate of 10% of the cost of bonus.

Shareholder transfers in the PM fund are met by the estate. Additional tax due on these is a shareholder liability and is not met by the WP fund.

Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4AName of insurer **Aviva Life & Pensions UK Ltd – Provident Mutual Sub-Fund**

Global business

Financial year ended **31 December 2012****Mortality costs**

Mortality profits and losses are passed on to the asset shares in line with the PPFM

Surrender costs

The current practice of the fund is to target surrender payouts at 100% of Asset Share. Consequently, no future surrender profit or loss is anticipated to emerge.

(b) Best estimate of future proportions of assets backing the WPBR.

The projection allows for future EBR management action as discussed earlier in this document. The results reflect an average of the simulated positions.

(i) Projection at risk free rate

The fund does not have any Unitised With-Profits business.

Assets Backing With-Profit Benefits Reserve

Asset Class	31/12/2012	31/12/2017	31/12/2022
Equities	15.8%	8.2%	2.8%
Property	4.6%	2.4%	0.8%
Fixed Interest	81.0%	83.5%	90.4%
Cash	-1.4%	6.0%	6.0%
Total Assets	100.0%	100.0%	100.0%
EBR	20.4%	10.5%	3.6%

(ii) Projection at risk free rate plus 17.5%Assets Backing With-Profit Benefits Reserve

Asset Class	31/12/2012	31/12/2017	31/12/2022
Equity	15.8%	14.2%	10.8%
Property	4.6%	4.2%	3.2%
Fixed Interest	81.0%	75.7%	80.0%
Cash	-1.4%	6.0%	6.0%
Total Assets	100.0%	100.0%	100.0%
EBR	20.4%	18.4%	14.0%

(iii) Projection at risk free rate minus 17.5%Assets Backing With-Profit Benefits Reserve

Asset Class	31/12/2012	31/12/2017	31/12/2022
Equity	15.8%	2.4%	0.0%
Property	4.6%	0.7%	0.0%
Fixed Interest	81.0%	90.9%	94.0%
Cash	-1.4%	6.0%	6.0%
Total Assets	100.0%	100.0%	100.0%
EBR	20.4%	3.1%	0.0%

Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4AName of insurer **Aviva Life & Pensions UK Ltd – Provident Mutual Sub-Fund**

Global business

Financial year ended **31 December 2012****(6) Persistency and Mortality Assumptions**

The persistency assumptions used in the calculation of maturity and GAO costs are shown in the following table.

PM		Average surrender / paid-up rate for the policy years			
		1-5	6-10	11-15	16-20
CWP savings endowment	surrender	1.50%	1.50%	1.50%	1.50%
CWP target cash endowment	surrender	1.50%	1.50%	1.50%	1.50%
UWP savings endowment	surrender	n/a	n/a	n/a	n/a
UWP target cash endowment	surrender	n/a	n/a	n/a	n/a
UWP bond	surrender	n/a	n/a	n/a	n/a
UWP bond	automatic withdrawals	n/a	n/a	n/a	n/a
CWP pension regular premium	PUP	0.00%	0.00%	0.00%	0.00%
CWP pension regular premium	surrender	1.43%	1.43%	1.43%	1.43%
CWP pension single premium	surrender	1.43%	1.43%	1.43%	1.43%
UWP indiv pension regular premium	PUP	n/a	n/a	n/a	n/a
UWP indiv pension regular premium	surrender	n/a	n/a	n/a	n/a
UWP indiv pension single premium	surrender	n/a	n/a	n/a	n/a

Mortality Assumptions

Mortality assumptions for the Realistic Balance sheet are generally based on own experience adjusted for anticipated trends.

Annuitant Mortality

	31 December 2012
Males	91% PCMA00 with CMI_2011_M(1.5%) improvement factors, applicable from 2001
Females	97.5% PCFA00 with CMI_2011_M(1.5%) improvement factors, applicable from 2001

Guaranteed Annuity Option take-up rate

An initial take-up rate of 74% has been assumed in respect of Guaranteed Annuity options attaching to pensions.

A fixed take up rate is assumed irrespective of how in the money the option is.

A maturity age of 60 has been used to determine the value of the Guaranteed Annuity Option.

(7) Policyholder Actions

Policyholder actions are primarily covered by the static persistency and GAO take-up rates in the previous section. There is no dynamic linking of these decisions relative to the value of the options under each particular scenario.

7. Financing Costs

There are no financing costs.

Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4A

Name of insurer **Aviva Life & Pensions UK Ltd – Provident Mutual Sub-Fund**

Global business

Financial year ended **31 December 2012**

8. Other long-term insurance liabilities

Product Class	Any other liabilities related to treating customers fairly	Any other long-term insurance liabilities
Life Shareholder Transfers	0	1
Pensions Shareholder Transfers	0	45
Miscellaneous	0	10
Total	0	56

Any other liabilities related to treating customers fairly

No liability is held in respect of any other liabilities related to treating customers fairly.

Any other long-term insurance liabilities

£46m is held in respect of the shareholder transfers which are charged to the estate.

£10m is held to cover expenses in relation to the Heritage migration project.

9. Realistic current liabilities

The realistic current liabilities include the following:

- Provisions for inter company transfers from internal reinsurance
- Outstanding Claims
- Other creditors
- Accruals and deferred income
- Creditors in relation to current tax liabilities

The realistic and regulatory current liabilities at 31 December 2012 are £165m.

10. Risk Capital Margin

(1)

Fund	RCM (£m)
PM	0

The RCM for the Fund is calculated to be zero.

(a)

- (i) Changes in asset values under stress scenarios for equities and real estate (property)

Asset Class	Change in market values
UK Equities	20.0%
OS Equities	24.0%
Property	12.5%

The overseas equity fall is set such that it has the same probability as UK equities falling 20%.

A fall in market values of equity and property is more onerous than a rise in market values.

Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4AName of insurer **Aviva Life & Pensions UK Ltd – Provident Mutual Sub-Fund**

Global business

Financial year ended **31 December 2012**

(ii)

Asset Class	Rise in FI yields	Fall in FI yields
Nominal change in yields	+41bps	-41bps
long-term yield – level post-stress	2.73%	1.91%
long-term yield - % movement post-stress	+17.50%	-17.50%

The rise in fixed-interest yield scenario is more onerous.

(iii)

Fund	Average Increase in credit spread – excluding Approved stock	Change in FI asset value – excluding Approved stock
PM	1.03%	-5.67%

The average increase in credit spread is weighted by current market value of fixed interest.

The change in FI asset values is from the increase in credit spreads from the credit-risk test.

No stress has been applied to any other assets in the credit risk scenario.

There is no material reinsurance in the Fund.

(iv) For the persistency test a 32.5% decrease in lapse rates is tested. This increases realistic liabilities by 0.29%, as a result of an increase in GAO and other guarantee costs

(v) Not applicable.

(b) Management Actions under the stress tests

(i) The following changes in management actions are assumed to be made under the stress tests.

Charge to payouts

Under the stress test, the reduction in surplus is met by changes to payouts for maturing policies on all classes of business subject to any reduction in payout to meet a deficit in the fund being no higher than 10% of asset share.

(ii) A charge to payouts of £11m would be required in the stress test, compared to an increase to payouts of £28m in the central scenario.

The cost of Guaranteed Annuity Options decreases by £5m.

(iii) The same investment management rules governing any change in asset mix of the fund have been used for the projection of assets in the stress tests as in the central scenario.

(iv) Not Applicable.

(c)

(i) The RCM in the fund is zero.

(ii) Not Applicable

Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4AName of insurer **Aviva Life & Pensions UK Ltd – Provident Mutual Sub-Fund**

Global business

Financial year ended **31 December 2012****11. Tax****(1) Tax treatment in the with-profits benefit reserves**

Tax on investment returns is assumed to be 20% in line with PM asset shares being predominantly invested in fixed interest securities.

(2) Tax treatment in future policy related liabilities

The following tax rates have been used in the future for all projections:

Corporation Tax	23%
Income Tax	20%
Franked Income Tax	0%
Withholding Tax	15%

The corporation tax rate has been updated from 25% to 23% in respect of payments from 2013 onwards, following the rate that will apply from April 2013. No allowance is made for possible further reductions in this rate in future.

(3) Tax treatment in the realistic current liabilities

In the realistic regime allowance for deferred tax assets can be made. In the regulatory regime no allowance can be made. However, the effect of this on the fund is not material.

12. Derivatives

Security	Exposure at 31/12/2012 £m
Futures on Bonds - short term trading derivatives	78
Futures on Equities - short term trading derivatives	(37)
Cashflow Swaps	(387)
Interest Rate Swaps	1,985
Inflation Rate Swaps	52

The exposure to Cashflow swaps, Interest Rate Swaps and Inflation Rate Swaps, combined with an index-linked Gilt holding, is a partial hedge of the Guaranteed Annuity Option liability. It is expected that these will be unwound as liabilities fall due.

The swap exposure figures are shown as gross counterparty exposure and do not allow for the offset of individual contracts against one another.

Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4AName of insurer **Aviva Life & Pensions UK Ltd – Provident Mutual Sub-Fund**

Global business

Financial year ended **31 December 2012****13. Analysis of working capital**

	£m
Working capital at 31/12/2011	41
Zeroisation impact	(41)
Published Working capital at 31/12/2011	0
Investment return on opening working capital and profits on assets backing liabilities	19
Economic assumption changes	(12)
Non-economic assumption changes	(38)
Policyholder action assumption changes	26
Other experience variances	11
Impact of new business	0
Changes in reinsurance and regulation	0
Modelling changes and opening adjustments	(8)
Miscellaneous liabilities	0
Working capital at 31/12/2012	39
Zeroisation impact	(39)
Published Working capital at 31/12/2012	0

Notes:

1. The profits on assets backing liabilities includes the reduction in guarantee costs arising from the release of time value in guarantees and options, returns on assets backing guarantees in excess of the movement in the cost of guarantees. It has not been possible to split return on working capital and return on guarantee costs so this has also been included in this line of the analysis.
2. Non-economic assumption changes include a strengthening of the annuitant mortality assumptions.
3. The policyholder assumption changes relates to a reduction in the Guaranteed Annuity Option take-up rate and the removal of the assumed future increase in the take-up rate.
4. Experience variances include the impact of premiums, claims and expenses.
5. The fund is closed to new business.
6. Modelling changes and opening adjustments include
 - the impact of moving the modelling of the business to the new stochastic model.
7. Note that the change in other liabilities from line 47 is included in the analysis above.
8. The change in working capital arising purely from the change in line 51 cannot be quantified.

Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4AName of insurer **Aviva Life & Pensions UK Ltd – New/Old With-Profits Sub-Funds**

Global business

Financial year ended **31 December 2012****1. Introduction**

- (1) The **valuation date** is 31 December 2012.
- (2) The date of the previous valuation was 31 December 2011.
- (3) An interim valuation was carried out with an effective date of 30 June 2012 for the purposes of rule 9.3A.

2. Assets**(1) Economic assumptions for valuation of non-profit business**

The economic assumptions used to value future profits on non-profits business are as follows:

	2012	2011
Gross investment return		
• Annuities	Yield on supporting assets less an allowance for defaults	Yield on supporting assets less an allowance for defaults plus 0.5% p.a.
• Other non-profit business	Risk free rate	Risk free rate
Discount rate		
• Annuities	Yield on supporting assets less an allowance for defaults	Yield on supporting assets less an allowance for defaults plus 0.5% p.a.
• Other non-profit business	Risk free rate	Risk free rate plus 0.5%
Expense inflation	2.76%	2.84%
Tax rates	20%	20%

- The risk free rates used are the same as the rates used to determine guarantee costs, and shown in section 6(4)(a)(ii) below.
- The discount rate is now equal to the investment return. An explicit margin is held to allow for the cost of any non-financial guarantees.
- The value of future profits on non-profit business includes the release of the LTICR in respect of non-profit business. In assessing this release an approximate allowance is made for tax and investment expenses.

- (2) Not applicable.
- (3) Not applicable.
- (4) Not applicable.

3. With-Profits Benefits Reserve Liabilities

- (1) There are four main methods used to calculate the with-profits benefits reserve.
 - Asset share (individual) (retrospective)
 - Asset share (group) (retrospective)
 - Bonus Reserve Valuation (prospective)
 - Regulatory Reserve (prospective)

Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4AName of insurer **Aviva Life & Pensions UK Ltd – New/Old With-Profits Sub-Funds**

Global business

Financial year ended **31 December 2012**

The majority of the with-profits benefits reserves are asset shares calculated on an individual policy (or increment) basis. They represent an accumulation of premiums plus investment return less charges and other sources of profit or loss in line with the fund's PPFM.

Where asset shares are not currently calculated, or where they are unreliable as a starting point for deriving future bonuses, then either bonus reserve valuations (BRV) or regulatory reserves are used. BRVs are the discounted value of future expected benefits, premium and expenses allowing for best estimate future lapse and mortality assumptions. BRVs are used for the following classes of business:

- Conventional paid up policies (PUP).
- Conventional Whole Life policies.

Regulatory reserves are used for remaining small classes of business where asset share or BRV calculations are not currently carried out.

At 31 December 2012**NWPSF**

Product class	With-profit benefits reserve £m	Future policy related liabilities £m	Total £m
Conventional Life		540	3,408
Asset Share (individual)	2,419		
BRV	432		
Regulatory Reserve	17		
Conventional Pensions		359	833
Asset Share (individual)	312		
BRV	119		
Regulatory Reserve	43		
UWP Life (inc. Overseas)		412	9,573
Asset Share (individual)	9,149		
Regulatory Reserve	12		
UWP Pensions (inc. Overseas)		223	2,544
Asset Share (individual)	2,242		
Asset Share (group)	77		
Regulatory Reserve	2		
UWP Stakeholder		24	808
Asset Share (individual)	784		
Regulatory Reserve	-		
Miscellaneous Other	(3)	67	64
Total	15,606	1,626	17,232

Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4AName of insurer **Aviva Life & Pensions UK Ltd – New/Old With-Profits Sub-Funds**

Global business

Financial year ended **31 December 2012****OWPSF**

Product class	With-profit benefits reserve £m	Future policy related liabilities £m	Total £m
Conventional Life		125	627
Asset Share (individual)	447		
BRV	53		
Regulatory Reserve	2		
Conventional Pensions		68	161
Asset Share (individual)	33		
BRV	52		
Regulatory Reserve	8		
UWP Life (inc. Overseas)		47	1,114
Asset Share (individual)	1,065		
Regulatory Reserve	2		
UWP Pensions (inc. Overseas)		49	565
Asset Share (individual)	490		
Asset Share (group)	24		
Regulatory Reserve	2		
UWP Stakeholder		3	107
Asset Share (individual)	104		
Regulatory Reserve	-		
Miscellaneous Other	(10)	13	3
Total	2,272	305	2,577

The BRV figures of £432m for conventional life in NWPSF and £53m in OWPSF relate mainly to the WPBR for the whole life policies, which are now entirely BRV. The remaining £5m in NWPSF and £1m in OWPSF relates to the BRV used for endowment PUP policies.

Asset shares for all stakeholder business and all UWP business sold from 1 October 2001 are calculated using policy charges rather than actual expenses. All other asset shares are charged actual expenses.

Conventional life endowment policies have guaranteed amounts at maturity equal to the basic sum assured plus any regular bonus accrued to date. Conventional whole life contracts provide a guaranteed payout on death of basic sum assured plus regular bonus accrued to date. Low cost whole life policies also provide a minimum death benefit over a pre-specified term. The whole-life with-profits benefit reserve is £437m for NWPSF and £53m for OWPSF. Conventional new business is not now actively sold. Reinsurance of endowment business from PM has increased the asset share of Conventional Life by £40m in NWPSF and £5m in OWPSF.

Conventional pensions provide a guaranteed basic sum assured at maturity plus accrued regular bonuses, plus any final bonus due. Conventional pensions consist of individual and group pensions that provide either for cash or for annuity at retirement. Cash schemes usually have a guaranteed minimum annuity payable at retirement. Annuity schemes usually have a guaranteed minimum cash value at retirement. Conventional pensions are not now actively sold. In NWPSF, £16m worth of the conventional Red Plan liability uses a discounted benefit basis (BRV) and in OWPSF £2m.

Conventional pensions also includes £20m of single premium with-profit annuity business in NWPSF and £(2)m in OWPSF which provides a level of income equal to a basic amount, plus accrued regular bonus, plus a discretionary top-up bonus. Customers can also select a future anticipated level of regular bonus. This increases the initial annuity amount payable, but the annuity amount reduces by the anticipated amount each year such that the total annuity payable would be level if the actual regular bonus rate equalled the anticipated rate. There is also a guaranteed minimum annuity amount attaching to this contract. With-profit annuity new business is now written by Aviva Life & Pensions UK Limited With-Profits Sub-fund.

Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4AName of insurer **Aviva Life & Pensions UK Ltd – New/Old With-Profits Sub-Funds**

Global business

Financial year ended **31 December 2012**

UWP Life mainly consists of unitised bonds with £59m of unitised endowments in NWPSF and £22m in OWPSF. UWP units increase in value at the declared regular bonus rates and cannot reduce at the contractual maturity dates or at contract-specific no-MVR dates. There are no contractual no-MVR dates on ex CULAC Bonds. Any final bonus due is added at policy exit. The value on exit can be subject to an MVR if exit is not at one of the contractual no-MVR dates. UWP units purchased prior to 1 February 1994 have a guaranteed minimum regular bonus rate of 3% p.a.

On Portfolio Bonds purchased between 30 January 2006 and 30 April 2009 a guarantee on premiums exists amounting to the premiums invested plus inflation growth to the encashment date, if encashment is at least five years after purchase.

Here follows a table of the various no-MVR spot rate guarantees that apply to the Aviva Life & Pensions UK Limited written UWP bonds.

UWP Life Bonds	Date Sold	No-MVR Anniversary
GA investment Bond	1990-93	None
GA Portfolio Bond	16/3/93-1/10/98	None
CGU Portfolio Bond	1/10/98-2/10/2000	No MVR on 10th 15th 20th etc
NU Portfolio Bond, Flexibond, Bond 2000	2/10/2000-24/6/01	No MVR on 10th 15th 20th etc
NU Portfolio Bond, Flexibond, Bond 2000	25/6/01-16/1/02	No MVR on 10th
NU Portfolio Bond, Flexibond, Bond 2000	16/1/02- 2/7/03	Money back on 10th
NU Portfolio	3/7/03 – 8/2/04	Money back on 10th
NU Portfolio	9/2/04 onwards	Money back on 5th
NU Portfolio (with RPI Guarantee)	30/1/2006-26/04/08	RPI any point on or after 5th
Aviva Life International Ltd RPI Bond	30/1/2006-30/04/09	RPI any point on or after 5th
NU Portfolio (with CPI Guarantee)	27/4/2008-30/04/09	CPI any point on or after 5th
Aviva With Profit Guarantee Fund	30/11/2009-31/01/11	Money back on or after 5th
Aviva With Profit Guarantee Fund	01/02/2011 onwards	Money back on 5th

There is also the guarantee that MVRs will not apply on any automatic partial withdrawals selected from outset (subject to certain limits).

UWP Pensions consists mainly of individual and Group personal pensions and pension single premium bonds. As for UWP Life, UWP units increase in value at the declared regular bonus rates and cannot reduce on death, at the selected retirement date and at age 75. Any final bonus due is added at policy exit. The value on exit can be subject to an MVR if not at the selected retirement date. No-MVR guarantees apply at the selected retirement date and at age 75. Ex CGNU UWP units purchased prior to 22 January 1996 have a guaranteed minimum regular bonus rate of 4%. Ex CULAC UWP pension units purchased up to 31 December 1992 have a guaranteed minimum regular bonus of 4% p.a.

UWP Stakeholder policies have charges capped at 1% p.a. The 1% charge is taken through unit cancellation. A no-MVR guarantee applies at the selected retirement age and at age 75.

UWP Overseas business consists of single premium bonds and regular and single premium pensions business sold in Ireland, Germany and France. The WPBR for Irish Bond business (£17m NWPSF / £5m OWPSF) and French branch business (£57m NWPSF / £14m OWPSF) is Asset Share, whilst German Bond (£2m NWPSF / £2m OWPSF) and Irish pensions (£4m NWPSF / £2m OWPSF) have a regulatory reserve.

'Miscellaneous other' consists of reserves held to cover other liabilities of the fund that cannot be assigned to certain product types such as Pension transfer review reserves and reserves for future development and audit fees and global adjustments. The figure also includes the asset/liability for future smoothing costs. The miscellaneous items in the With Profits Benefit Reserve relate to amounts yet to be added to individual Asset Shares in respect of past experience.

- (2) Not applicable
- (3) See (1)
- (4) See (1)

Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4A

Name of insurer

Aviva Life & Pensions UK Ltd – New/Old With-Profits Sub-Funds

Global business

Financial year ended

31 December 2012**4. With-profits benefits reserve – Retrospective method****(1) Table of methods**

Method	With-profit benefits reserve (%)	
	NWPSF	OWPSF
Asset Share (individual)	95	94
Asset Share (grouped)	1	1
BRV	4	4
Regulatory Reserve	0	1
Miscellaneous Other	0	0
Total	100	100

The table above shows the proportion of with profit benefit reserves calculated using each method.

The asset shares calculated on a grouped basis relate to two UWP pension contracts (Sterling Group plan – UWP and Deposit Admin variants). The asset shares are grouped as follows:

- Product
- Bid Value of Units by year of unit purchase

Factors have then been applied to each of these groupings based on asset share to BVU ratios for sample model points. Sample model points are representative of the policies within each group allowing for factors such as average premium size and age.

(2) Changes in valuation method

- (a) There have been no significant changes have been made to the valuation method.
- (b) Not applicable.

(3) Allocation of expenses

- (a) See (b)
- (b) UKLS income and expenses are calculated on a monthly basis and a profit or loss determined on an annual basis.
- (c) The text below sets out the treatment of charges made to asset shares with respect to expenses and commission. Broadly, some policies are charged sales and administration expenses incurred by the fund, some follow this approach but have the overall charge capped, and a third group has defined charges.

Other expenses, or the difference between the expense and the charge to asset share, fall to the estate.

NWPSF

				2012
	Charged to WPBR £m	Not-Charged to WPBR £m	Non-Profit expenses £m	Total £m
Estimated initial expenses and commission	1	16	0	17
Renewal expenses and commission	140	(27)	4	118
Shareholder Transfers	15	63	0	78

Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4AName of insurer **Aviva Life & Pensions UK Ltd – New/Old With-Profits Sub-Funds**

Global business

Financial year ended **31 December 2012****OWPSF**

				2012
	Charged to WPBR £m	Not-Charged to WPBR £m	Non-Profit expenses £m	Total £m
Estimated initial expenses and commission	0	2	0	2
Renewal expenses and commission	20	(2)	0	19
Shareholder Transfers	3	7	0	10

The tables above approximately split out the expenses incurred over 2012.

Non-profit expenses are expenses relating to non-profit business within the fund. For Unitised asset shares calculated on a charge basis, the expenses charged to asset shares are the relevant charges on policies. This will include additional allocation percentages as applicable, so that, for example, any excess allocation percentage above 100% of premium will give rise to negative expenses charged to the asset share in the table above.

Expenses charged to the with-profit funds

From 01/01/2009 a new Management Services agreement (MSA) is in place whereby per policy (annual) and per fund charges are made. The per fund charge is allowed for by using an estimate of the policies in force in a given year, by MSA category, and by fund. Changes in policy counts over the year will be monitored, and this will be amended to reflect the actual policy counts retrospectively.

For policies that have migrated on to the outsourced platform “Alpha”, an additional per policy charge will apply. Furthermore, there is a trail fixed charge p.a. for the years 2009-2012.

Investment management expenses are charged to the funds in line with the Investment Management Agreement with the fund managers and are reviewed on at least an annual basis.

Commission and sales related expenses are also charged to the with-profits funds. Initial and renewal commission scales and uplifts depend on product type and the agreement with the particular sales channel.

The with-profit funds also incur other non policy-related expenses such as for development expenses, audit fees and mis-selling expenses. These are charged to the with-profit fund as laid out in each fund's PPFM.

Total expenses to each fund are reported and reviewed on a monthly basis.

Shareholder transfers are charged to the with-profits funds. Most conventional business is written on a 90/10 basis with transfers equal to 1/9th of the cost of bonus. Most UWP business written by Aviva Life & Pensions UK Limited is written on a 90/10 basis, however, some single premium bond business has been written on a 91/9 and 92/8 basis.

Expenses charged to the with-profits benefit reserves

The total expenses charged to with-profits benefit reserves over 2012 are approximately £140m for NWPSF and £20m for OWSPF. The majority of this relates to renewal expenses, most new business is UWP business sold on a charges basis with the majority of the charges being the annual management charge which is charged to asset shares over the life time of the policy. An additional £15m in NWPSF and £3m in OWSPF of shareholder transfers are also charged to the with-profits benefit reserves.

Deductions are made to the asset shares in respect of expenses and commission and shareholder transfers. The difference between expenses, commission and shareholder transfers incurred and charges made are a credit to or deduction from the estate.

Sales and policy administration expenses are charged to asset shares in three main ways:

- Actual expenses incurred
- Actual expenses incurred, subject to an overall cap

Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4A

Name of insurer **Aviva Life & Pensions UK Ltd – New/Old With-Profits Sub-Funds**

Global business

Financial year ended **31 December 2012**

- Policy charges applied

Actual expenses apply to the following product groups:

- Ex CGNU Life conventional business
- Ex CULAC UWP business (excluding £440m of individual personal pensions from their 2009 migration dates)
- Ex CGNU Life UWP written implicit charge business sold prior to 1 October 2001 (implicit charge refers to bonuses being net of expenses)

In addition, all UWP Personal Pensions issued prior to 1 December 2000 have the deductions made in respect of expenses capped at 1% p.a. as part of the 'stakeholder promise'.

Asset shares are currently charged 100% of the MSA agreement. They are also charged the management investment fee and any custody fees. Any initial or renewal commission is deducted from the asset share. Shareholder transfers are also charged to the asset share.

Policy charges are applied to the following product groups:

- Ex CGNU Life written UWP implicit charge business sold 1 October 2001 onwards (implicit charge refers to bonuses being net of expenses)
- Ex CGNU Life UWP explicit charge business (2000 onwards individual pensions, stakeholder pensions and explicitly charged bonds; explicit charge bonuses are gross of expenses)
- Ex CULAC written UWP explicit charge individual pensions (from the 2009 migration date)

Expenses not charged to the with-profits benefits reserve

For ex CGNU UWP explicit charge business the difference between the actual expenses charged to the fund and the charges taken from the asset shares are accrued to the estate.

Any expenses on UWP Pensions business in excess of the stakeholder promise 1% cap is charged to the estate.

Additional tax on shareholder transfers for Aviva Life & Pensions UK Limited business is charged to the estate.

All development, regulatory and audit fees are not currently charged to asset shares, although this is reviewable in line with statements in the PPFMs.

(4) Guarantee Charges

Inflation protection bonds introduced in 2007 have a guarantee charge of 0.7% p.a. for a 10 year period.

The With Profit Guaranteed Fund introduced in 2009 has a charge of 0.7% p.a. for a 5 year period.

There are certain Aviva Life International Ltd bonds which also have a guarantee charge (0.5% p.a. for a 10 year period).

The total charge made over 2012 was £16.1m in NWPSF and £2.2m in OWPSF.

(5) Non-Insurance Risk Charges

No explicit deduction is made from the with-profits benefit reserves in respect of non-insurance risks.

(6) Claims ratios

Product Type	2010		2011		2012	
	NWPSF	OWPSF	NWPSF	OWPSF	NWPSF	OWPSF
Conventional Life	97%	97%	96%	97%	94%	95%
Conventional Pensions	130%	97%	109%	95%	115%	123%
UWP Life	106%	104%	101%	102%	103%	101%
UWP Pensions	99%	96%	97%	97%	95%	98%
UWP Stakeholder	98%	98%	97%	97%	98	98%

Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4AName of insurer **Aviva Life & Pensions UK Ltd – New/Old With-Profits Sub-Funds**

Global business

Financial year ended **31 December 2012**

The figures above are estimates based on actual maturity and surrender payouts.

All entries for Form 19 lines 32 and 33 in respect of reserves for past miscellaneous surplus and any past miscellaneous deficit are zero.

(7) Gross investment return allocated to WPBR

Asset shares for NWPSF and OWPSF policies are credited investment returns based on the combined assets backing the asset shares of the fund.

Gross returns allocated to asset shares of sterling denominated business in 2012 were 7.2%

A return of -1.2% was also used in respect of business reinsured from Provident Mutual Sub-Fund into NWPSF and OWPSF.

5. With-profits benefits reserve – Prospective method**(1) Prospective assumptions**

Bonus reserve valuation (BRV) is used for 4% of NWPSF (£551m) and 5% of OWPSF (£105m) with-profit benefits reserve. A high proportion of the with-profit benefit reserve is in respect of conventional whole life policies, 3% for NWPSF and 2% for OWPSF.

The prospective assumptions are as follows:

(a) Economic Assumptions

The valuation of the BRV for conventional Whole Life Assurance and conventional Pension PUPs uses a term dependent risk free rate for both the earned rates and discount rate. The rate is taken from Bank of England swaps-based data. In summary these are:

Term (years)	Rate
1	0.61%
5	1.02%
10	1.92%
15	2.56%

(b) Investment returns and risk adjustments

The earned rate used is equal to the risk free rate for all asset classes, with no risk adjustment. These rates are shown in the table above.

(c) Expense inflation

Per-policy expenses inflate each calendar year at retail price index.

(d) Future Assumed Regular Bonus Rates

Ex CGNU Whole Life bonus series	SA	Bonus
Series 6	0.0%	0.5%
Series 5	3.5% Simple	
Series 4	2.70% Compound	
Series 3	3.35% Simple	
Ex CGNU Pensions		
Conventional Pension	0%	0%
Ex CULAC Product Class		
Conventional Whole Life	0%	1.0%
Conventional Pension	0%	0%

Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4A

Name of insurer

Aviva Life & Pensions UK Ltd – New/Old With-Profits Sub-Funds

Global business

Financial year ended

31 December 2012**(e) Future Expense Assumptions**

Product Class	Renewal Expenses 2013
Ex CGNU and ex CULAC Conventional Whole Life	£18.27
Ex CGNU Conventional Individual Pension	£54.80
Ex CGNU Conventional Group Pension	£54.80
Ex CULAC Conventional Pension	£36.53

In addition to these per-policy amounts, there is an investment management charge of 0.127% of an adjusted mathematical reserve.

(f) Future Assumed Lapse Rates

Product Class	Policy Duration							
%	1	2	3	4	5	6	7	8+
Ex CGNU and ex CULAC Conventional Whole Life	4	4	3	3	3	2	2	2
Ex CGNU Conventional Pension	1	1	1	1	1	1	1	1
Ex CULAC Conventional Pension	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5

(g) Future mortality assumptions

Ex CGNU and ex CULAC Conventional whole life:

87.5%AMN00 / 87.5%AFN00 / 87.5%AMS00 / 87.5%ASN00

Conventional pensions:

70%AMN00 / 70%AFN00 / 70%AMS00 / 70%AFS00

No further adjustments are made to these tables.

Additional allowance for AIDS mortality

Ex CGNU Conventional whole life: nil

Ex CULAC Conventional whole life: nil

Ex CGNU Conventional pensions: nil

Ex CULAC Conventional pensions: 25% of table R6B for Males, nil for Females

(2) Regulatory Reserves

Regulatory Reserves cover less than 1% of the with-profit benefits reserve. The classes of business covered by this include CWP pensions, UWP German and Irish Pensions business, and other miscellaneous business. The methodology for the calculation of these reserves is described in Appendix 9.4.

Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4A

Name of insurer **Aviva Life & Pensions UK Ltd – New/Old With-Profits Sub-Funds**

Global business

Financial year ended **31 December 2012**

6. Costs of guarantees, options and smoothing

(1) Not applicable.

(2)

- (a) The calculation of the cost of guarantees, options and smoothing and the cost of the mortgage promise has been performed using a stochastic model with a few exceptions.

The cost of section 32 guaranteed minimum pensions have been valued using a market value replication technique – this is described in section 6(4)(b).

A description of the stochastic model is given below.

(b) Grouping Basis

All valuation methods use grouped policy data. Data has been divided as follows:

For conventional business:

- Product class (e.g. life endowment, conventional pensions)
- Life Endowment contracts are grouped by original term, outstanding term and also by eligibility to endowment promise.
- Conventional Pensions are grouped by premium type, original term, premium term and outstanding term.

For unitised with-profit business:

- Product class (e.g. life bonds, individual pensions, stakeholder pensions, trustee investment plans)
- Life Bonds are split by bonus series, age band, entry year and quarter, joint life status, country and lapse class.
- Individual Pensions are grouped by age band, original term, outstanding term, bonus series and by paid up status. Five year age bands are used from age 45 to 95, and females are allowed for by making a 4 year age deduction.
- Stakeholder/Stakeholder Friendly Pensions are grouped by original term, outstanding term, premium escalation rate, paid up status and by split of surplus between policyholders and shareholders (e.g. 90/10 versus 100/0)
- Trustee investment plans are grouped by entry year, bonus series and frequency of regular withdrawals.
- Group Deferred Annuities are grouped by age at entry, sex, GAO rate and escalation rate.

For NWPSF and OWPSF combined, we have grouped approximately 1.03 million individual model points into 18,300 grouped model points.

Validations

The total grouped policy benefit data is reconciled back to the individual policy benefit data. The aggregate asset shares are reconciled to the totals in Form 19. We also undertake a comparison of the grouped model points run on a deterministic basis within the stochastic model to the ungrouped data run through the embedded value model.

- (c) The stochastic model directly models over 90% of NWPSF and over 88% of OWPSF with profit business (as measured by asset share). Residual business, together with any associated guarantees, is modelled by scaling similar directly modelled business.
- (3) The principal change to the valuation method for valuing the costs of guarantees, options or smoothing since the previous valuation is the following:
- Dynamic equity backing ratio modelling improvement with regards to projection of equity and property proportions.

Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4AName of insurer **Aviva Life & Pensions UK Ltd – New/Old With-Profits Sub-Funds**

Global business

Financial year ended **31 December 2012****(4) Description of guarantees, options or smoothing being valued****(a) Stochastic Model - Description of guarantees, options or smoothing**

- (i) Here follows the cost and description of the guarantees, options and smoothing methods by product grouping.

NWPSF	Planned Enhancements to WPBR	Planned Deductions to WPBR for Guarantee costs	Planned Deductions to WPBR for other costs	Contractual Guarantee costs	Cost of Financial Options	Smoothing costs
Product Class						
Conventional Life	0	0	0	487	0	0
Conventional Pensions	0	0	0	178	180	0
UWP Life (incl. Overseas)	9	55	0	707	0	0
UWP Pensions	0	0	0	216	0	0
UWP Stakeholder	0	0	0	44	0	(20)
Misc	0	0	21	20	0	(47)
Total:	9	55	21	1,652	180	(67)

OWPSF	Planned Enhancements to WPBR	Planned Deductions to WPBR for Guarantee costs	Planned Deductions to WPBR for other costs	Contractual Guarantee costs	Cost of Financial Options	Smoothing costs
Product Class						
Conventional Life	0	0	0	113	0	0
Conventional Pensions	0	0	0	36	32	0
UWP Life (incl. Overseas)	1	7	0	86	0	0
UWP Pensions	0	0	0	46	0	0
UWP Stakeholder	0	0	0	6	0	(3)
Misc	0	0	3	3	0	(6)
Total	1	7	3	291	32	(9)

Planned Enhancements to WPBR

For UWP Life, the amounts represent the cost of an additional 0.5% p.a. regular bonus on Loyalty Fund units.

Planned Deductions to WPBR for Guarantee costs

This amount represents expected charges for guarantees on certain UWP life contracts sold since 2007.

Planned Deductions to WPBR for Other costs

There is also an allowance for a charge in respect of expenses incurred in the migration of business to the Admin Re platform, which is expected to be charged to Asset Shares.

Contractual Guarantee Costs

In addition to the figures in the table below there is £39m (NWPSF) and £6m (OWPSF) of contractual Guarantee Costs relating to Section 32 Guaranteed Minimum Pension costs, which are valued using a non-stochastic method (see 6(4) (b))

To assess the extent to which guarantees or options are in or out of the money we have compared the stochastic cost included in Form 19 against the cost on the deterministic 'central-estimate' basis using the risk-free rate.

Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4AName of insurer **Aviva Life & Pensions UK Ltd – New/Old With-Profits Sub-Funds**

Global business

Financial year ended **31 December 2012**Conventional Life

This represents the cost of the basic sum assured plus any accrued bonuses to date exceeding 100% asset share under the stochastic projection.

	NWPSF	OWPSF
Stochastic Reserve	£135m	£30m
Central Estimate	£27m	£6m
Option value	80%	82%

The option value is the proportion of the total stochastic cost that exceeds the central-estimate cost. Conventional Life guarantees remain largely out of the money.

Mortgage Endowment Promise

	NWPSF	OWPSF
Stochastic Reserve	£352m	£83m
Central Estimate	£354m	£84m
Option value	-1%	-1%

This represents the cost of the mortgage endowment promise from conventional endowments. The amount reserved for is the difference between the mortgage amount and policy payout if returns on the fund after tax are 6% or more, from the end of 1999 to the maturity date of the policy, or the amount as communicated to policyholders in other circumstances.

Maximum top-up amounts have been communicated to policyholders. We have also advised policyholders that even after the Promise payment has been made they may have a shortfall.

The payment of promise amounts also gives rise to additional transfers to shareholders.

The option value is negative as in some scenarios very good returns will mean we don't need to pay the full promise amount.

Conventional Pensions

This represents the cost of the basic sum assured plus any accrued bonuses to date exceeding 100% asset share under the stochastic projection. The costs of providing for any guaranteed annuity options is covered under the cost of financial options, although the cost of providing deferred annuities is included here.

	NWPSF	OWPSF
Stochastic Reserve	£178m	£36m
Central Estimate	£169m	£34m
Option value	5%	4%

Conventional pension guarantees are in the money.

UWP life

This represents

- the cost of the payouts exceeding 100% of asset share due to no-MVR guarantee under the stochastic projection;
- the cost of the single premium increased with inflation exceeding 100% of asset share for inflation protected bonds in line with the product terms; and
- the cost of other guarantees on death, partial withdrawal and maturity exceeding 100% of asset share.

Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4A

Name of insurer

Aviva Life & Pensions UK Ltd – New/Old With-Profits Sub-Funds

Global business

Financial year ended

31 December 2012**NWPSF**

Type of guarantee	No-MVR Guarantee on Bond surrenders	Inflation-protected Bonds	Other Bond guarantees
Stochastic Reserve	£100m	£512m	£95m
Central Estimate	£58m	£361m	£28m
Option value	42%	30%	70%

OWPSF

Type of guarantee	No-MVR Guarantee on Bond surrenders	Inflation-protected Bonds	Other Bond guarantees
Stochastic Reserve	£11m	£64m	£11m
Central Estimate	£6m	£45m	£3m
Option value	45%	30%	74%

A large proportion of the no-MVR guarantees, taken out in the period from 1998 to 2001 remain in the money.

The inflation protected guarantees have significant time value due to stock market performance since the inception date of these policies.

UWP pensions

This represents the cost of the payouts exceeding 100% asset share due to no-MVR guarantee under the stochastic projection.

	NWPSF	OWPSF
Stochastic Reserve	£177m	£40m
Central Estimate	£57m	£12m
Option value	68%	70%

UWP Pension guarantees are still largely out of the money.

UWP Stakeholder pensions

This represents the cost of the payouts exceeding 100% asset share due to no-MVR guarantee under the stochastic projection.

	NWPSF	OWPSF
Stochastic Reserve	£44m	£6m
Central Estimate	£4m	£0m
Option value	91%	91%

Stakeholder pension guarantees are largely out of the money.

Costs of Financial Options

This represents the cost of the guaranteed annuity option (GAO) attaching to conventional deferred cash pensions. Contracts provide for a basic cash amount plus accrued regular bonus and a final bonus. The policyholder then has the option to take this cash amount or to convert this into income at guaranteed rates written into the policy conditions.

Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4A

Name of insurer

Aviva Life & Pensions UK Ltd – New/Old With-Profits Sub-Funds

Global business

Financial year ended

31 December 2012

NWPSF	CWP GAO	UWP GAO
Stochastic Reserve	£125m	£54m
Central Estimate	£122m	£54m
Option value	3%	0%

OWPSF	CWP GAO	UWP GAO
Stochastic Reserve	£30m	£2m
Central Estimate	£29m	£2m
Option value	2%	0%

Guaranteed annuity options are in the money.

A small reserve is also held for cash options on deferred annuities. For these, the policyholder has the option to take the defined deferred annuity benefit or convert this into cash at guaranteed rates written into the policy conditions.

NWPSF	CWP Cash
Stochastic Reserve	£0.2m
Central Estimate	£0m
Option value	100%

OWPSF	CWP Cash
Stochastic Reserve	£0m
Central Estimate	£0m
Option value	100%

These guaranteed cash options are almost completely out of the money.

Smoothing Costs

The amount reported is designed to give broadly neutral smoothing costs allowing for the costs incurred to the valuation date, consistent with statements in the PPFM for both NWPSF and OWPSF. The reported figure also allows for future smoothing on Stakeholder business to recover any past/future smoothing and guarantee costs in line with the PPFM.

(ii) Description of the asset model

The asset model was calibrated using the following assumptions:

Risk-free rate:

- The Risk-free rate curve used in the model is shown below:

Term	Risk-free rate (Gilts +10)	Risk-free rate (Swaps)	
	Dec-11	Dec-11	Dec-12
1	0.32%	1.09%	0.57%
2	0.42%	1.30%	0.67%
3	0.64%	1.37%	0.77%
4	0.89%	1.47%	0.90%
5	1.14%	1.61%	1.04%
6	1.38%	1.75%	1.21%
7	1.61%	1.91%	1.39%
8	1.82%	2.06%	1.57%
9	2.02%	2.20%	1.75%
10	2.20%	2.32%	1.92%
15	2.85%	2.79%	2.58%
20	3.21%	3.02%	2.96%
25	3.39%	3.12%	3.14%
30	3.46%	3.17%	3.24%

Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4A

Name of insurer **Aviva Life & Pensions UK Ltd – New/Old With-Profits Sub-Funds**

Global business

Financial year ended **31 December 2012**

- The discount rate was set equal to the risk-free rate as above.
- All assets were expected to grow at the risk-free rate (i.e. risk neutral pricing was used).

Derivation of risk-free rate curve:

The risk-free rate will be based on gilts +10bps for the opening position and the swap curve for the closing position. December swap curve is given for comparative purposes only. The swap curve has been adopted for use at April 2012 onwards in order to be consistent with the exiting Pillar 2 and MCEV practice, and in advance of Solvency 2 regulations which will require the use of a swap curve.

Use of the curve:

The above risk-free rate curve was used for all option-pricing purposes.

Interest Rate Model

A monthly Libor Market Model Plus (LMM+) is used.

The LMM+ model allows for variation of interest rate volatility by moneyness of guarantees as well as by term to maturity and term of payment (for GAO and GMP). This results in a better fit to the volatility surface.

Real interest rates are modelled using a 2-factor Vasicek model.

The Vasicek model is one of the simplest interest rate models. The model has two stochastic factors – this allows a richer universe of possible yield curve shapes and allows a degree of de-correlation between different parts of the yield curve. Under the Vasicek model it is possible to obtain negative interest rates. Unlike the nominal case, this is not a problem for real interest rates as it is possible to observe negative real rates in practice.

The inflation assumption is derived from the difference in modelled nominal and real interest rates.

Note for business where guarantees are linked to the movement in the Consumer Prices Index (CPI) the inflation assumption is as above less 1.0% per annum to reflect historically inflation has been lower on this measure than that derived from the Retail Prices Index (RPI).

Equity Model

Equity volatility is calibrated to equity implied volatility. The approach to calibration is to capture the volatility of the longest available option term

Exchange traded options generally only trade up to two year terms. However, this is not a very good proxy for the long term guarantees embedded in insurance contracts. Longer terms are available OTC from investment banks - the longest term available is usually 10 years. This data is collected from a panel of investment banks.

The equity model is for the excess return process. That is, the element of return in excess of cash.

Barrie and Hibbert's Stochastic Volatility Jump Diffusion (SVJD) model is used. The SVJD model allows volatility to vary by equity price and time. This allows the model to capture the volatility skew as well as the term structure. As the full implied volatility surface can be captured the model is suitable for valuing guarantees where the characteristics vary by term and moneyness. The following sample UK equity volatilities have been produced from the ESG model:

Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4A

Name of insurer

Aviva Life & Pensions UK Ltd – New/Old With-Profits Sub-Funds

Global business

Financial year ended

31 December 2012

Term\Strike	0.7	0.8	0.9	1	1.1	1.2	1.3
1	25.6%	23.3%	20.8%	18.4%	15.6%	12.3%	11.6%
3	27.0%	25.1%	23.2%	21.5%	19.8%	18.1%	16.4%
5	28.0%	26.6%	25.2%	23.9%	22.7%	21.5%	20.3%
10	28.4%	27.4%	26.4%	25.6%	24.8%	24.0%	23.4%
15	28.6%	27.8%	27.2%	26.6%	26.1%	25.6%	25.1%
20	28.7%	28.1%	27.6%	27.1%	26.7%	26.4%	26.1%

Property Model

Property is modelled as an equity type asset using the constant volatility model.

The model is calibrated using our best estimate assumptions as there are no meaningful option prices. The best estimate is 15%

Correlations

Correlations are controlled in two ways. For equity markets, correlations are defined by the exposures to common elements of the factor model. For other assets, correlations can be defined between the stochastic shocks to the returns. Shock correlations are not equivalent to return correlations. However, shock correlations can be used to target a particular return correlation.

Correlations between asset returns are targeted to best estimate assumptions. These targets have been derived by considering historical behaviour.

The target correlations used within the ESG are displayed below:

UK Equity Return versus	End Dec 2012
Property	35%
Bonds	17%
IL Bonds	11%
Short Rate	-7%
European Equities	75%
US Equities	75%
Japanese Equities	52%
Emerging Markets Equities	62%
Pacific Basin Equities	54%

Correlations between asset classes are not constant within the model and will differ from the above, but the above targets represent the level of correlation which the parameters of the model are chosen to reproduce in the long term.

Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4AName of insurer **Aviva Life & Pensions UK Ltd – New/Old With-Profits Sub-Funds**

Global business

Financial year ended **31 December 2012****(iii) Option prices from asset model**

<i>n</i>	<i>K</i>	0.75				1				1.5			
	<i>Duration (n)</i>	5	15	25	35	5	15	25	35	5	15	25	35
<i>r</i>	<i>Annualised compound equivalent of the risk free rate assumed for the period (r)</i>	1.04%	2.58%	3.15%	3.30%	x	x	x	x	x	x	x	x
1	<i>Risk-Free Zero Coupon Bond</i>	949,444	682,464	460,428	320,823	x	x	x	x	x	x	x	x
2	<i>FTSE All Share Index (p=1)</i>	107,670	254,307	346,906	416,963	213,861	399,046	515,510	601,555	544,684	746,034	891,897	999,584
3	<i>FTSE All Share Index (p=0.8)</i>	105,036	225,675	280,294	311,881	208,751	354,585	417,646	452,113	532,136	664,856	725,866	755,883
4	<i>Property (p=1)</i>	29,533	100,838	168,391	231,595	131,010	232,636	317,021	395,067	521,440	605,541	693,594	779,090
5	<i>Property (p=0.8)</i>	27,727	79,019	116,961	148,237	125,230	189,181	228,058	261,273	507,325	515,510	524,151	540,220
6	<i>15yr Risk-Free ZCBs (p=1)</i>	8,695	11,756	13,923	28,665	78,706	87,283	94,944	129,939	500,481	502,030	503,763	522,658
7	<i>15yr Risk-Free ZCBs (p=0.8)</i>	7,923	6,411	4,182	6,374	73,580	54,465	36,929	41,629	485,220	395,709	304,382	264,805
8	<i>15yr Corporate Bonds (p=1)</i>	11,079	19,101	25,523	43,344	86,184	102,580	113,038	149,119	500,866	503,795	505,891	530,771
9	<i>15yr Corporate Bonds (p=0.8)</i>	10,144	11,580	10,441	13,131	80,956	69,020	52,829	58,415	485,685	399,923	313,638	280,025
10	<i>Portfolio 1 (p=1)</i>	65,067	173,929	251,841	314,268	161,891	306,332	405,027	481,937	519,120	652,408	769,029	859,991
11	<i>Portfolio 1 (p=0.8)</i>	62,942	149,208	194,184	223,388	156,793	264,654	315,188	345,618	505,204	568,900	605,764	626,235
12	<i>Portfolio 2 (p=1)</i>	57,099	151,287	217,568	272,566	147,220	275,352	361,390	429,836	508,390	612,843	713,191	796,322
13	<i>Portfolio 2 (p=0.8)</i>	55,163	128,638	164,891	189,569	142,396	235,969	276,700	301,700	494,102	530,199	553,861	568,555
14	<i>Portfolio 3 (p=1)</i>	29,447	87,117	135,107	180,377	109,317	196,615	262,322	320,648	502,228	547,685	613,397	677,181
15	<i>Portfolio 3 (p=0.8)</i>	28,019	69,578	93,686	111,617	104,517	159,714	185,379	205,422	487,139	458,195	450,736	451,935
16	<i>Sterling Receiver Swaptions</i>	19.27%	12.52%	10.18%	7.69%	22.53%	15.34%	12.36%	9.36%	25.47%	17.67%	14.19%	10.65%
		<i>Swap Duration = 15 years</i>				<i>Swap Duration = 20 years</i>				<i>Swap Duration = 25 years</i>			

Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4A

Name of insurer **Aviva Life & Pensions UK Ltd – New/Old With-Profits Sub-Funds**

Global business

Financial year ended **31 December 2012**

Notes on the table above:

Row 1 shows the value of cash payments of £1,000,000 due n years after the valuation date. Rows 2 to 15 inclusive were completed for the appropriate asset classes showing the value of a put option on a portfolio worth £1,000,000 on the valuation date exercisable n years after the valuation date with strike price of $K * £1,000,000 * (1+r*p)^n$.

All references to 15-year bonds mean rolling bonds traded to maintain the 15 year duration at all future dates. The corporate bonds should be assumed to be rolling AA rated zero coupon bonds.

Row 16 shows the value of sterling receiver swaptions with a strike of 5% exercisable n years after the valuation date with swap durations on exercise of L years. The values are expressed as a percentage of nominal.

The property put options are assumed to relate to a well diversified portfolio of UK commercial property.

A zero trend growth in property prices is assumed where this is relevant.

In each case the options should be valued with reinvestment of any dividend income into the FTSE All Share index and reinvestment of any rental or other property income into UK property.

Tax should be ignored in all calculations.

All options should be assumed to be European-style.

Commentary on the results:

This is a combined table for 6(4)(a)(iii) and 6(4)(b)(iii).

Our maturity value, no-MVR and inflation protection guarantees that are priced through this process have a discounted mean term of around 8 years for NWPSF and 9 years for OWPSF. Results produced for guarantees longer than 20 years are of less relevance.

For Guaranteed Annuity Options our model is calibrated to the discounted mean term of the GAO liability and the strike price of the GAOs (around 9%). The results produced by the model at 5% strike are not relevant to our valuation of GAO.

For the gilt portfolio pricing we are asked to base these results on a 15-year rebalancing portfolio. Our philosophy is to hold fixed-interest assets with duration matching to the discounted mean term of the liability (i.e. the portfolio shortens over time). Similar to the comments above, results produced incorporating a 15-year rebalancing rule have little practical relevance to the cost of our guarantees.

Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4A

Name of insurer **Aviva Life & Pensions UK Ltd – New/Old With-Profits Sub-Funds**

Global business

Financial year ended **31 December 2012**

(iv) Initial Equity and Property Rental Yields

For UK, the initial equity yield is 3.72% and the initial property rental yield is 4.3%.

(v) UK risk free rates are applied throughout.

Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4AName of insurer **Aviva Life & Pensions UK Ltd – New/Old With-Profits Sub-Funds**

Global business

Financial year ended **31 December 2012****(vi) Duration of significant guarantees**

The following tables show the durations of significant guarantees and promises for the with-profits funds. Duration is calculated as weighted average of projected maturity years with weights equal to the cost of guarantees.

Duration of guarantees

NWPSF	Duration (yrs)	%																
		2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027+		
Conventional Life																		
Base guarantee	5.6	5	8	10	12	10	11	9	8	10	9	5	2	0	0	0	100	
Mortgage promise	5.3	6	8	9	12	13	14	12	6	6	7	5	2	0	0	0	100	
Conventional Pensions																		
Base guarantee	6.8	18	5	6	5	6	9	7	6	6	5	5	4	3	3	11	100	
GAR option	5.4	7	15	12	11	12	12	5	4	4	3	3	2	2	3	5	100	
Unitised Life																		
Partial surrender	8.8	6	7	8	8	8	7	7	6	5	5	4	4	3	3	20	100	
No-MVR (surrender)	4.6	7	15	26	12	3	3	8	11	6	1	1	2	2	1	2	100	
Money-back (surrender)	5.9	0	1	19	7	12	13	10	14	14	10	0	0	0	0	0	100	
Inflation protected (surrender)	7.3	4	6	6	9	11	11	11	7	6	6	4	3	3	3	10	100	
Unitised Pensions excl Stk																		
Base guarantee	11.8	1	3	-	3	9	4	0	15	-	5	11	5	-	15	29	100	
GAR option	4.7	32	3	13	8	5	9	2	7	3	5	3	1	1	2	5	100	
Stakeholder																		
Base guarantee	13.3	1	2	-	-	12	-	0	15	-	-	18	-	-	15	37	100	

Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4AName of insurer **Aviva Life & Pensions UK Ltd – New/Old With-Profits Sub-Funds**

Global business

Financial year ended **31 December 2012**

OWPSF	Duration (yrs)	%															
		2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027+	
Conventional Life																	
Base guarantee	6.7	2	5	7	9	9	10	9	9	14	13	9	3	0	0	1	100
Mortgage promise	6.3	3	4	6	9	13	13	12	7	9	10	9	3	0	0	1	100
Conventional Pensions																	
Base guarantee	7.9	17	4	2	5	5	7	5	6	5	7	6	5	5	5	16	100
GAR option	5.8	4	12	13	17	11	10	4	4	4	4	3	2	2	3	6	100
Unitised Life																	
Partial surrender	8.7	6	8	8	8	8	7	7	6	5	4	4	4	3	3	20	100
No-MVR (surrender)	4.6	7	14	26	14	3	3	8	11	6	1	1	2	2	1	2	100
Money-back (surrender)	5.9	-	1	19	7	12	13	10	14	14	10	0	0	0	0	0	100
Inflation protected (surrender)	7.3	4	6	6	9	11	11	11	7	6	6	4	3	3	3	10	100
Unitised Pensions excl Stk																	
Base guarantee	13.4	0	1	-	3	5	4	0	13	-	6	9	6	-	15	39	100
GAR option	6.9	23	2	2	5	4	12	1	0	3	10	18	11	6	-	3	100
Stakeholder																	
Base guarantee	13.3	1	2	-	-	12	-	0	15	-	-	18	-	-	15	37	100

Duration is calculated as weighted average of projected maturity years with weights equal to the cost of guarantees.

Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4A

Name of insurer

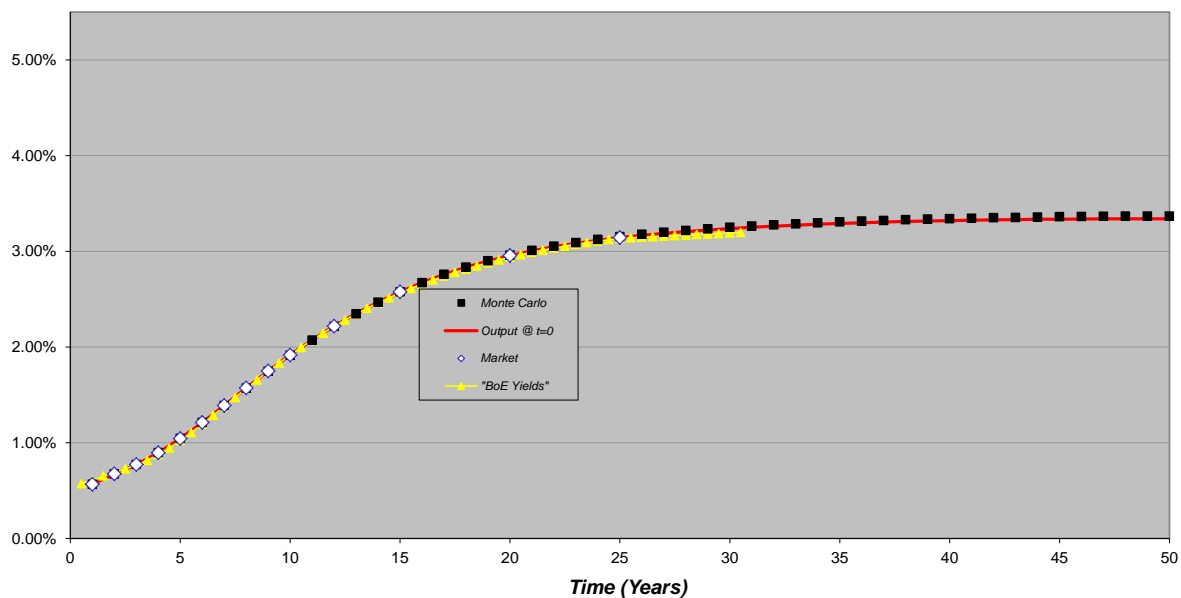
Aviva Life & Pensions UK Ltd – New/Old With-Profits Sub-Funds

Global business

Financial year ended

31 December 2012

The following graphs/tables illustrate the fit of the asset model to specimen market traded instruments:

Yield curve validation**Nominal Yield Curve Validations (end December 2012)**Market implied volatilities:

Term\Strike	0.7	0.8	0.9	1.0	1.1	1.2	1.3
1	27.2%	23.9%	20.6%	17.6%	15.2%	14.0%	13.6%
3	27.1%	25.1%	23.2%	21.5%	19.8%	18.3%	17.1%
5	28.0%	26.3%	24.8%	23.4%	22.1%	21.0%	20.1%
9	29.4%	28.2%	27.0%	26.0%	25.0%	24.1%	23.3%

Difference between Modelled volatilities and Market Implied volatilities (bps):

Term\Strike	0.7	0.8	0.9	1.0	1.1	1.2	1.3
1	(161)	(59)	23	77	37	(170)	(199)
3	(8)	2	0	(1)	(1)	(15)	(66)
5	0	28	42	53	53	45	24
9	(91)	(74)	(63)	(55)	(44)	(36)	(34)

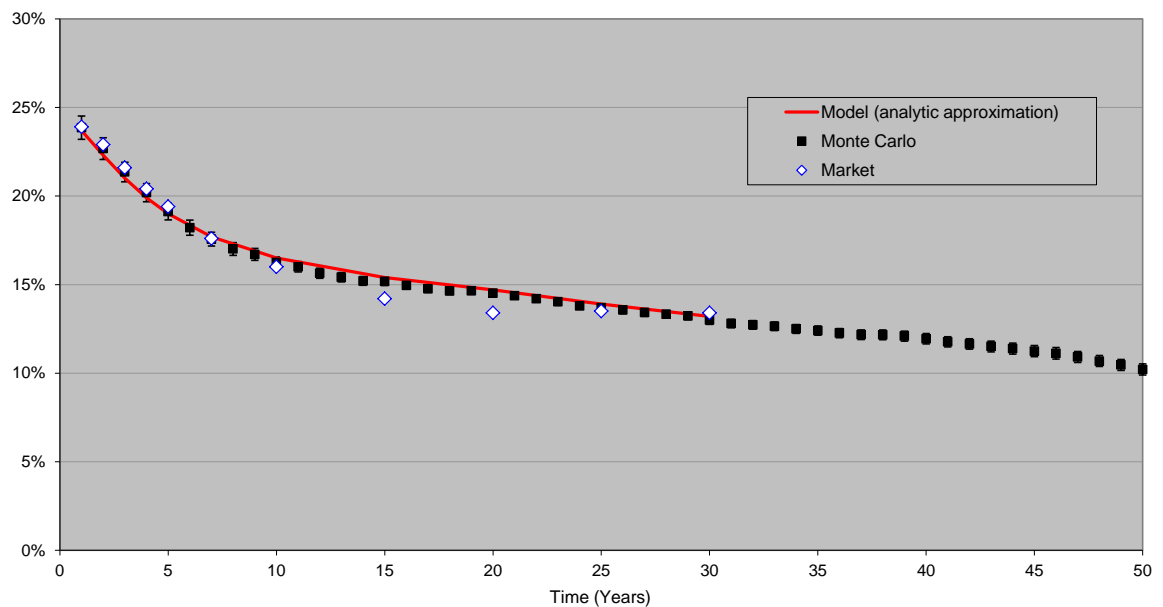
Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4A

Name of insurer

Aviva Life & Pensions UK Ltd – New/Old With-Profits Sub-Funds

Global business

Financial year ended

31 December 2012Swaption implied volatilities**Swaption LMM+ ATM Validation 20 years (end Dec 2012)****(vii) Nature of validations of asset model**

The table below shows the discounted value of £1 invested on the valuation date and projected forward t years ($t=5, 10, 15, 20$) invested in equities and property. For a risk-neutral model, the expected result would be 100%.

t (year from valuation date)		5	10	15	20
Equities	5000 Simulation results	99.5%	100.0%	99.7%	99.7%
	standard error	0.3%	0.6%	1.0%	1.4%
Property	5000 Simulation results	100.0%	99.7%	99.4%	99.6%
	standard error	0.2%	0.3%	0.5%	0.6%

t (year from valuation date)		5	10	15	20
Equities	1000 Simulation results	98.7%	98.5%	97.4%	97.2%
	standard error	0.7%	1.4%	2.1%	2.8%
Property	1000 Simulation results	99.6%	99.2%	99.3%	99.6%
	standard error	0.3%	0.6%	0.9%	1.5%

(viii) Number of projections

To ensure convergence of the liabilities, separate calculations were carried out on different numbers of simulations (2500 and 5000). This has demonstrated that there is no significant change in convergence between 2500 and 5000 sims. 2500 sims has been used in the step through analysis over the year and for the final closing position.

Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4AName of insurer **Aviva Life & Pensions UK Ltd – New/Old With-Profits Sub-Funds**

Global business

Financial year ended **31 December 2012****(b) Market costs of hedging - Description of guarantees, options or smoothing**

A small reserve for GMP guarantees on Section 32 Transfer policies is held. This reserve has been calculated as the statutory provision, with an adjustment to allow for future bonuses together with a 15% uplift. These costs have been included in the figures quoted in 6(4)(a)(i).

Note the GMP liabilities are calculated using an annuity vesting rate based on the average duration of liabilities rather than a curve.

The costs of these guarantees are shown below.

NWPSF Cost of Guaranteed Minimum Pensions	£m
Base cost of GMP gtee on S32	34
Uplift (15%)	5
Total	39

OWPSF Cost of Guaranteed Minimum Pensions	£m
Base cost of GMP gtee on S32	5
Uplift (15%)	1
Total	6

(c) Deterministic projections - Description of guarantees, options or smoothing

No guarantees, options or smoothing costs have been valued using this method.

(5) Management Actions

- a) There are various allowances and limitations for management actions in the stochastic model. Details of the key decisions are set out below.

Projected Equity backing Ratio (EBR)

It is assumed that management will intervene and carry out switches (over and above any market movements) of assets backing asset shares. The aim of this approach is to maximise policyholder returns, whilst managing solvency within acceptable risk levels.

If equity/property performance was poor, solvency would reduce, leading to management action to reduce the exposure to these assets. The model contains limits on the maximum change to the total EBR that can be made per month and has upper and lower EBR bounds, which are consistent with the requirements of the reattribution scheme. Additionally, the model contains limits on the maximum change to the relative proportion of equity and property that can be made per annum.

The EBR dynamic rule within the stochastic model takes into account the projected value of the future guarantees, available capital and asset shares. It then adopts a dynamic hedging approach to determine the EBR for the assets backing the asset share.

If projected asset shares are close to the projected value of the guarantees and the available capital is low, then we are less able to rely on equity/property assets, which leads to a lower EBR. However, if the projected asset shares are significantly in excess of the projected guarantees or if the available capital is high, then there is more scope to invest in equity/property and EBR can increase accordingly.

Regular Bonus Assumptions

The RB rate is set to ensure that a sufficient level of final bonus can be built up whilst also ensuring the RB rate has reasonable long term sustainability.

The stochastic model utilises a dynamic RB algorithm that depends on the projected asset share to projected guaranteed benefit relationship, along with the desired final bonus buffer and investment return assumption. This calculation also allows for a maximum per annum movement in the RB rate.

The RB algorithm has been compared with actual bonus declarations with satisfactory results.

The results produced by the application of this model are shown in 6.5(b)(i).

Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4AName of insurer **Aviva Life & Pensions UK Ltd – New/Old With-Profits Sub-Funds**

Global business

Financial year ended **31 December 2012****Guarantee Charges on asset shares**

The model uses a 0.7% guarantee charge for that UWP life business written since 2007 where this guarantee charge is applicable.

There are certain Aviva Life International Ltd bonds which also have a guarantee charge (0.5% p.a. for a 10 year period).

Allocation of non-profit profits to asset share

At the date of the valuation all future profits expected from Non Profits business has been allocated to asset shares. Hence, no future allocation has been included in respect of Non Profits business in the New With-Profits Sub-Fund and the Old With-Profits Sub-Fund.

Shareholder Transfers and tax

The model assumes that transfers to shareholders continue at the current proportions of the cost of bonus.

Shareholder transfers and the associated tax are assumed to be charged to asset shares or the estate in line with the PPFM. For shareholder transfer payments arising from Mortgage Endowment Promise both shareholder transfer and tax will be charged to the estate.

Mortality costs

Mortality profits and losses are passed on to the asset shares in line with the PPFMs.

Surrender costs

The current practice of the fund is to target surrender payouts at 100% of Asset Share. Consequently, no future surrender profit or loss is anticipated to emerge.

b) Best estimate of future proportions of assets backing the WPBR.

- The projection allows for future EBR and bonus rate management action as discussed earlier in this document. The results reflect an average of the simulated positions.

(i) Projection at risk free rateUWP Bonus Rates

Product ex CGNU	31-Dec-12	31-Dec-17	31-Dec-22
UWP Life (implicit charged): Units purchased on policies written pre 01/10/98	1.50%	1.92%	2.12%
UWP Life (implicit charged): Units purchased on policies written post 01/09/98	1.50%	1.54%	1.83%
UWP Life (explicit charged)	2.50%	2.66%	2.73%
UWP Pension (implicit charged): Units purchased on policies written pre 01/10/98	2.00%	1.74%	2.04%
UWP Pension (implicit charged): Units purchased on policies written post 01/09/98	2.00%	2.99%	2.91%
UWP Pension (explicit charged)	3.00%	3.26%	3.08%
UWP Pension (Stakeholder)	2.75%	3.28%	3.14%

Product ex CULAC	31-Dec-12	31-Dec-17	31-Dec-22
UWP Life (Direct Written)	2.00%	2.13%	2.46%
UWP Pension (Direct Written)	4.00%	4.12%	4.41%

- Units purchased on Pensions policies before 1 January 1993 have a guaranteed regular bonus rate of 4% pa.

Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4A

Name of insurer

Aviva Life & Pensions UK Ltd – New/Old With-Profits Sub-Funds

Global business

Financial year ended

31 December 2012Assets Backing With-Profit Benefits Reserve

The projections below are based on the actual asset share mix as at 31 December 2012:

Asset Class	31/12/2012	31/12/2017	31/12/2022
Equities	44.2%	45.2%	46.5%
Property	26.9%	27.5%	28.3%
Fixed Interest	28.9%	23.1%	21.0%
Cash	0.0%	4.2%	4.2%
Total Assets	100.0%	100.0%	100.0%
EBR	71.1%	72.7%	74.8%

(ii) **Projection at risk free rate plus 17.5%**UWP Bonus Rates

Product ex CGNU	31-Dec-12	31-Dec-17	31-Dec-22
UWP Life (implicit charged): Units purchased on policies written pre 01/10/98	1.50%	2.22%	2.43%
UWP Life (implicit charged): Units purchased on policies written post 01/09/98	1.50%	1.80%	2.12%
UWP Life (explicit charged)	2.50%	2.93%	3.03%
UWP Pension (implicit charged): Units purchased on policies written pre 01/10/98	2.00%	2.02%	2.34%
UWP Pension (implicit charged): Units purchased on policies written post 01/09/98	2.00%	3.34%	3.27%
UWP Pension (explicit charged)	3.00%	3.61%	3.45%
UWP Pension (Stakeholder)	2.75%	3.64%	3.52%

Product ex CULAC	31-Dec-12	31-Dec-17	31-Dec-22
UWP Life (Direct Written)	2.00%	2.42%	2.78%
UWP Pension (Direct Written)	4.00%	4.19%	4.54%

Assets Backing With-Profit Benefits Reserve

Asset Class	31/12/2012	31/12/2017	31/12/2022
Equity	44.2%	45.6%	46.6%
Property	26.9%	27.7%	28.3%
Fixed Interest	28.9%	22.5%	20.9%
Cash	0.0%	4.2%	4.2%
Total Assets	100.0%	100.0%	100.0%
EBR	71.1%	73.3%	74.8%

Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4A

Name of insurer

Aviva Life & Pensions UK Ltd – New/Old With-Profits Sub-Funds

Global business

Financial year ended

31 December 2012**(iii) Projection at risk free rate minus 17.5%**UWP Bonus Rates

Product ex CGNU	31-Dec-12	31-Dec-17	31-Dec-22
UWP Life (implicit charged): Units purchased on policies written pre 01/10/98	1.50%	1.66%	1.87%
UWP Life (implicit charged): Units purchased on policies written post 01/09/98	1.50%	1.31%	1.59%
UWP Life (explicit charged)	2.50%	2.40%	2.46%
UWP Pension (implicit charged): Units purchased on policies written pre 01/10/98	2.00%	1.47%	1.79%
UWP Pension (implicit charged): Units purchased on policies written post 01/09/98	2.00%	2.66%	2.61%
UWP Pension (explicit charged)	3.00%	2.93%	2.78%
UWP Pension (Stakeholder)	2.75%	2.94%	2.82%

Product ex CULAC	31-Dec-12	31-Dec-17	31-Dec-22
UWP Life (Direct Written)	2.00%	1.85%	2.19%
UWP Pension (Direct Written)	4.00%	4.07%	4.31%

Assets Backing With-Profit Benefits Reserve

Asset Class	31/12/2012	31/12/2017	31/12/2022
Equity	44.2%	44.8%	46.4%
Property	26.9%	27.2%	28.2%
Fixed Interest	28.9%	23.8%	21.2%
Cash	0.0%	4.2%	4.2%
Total Assets	100.0%	100.0%	100.0%
EBR	71.1%	72.0%	74.6%

Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4A

Name of insurer

Aviva Life & Pensions UK Ltd – New/Old With-Profits Sub-Funds

Global business

Financial year ended

31 December 2012**(6) Persistency and Mortality Assumptions**

The lapse rates assumed in the projection of the asset shares and guaranteed benefits are based on own experience adjusted for anticipated trends. The following table shows the static assumptions; the model incorporates a dynamic overlay to these rates.

ex CGNU		<u>Average surrender / paid-up rate for the policy years</u>			
		1-5	6-10	11-15	16-20
CWP savings endowment	surrender	n/a	n/a	n/a	3.00%
CWP target cash endowment	surrender	n/a	n/a	n/a	3.00%
UWP savings endowment	surrender	n/a	n/a	n/a	n/a
UWP target cash endowment	surrender	n/a	n/a	n/a	n/a
UWP bond	surrender	3.31%	12.07%	11.00%	10.00%
UWP bond	automatic withdrawals	100% of current	100% of current	100% of current	100% of current
CWP pension regular premium	PUP	0.00%	0.00%	0.00%	0.00%
CWP pension regular premium	surrender	1.00%	1.00%	1.00%	1.00%
CWP pension single premium	surrender	1.00%	1.00%	1.00%	1.00%
UWP indiv pension regular premium	PUP	n/a	n/a	n/a	n/a
UWP indiv pension regular premium	surrender	3.50%	3.50%	3.50%	3.50%
UWP indiv pension single premium	surrender	3.50%	3.50%	3.50%	3.50%

ex CULAC		<u>Average surrender / paid-up rate for the policy years</u>			
		1-5	6-10	11-15	16-20
CWP savings endowment	surrender	n/a	n/a	n/a	3.00%
CWP target cash endowment	surrender	n/a	n/a	n/a	3.00%
UWP savings endowment	surrender	n/a	n/a	n/a	n/a
UWP target cash endowment	surrender	n/a	n/a	n/a	n/a
UWP bond	surrender	n/a	n/a	11.00%	10.00%
UWP bond	automatic withdrawals	100% of current	100% of current	100% of current	100% of current
CWP pension regular premium	PUP	0.00%	0.00%	0.00%	0.00%
CWP pension regular premium	surrender	1.50%	1.50%	1.50%	1.50%
CWP pension single premium	surrender	1.50%	1.50%	1.50%	1.50%
UWP indiv pension regular premium	PUP	n/a	n/a	n/a	n/a
UWP indiv pension regular premium	surrender	3.50%	3.50%	3.50%	3.50%
UWP indiv pension single premium	surrender	3.50%	3.50%	3.50%	3.50%

For UWP business we make no allowance for future premiums, so the PUP rate is not applicable.

UWP endowment business is not modelled as the amount of business is not material.

Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4A

Name of insurer **Aviva Life & Pensions UK Ltd – New/Old With-Profits Sub-Funds**

Global business

Financial year ended **31 December 2012**

Mortality Assumptions

Mortality assumptions for the Realistic Balance sheet are generally best-estimate.

Annuitant Mortality

For all immediate annuities and deferred annuities in payment we use the following annuitant mortality basis

	31 December 2012
Males	103.5% PCMA00 with CMI_2011_M(1.5%) improvement factors, applicable from 2001
Females	98.5% PCFA00 with CMI_2011_M(1.5%) improvement factors, applicable from 2001

Guaranteed Annuity Option take-up rate

An initial take-up rate of 78% for ex CGNU and 85% for ex CULAC has been assumed in respect of Guaranteed Annuity options attaching to pensions.

A fixed take up rate is assumed irrespective of how in the money the option is.

A maturity age of 65 has been used to determine the value of the Guaranteed Annuity Option

Deferred Annuity with cash option

The ex CGNU SEDA business with a guaranteed cash option is modelled stochastically with a 100% take-up rate in simulations where the cash option is more valuable than the secured annuity amount.

(7) Policyholder Actions

Policyholder actions are covered by the static persistency and GAO take-up rates in the previous section, together with a dynamic overlay for certain classes of business. There is dynamic linking of policyholder behaviour in respect of no-MVR, Inflation-protection and 'money-back' guarantees for certain classes of business.

7. Financing Costs

There are no financing costs.

8. Other long-term insurance liabilities

NWPSF

Product Class	Any other liabilities related to treating customers fairly	Any other long-term insurance liabilities
Conventional Life	0	48
Conventional Pensions	0	1
UWP Life (incl. Overseas)	0	(264)
UWP Pensions	0	4
UWP Stakeholder	0	0
Miscellaneous	0	138
Total	0	(72)

Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4A

Name of insurer **Aviva Life & Pensions UK Ltd – New/Old With-Profits Sub-Funds**

Global business

Financial year ended **31 December 2012**

OWPSF

Product Class	Any other liabilities related to treating customers fairly	Any other long-term insurance liabilities
Conventional Life	0	12
Conventional Pensions	0	0
UWP Life (incl. Overseas)	0	(34)
UWP Pensions	0	2
UWP Stakeholder	0	0
Miscellaneous	0	21
Total	0	1

Any other liabilities related to treating customers fairly

No liability is held in respect of any other liabilities related to treating customers fairly.

Any other long-term insurance liabilities

The product split gives a breakdown of the £94m in NWPSF and £23m in OWPSF held in respect of the future shareholder transfers.

A credit of £311m (NWPSF) and £43m OWPSF is held in respect of the difference between the present value of charges to be deducted from UWP asset shares on a charges basis compared to the future renewal expenses. This credit implicitly includes an allowance for recovery of initial expenses already incurred on this business.

£112m (NWPSF) and £17m (OWPSF) is held to cover the cost of future expenses not charged to asset shares.

£32m (NWPSF) and £4m (OWPSF) is included in respect of other liabilities including future pension transfer review costs, funding for the Aviva staff pension scheme deficit, investigation and redress of mortgage endowment mis-selling complaints..

9. Realistic current liabilities

The realistic current liabilities include the following:

- Outstanding claims
- Creditors arising out of direct insurance business
- Amounts owed to credit institutions
- Creditors in relation to current tax liabilities
- Other creditors
- Accruals and deferred income
- Creditors arising out of reinsurance business

The realistic current liabilities at 31 December 2012 are £2,001m in NWPSF and £67m in OWPSF.

The realistic current liabilities are £28m lower than the regulatory liabilities in NWPSF and £3m lower than the regulatory liabilities in OWPSF. This reflects taking partial credit for assumed future income and capital gains for which tax due can be offset against an existing deferred tax asset.

Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4A

Name of insurer

Aviva Life & Pensions UK Ltd – New/Old With-Profits Sub-Funds

Global business

Financial year ended

31 December 2012**10. Risk Capital Margin**

(1)

Fund	RCM (£m)
NWPSF	372.0
OWPSF	89.2

(a)

- (i) Changes in asset values under stress scenarios for equities and real estate (property) for NWPSF and OWPSF

Asset Class	Change in market values
UK Equities	20.0%
OS Equities	21.7%
Property	12.5%

The overseas equity fall is set such that it has the same probability as UK equities falling 20%.

A fall in market values of equity and property is more onerous than a rise in market values for NWPSF and OWPSF.

Asset Class	Rise in FI yields	Fall in FI yields
Nominal change in yields	+41bps	-41bps
long-term yield – level post-stress	2.73%	1.91%
long-term yield - % movement post-stress	+17.50%	-17.50%

For NWPSF and OWPSF, the fall in fixed-interest yield scenario is more onerous.

(ii)

Fund	Average Increase in credit spread – excluding Approved stock	Change in FI asset value – excluding Approved stock
NWPSF	1.03%	-5.64%
OWPSF	1.03%	-6.58%

The average increase in credit spread is weighted by current market value of fixed interest.

The change in FI asset values is from the increase in credit spreads from the credit-risk test.

In addition, an allowance for reinsurance default risk was increased from £2.6m to £4.4m for NWPSF and from £0.4m to £0.6m for OWPSF in the stress scenario.

In the credit risk scenario the credit default swaps held in the funds are assumed to increase by £38.3m in NWPSF and by £0.4m in OWPSF. This includes a margin for prudence.

- (iii) For the persistency test a 32.5% decrease in lapse rates is tested as this increases the fund's exposure to maturity guarantees.

% increase in realistic liabilities for NWPSF = 1.02%

% increase in realistic liabilities for OWPSF = 1.24%

- (iv) Not applicable

(b) Management Actions under the stress tests

- (i) No changes in management actions or to any other assumptions are assumed to be made under the stress tests.

Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4AName of insurer **Aviva Life & Pensions UK Ltd – New/Old With-Profits Sub-Funds**

Global business

Financial year ended **31 December 2012**

(ii) Not applicable.

(iii) The same investment management rules governing any change in asset mix of the fund have been used for the projection of assets in the stress tests as in the central scenario.

(iv) Under the stress tests the guarantee charges are assumed to be unchanged.

(c) Assets backing Risk Capital Margin

(i) The assets hypothecated to back the risk capital margin are set out in the following table.

NWPSF Assets backing RCM	£m	%
UK equities	0.0	0.00%
Overseas equities	0.0	0.00%
Land and buildings	0.0	0.00%
Approved fixed interest securities	0.0	0.00%
Other fixed interest securities	0.0	0.00%
All other assets	372.0	100.0%
Total	372.0	100.0%

All assets backing the New With-Profits Sub-Fund RCM are within the Reattributed Inherited Estate External Support Account (RIEESA) which forms part of Non-Profit Sub-Fund 1.

OWPSF Assets backing RCM	£m	%
UK equities	0.0	0.0%
Overseas equities	0.0	0.0%
Land and buildings	0.0	0.0%
Approved fixed interest securities	89.2	100.0%
Other fixed interest securities	0.0	0.0%
All other assets	0.0	0.0%
Total	89.2	100.0%

All assets backing the Old With-Profits Sub-Fund RCM are within the Old With-Profits Sub-Fund.

(ii) Not applicable.

11. Tax**(1) Tax treatment in the with-profits benefit reserves**

Asset shares are credited with net of tax investment returns allowing for actual tax rates.

	2012 %
Income tax	20
Capital gains tax	20
Franked income tax	-
Withholding tax	15

Capital gain tax is charged or relief credited, on unrealised gains or losses in each period allowing for the probability of the charge or relief materialising in future. A probability of 50% is assumed as this would be expected to prevail in the vast majority of economic circumstances. For 2012 returns the probability lead to a notional tax charge/credit of 10%.

Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4AName of insurer **Aviva Life & Pensions UK Ltd – New/Old With-Profits Sub-Funds**

Global business

Financial year ended **31 December 2012****(2) Tax treatment in future policy related liabilities**

The following tax rates have been used in the future for all projections:

Corporation Tax	23%
Income Tax	20%
Capital Gains Tax	20%
Franked Income Tax	0%
Withholding Tax	15%

The corporation tax rate has been updated from 25% to 23% in respect of payments from 2013 onwards, following the rate that will apply from April 2013. No allowance is made for possible further reductions in this rate in future.

For asset share projections in the stochastic model, capital gains tax is levied on gains in each future period at 20% in simulations where there are sufficient cumulative indexed gains.

(3) Tax treatment in the realistic current liabilities

In the realistic regime allowance for deferred tax assets is made. The credit in relation to capital losses is reduced to allow for the probability of no future value being obtained for those capital losses. Discounting is applied for deferral of tax on deemed disposals on OEICs and any acquisition expense elements of the tax asset.

In the regulatory regime no allowance is made for deferred tax assets.

12. Derivatives

Security	NWPSF Exposure at 31/12/2012	OWPSF Exposure at 31/12/2012
	£m	£m
Futures on Bonds - short term trading derivatives	(145)	(27)
Futures on Equities - short term trading derivatives	904	147
Currency Futures	1,575	210
Property swaps	375	0
Inflation Rate Swaps	709	107
Interest Rate Swaps	4,896	207
Credit Default Swaps	674	10
Equity Options	561	71

The exposure to futures is part of Aviva Life & Pensions UK Limited portfolio management strategy, and the majority of futures expire no later than 31 March 2013.

The Property swaps are used to manage property exposure in the fund

The Inflation Rate Swaps are used to manage inflation risk within the fund.

The Credit Default Swaps are used to manage bond spread and default risk within the fund.

The swap exposure figures are shown as gross counterparty exposure and do not allow for the offset of individual contracts against one another.

The Equity Options are used to manage equity exposure within the fund.

Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4AName of insurer **Aviva Life & Pensions UK Ltd – New/Old With-Profits Sub-Funds**

Global business

Financial year ended **31 December 2012****13. Analysis of working capital**

	NWPSF £m	OWPSF £m
Working capital at 31/12/2011	0	237
Investment return on opening working capital and profits on assets backing liabilities	91	49
Economic assumption changes	(39)	(6)
Non-economic assumption changes	(6)	(1)
Policyholder action assumption changes	35	4
Other experience variances	(9)	14
Impact of new business	2	0
Changes in reinsurance and regulation	0	0
Modelling changes and opening adjustments	(113)	(14)
Miscellaneous liabilities	10	5
Special distribution	0	0
Transfer from RIEESA	29	0
Working capital at 31/12/2012	0	289

Notes:

1. The profits on assets backing liabilities includes the release of time value in guarantees, the impacts of assets backing guarantee costs moving adversely relative to the cost of the guarantees and unwind of the discount rate used for calculating guarantee costs. There is also a positive impact from assets backing non-profit liabilities increasing by more than the liabilities. In OWPSF it has not been possible to split return on working capital and return on guarantee costs so this has also been included in this line of the analysis.
2. The economic assumption impact is mainly driven by changes in assumed asset mix, partially offset by reductions in equity volatility.
3. Non-economic assumption changes include a strengthening of the annuitant mortality assumptions, a weakening of the assurance mortality assumptions and an increase to investment expense assumptions.
4. The policyholder assumption changes relates to a removal of the assumed future increase in the Guaranteed Annuity Option take-up rate and an increase in lapse rates on UWP bonds.
5. Experience variance includes the impact of premiums, claims, and expenses.
6. The impact of new business is small as an adjustment is made to future shareholders transfers to eliminate new business subsidy.
7. Modelling changes and opening adjustments include
 - Harmonisation activities to improve consistency with other “best estimate” valuation bases (ICA, MCEV).
 - Dynamic equity backing ratio modelling improvement with regards to projection of equity and property proportions
 - Updates to prior year asset share investment returns
8. Note that the change in other liabilities from Form 19 line 47 is included in the analysis above.
9. The change in working capital arising purely from the change in Form 19 line 51 cannot be quantified.
10. The resulting surplus or deficit in New With-Profits Sub-Fund is zeroised by way of an inter-company balance transfer to/from the RIEESA.

Statement on derivatives required by IPRU (INS) 9.29

Name of insurer **Aviva UK Life & Pensions Limited**

Global business

Financial year ended **31st December 2012**

The following summarises investment policy for the use of derivatives: -

- Derivatives will only be used in accordance with FSA Guidelines for the purpose of efficient portfolio management or reduction in investment risk.
- Derivatives must not be used for speculative purposes.
- Derivatives must be fully covered by the assets of the fund and must not be used to 'gear up' a fund.
- Counterparty risk – for exchange traded contracts, the exchange must be classed as “regulated” by an investment committee. Over the counter contracts, transactions must only be transacted with approved counterparties.
- Counterparty limits are consistent, and monitored in line with the fund's aggregate exposure guidelines.
- Controls and Monitoring – delegated authorities exist for each member of staff using derivatives. Derivatives transactions are priced, settled and profit and losses reconciled in an area independent of the fund managers involved.

The speculative use of derivative contracts is prohibited.

There are no specific guidelines for the use of contracts that were not reasonably likely to be exercised at the start of the contract. The company was party to Stock Underwriting over the financial year, which falls into the description above. This was the only example of such contracts that was transacted during the financial period. However, none of the amounts recorded in Form 13 would have been materially changed if the insurer became obligated to purchase these assets.

No derivative contracts were held at any time during the financial year that required a significant provision under INSPRU 3.2.17R, and where appropriate, all contracts held fell within the definition of a permitted derivative contract.

During the financial period, the company's use of derivatives included the granting of rights under derivative contracts for a fixed consideration. This was in the activity of Stock Underwriting. The fee income over the financial year was £557,964.

Returns under the Accounts and Statements Rules

Statement on controllers required by IPRU (INS) 9.30

Name of insurer **Aviva Life & Pensions UK Limited**

Global business

Financial year ended **31st December 2012**

100% of the issued share capital of the Company is held by Aviva Life Holdings UK Limited.

100% of the issued share capital of Aviva Life Holdings UK Limited is held by Aviva Group Holdings Limited.

100% of the issued share capital of Aviva Group Holdings Limited is held by the Ultimate Parent Undertaking, Aviva plc.

There have been no changes to the above position during the year.

All shares are voting shares.

Statement of information on the with-profits actuary required by IPRU (INS) 9.36

Name of insurer **Aviva Life & Pensions UK Limited**

Global business

Financial year ended **31st December 2012**

In accordance with rule 9.36 of the Interim Prudential Sourcebook for Insurers, N M Rowley was requested to furnish and has provided the following information:

- (a) (1) The actuary holds an interest in 82,249 ordinary shares in Aviva Plc at 31 December 2012 (2011: 96,305). The actuary is a member of the Money Purchase Section of the Aviva Staff Pension Scheme and has preserved benefits in the Final Salary Section.
- (2) The actuary held 2,227 ordinary shares in the Aviva Long Term Incentive Plan and 4,030 shares in the One Aviva Twice the Value Plan that lapsed in March 2012. In August 2012, options for 9,962 shares in the Aviva Executive Share Option Plan expired. In March 2012, 27,802 ordinary shares in Executive Share Plans were released and sold.
- (b) The actuary has no policies of insurance with the Companies. He is one of a number of beneficiaries under a trust: the property of which comprises a life insurance policy issued by Aviva Life & Pensions UK Limited for which total premiums of £265 were paid in the year to 31 December 2012 (2011: £265).
- (c) The aggregate amount of remuneration, bonuses and the value of other benefits (excluding pension rights) under the actuary's contract of employment with Aviva Employment Services Limited for the year to 31 December 2012 was £326,413 (2011: £282,492). Under the contract he was the With-profits actuary of Aviva Life & Pensions UK Limited.

The particulars of this statement were furnished to the company by Mr N M Rowley at the Company's request.

Certificate by the directors required by IPRU (INS) 9.34(1) and IPRU (INS) Appendix 9.6

Name of insurer **Aviva Life & Pensions UK Limited**

Global business

Financial year ended **31st December 2012**

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 in SYSC and PRIN as well as the provisions of IPRU(INS), GENPRU and INSPRU; and
 - (ii) it is reasonable to believe that the insurer has continued so to comply subsequently, and will continue so to comply in future.
- 2 (a)** in 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 liabilities (including all liabilities arising from deposit back arrangements, but excluding other liabilities which had fallen due before the end of the financial year) including any increase in those liabilities arising from a distribution of surplus as a result of an actuarial investigation as at that date into the financial condition of the long-term insurance business;

(c) the with-profits funds have been managed in accordance with the Principles and Practices of Financial Management, as established, maintained and recorded under COBS 20.3; and

(d) the directors have, in preparing the return, taken and paid due regard to:

 - (i) advice from every actuary appointed by the insurer to perform the actuarial function in accordance with SUP 4.3.13R; and
 - (ii) advice from every actuary appointed by the insurer to perform the with-profits actuary function in accordance with SUP 4.3.16AR.

..... **D B BARRAL**
Chief Executive

..... **B A CURRAN**
Director

..... **P WILLCOCK**
Director

March 2013

Independent auditor's report to the directors pursuant to rule 9.35 of the Interim Prudential Sourcebook for Insurers

Name of insurer **Aviva Life & Pensions UK Limited**

Global Business

Financial year ended **31st December 2012**

We have audited the following documents prepared by the insurer pursuant to the Accounts and Statements Rules set out in Part I and Part IV of Chapter 9 to IPRU(INS) the Interim Prudential Sourcebook for Insurers, GENPRU the General Prudential Sourcebook and INSPRU the Prudential Sourcebook for Insurers ('the Rules') made by the Financial Services Authority under section 138 of the Financial Services and Markets Act 2000:

- Forms 2, 3, 11 to 19, 40 to 45, 48, 49, 56, 58 and 60, (including the supplementary notes) ('the Forms');
- the statement required by IPRU(INS) rule 9.29 ('the statement'); and
- the valuation reports required by IPRU(INS) rule 1.3 and 9.31 ('the valuation reports');

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

- Forms 46, 47, 50 to 55, 57, 59A and 59B (including the supplementary notes);
- the statements required by IPRU(INS) rules 9.30 and 9.36; and
- the certificate required by IPRU(INS) rule 9.34(1).

Respective responsibilities of the insurer and its auditors

The insurer is responsible for the preparation of an annual return (including the Forms, the statement and the valuation report under the provisions of the Rules. Under IPRU(INS) rule 9.11 the Forms, the statement and the valuation reports are required to be prepared in the manner specified by the Rules and to state fairly the information provided on the basis required by the Rules. The methods and assumptions determined by the insurer and used to perform the actuarial investigation as set out in the valuation reports are required to reflect appropriately the requirements of INSPRU 1.2.

It is our responsibility to form an independent opinion as to whether the Forms, the statement and the valuation report meet these requirements, and to report our opinion to you. We also report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the Forms, the statement and the valuation report are not in agreement with the accounting records and returns; or
- we have not received all the information we require for our audit.

This report has been prepared for the directors of the insurer to comply with their obligations under IPRU(INS) rule 9.35 and for no other purpose. We do not, in providing this report, accept or assume responsibility for any other purpose save where expressly agreed by our prior consent in writing.

Basis of opinion

We conducted our work in accordance with Practice Note 20 'The audit of insurers in the United Kingdom (Revised)' issued by the Auditing Practices Board. Our work included examination, on a test basis, of evidence relevant to the amounts and disclosures in the Forms, the statement and the valuation reports. The evidence included that previously obtained by us relating to the audit of the financial statements of the insurer for the financial year. It also included an assessment of the significant estimates and judgements made by the insurer in the preparation of the Forms, the statement and 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 and the valuation reports are free from material misstatement, whether caused by fraud or other irregularity or error and comply with IPRU(INS) rule 9.11.

In accordance with IPRU(INS) rule 9.35(1A), to the extent that any document, Form, statement, analysis or report to be examined under IPRU(INS) rule 9.35(1) contains amounts or information abstracted from the actuarial investigation performed pursuant to IPRU(INS) rule 9.4, we have obtained and paid due regard to advice from a suitably qualified actuary who is independent of the insurer.

Independent auditor's report to the directors pursuant to rule 9.35 of the Interim Prudential Sourcebook for Insurers

Name of insurer **Aviva Life & Pensions UK Limited**

Global Business

Financial year ended **31st December 2012**

Opinion

In our opinion:

(i) the Forms, the statement and 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 .

PricewaterhouseCoopers LLP
Chartered Accountants

March 2013