



Aviva Life & Pensions UK Limited

Registered office: Wellington Row, York, YO90 1WR

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

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 2015****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	General insurance business: 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	41
15	Liabilities (other than long term insurance business)	52
16	Profit and loss account (non-technical account)	53
17	Analysis of derivative contracts	54
18	With-profits insurance capital component for the fund	61
19	Realistic balance sheet	66

IPRU (INS) Appendix 9.3

40	Revenue account	76
41	Analysis of premiums	87
42	Analysis of claims	98
43	Analysis of expenses	109
44	Linked funds balance sheet	119
45	Revenue account for internal linked funds	120
46	Summary of new business	121
47	Analysis of new business	122
48	Non-linked assets	128
49	Fixed and variable interest assets	137
50	Summary of mathematical reserves	144
51	Valuation summary of non-linked contracts (other than accumulating with-profits contracts)	155
52	Valuation summary of accumulating with-profits contracts	186
53	Valuation summary of property linked contracts	207
54	Valuation summary of index linked contracts	218
55	Unit Prices for internal linked funds	226
57	Analysis of valuation interest rates	227
58	Distribution of surplus	234

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 2015**

59A	With-profits payouts on maturity (normal retirement)	245
59B	With-profits payouts on surrender	250
60	Long-term insurance capital requirement	255
Supplementary notes		256
IPRU (INS) Appendix 9.4 and 9.4A		
	Valuation report	270
	Abstract of valuation report for realistic valuation	391
IPRU (INS) 9.29, 9.30 and 9.36		
	Statement on derivatives required by IPRU (INS) 9.29	490
	Statement on controllers required by IPRU (INS) 9.30	491
	Statement of information on with-profits Actuary required by IPRU (INS) 9.36	492
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)	493
	Independent auditor's report to the directors pursuant to IPRU (INS) 9.35	494

Statement of solvency - long-term insurance business
Form 2

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

Global business

 Financial year ended **31st December 2015**

Adjusted solo solvency calculation

R2	Company registration number	GL/UK/CM	Period ended			units
			day	month	year	
	3253947	GL	31	12	2015	£000
			As at end of this financial year		As at end of the previous year	
			1		2	

Capital resources

Capital resources arising within the long-term insurance fund	11	8163183	7283352
Capital resources allocated towards long-term insurance business arising outside the long-term insurance fund	12	2699714	2923344
Capital resources available to cover long-term insurance business capital resources requirement (11+12)	13	10862897	10206696

Guarantee fund

Guarantee fund requirement	21	2044781	2375392
Excess (deficiency) of available capital resources to cover guarantee fund requirement	22	8818116	7831304

Minimum capital requirement (MCR)

Long-term insurance capital requirement	31	2453733	2429963
Resilience capital requirement	32		
Base capital resources requirement	33	2657	2902
Individual minimum capital requirement	34	2453733	2429963
Capital requirements of regulated related undertakings	35	1226870	1565404
Minimum capital requirement (34+35)	36	3680603	3995367
Excess (deficiency) of available capital resources to cover 50% of MCR	37	9022595	8209012
Excess (deficiency) of available capital resources to cover 75% of MCR	38	8102445	7210171

Enhanced capital requirement

With-profits insurance capital component	39	2537172	2287523
Enhanced capital requirement	40	6217775	6282890

Capital resources requirement (CRR)

Capital resources requirement (greater of 36 and 40)	41	6217775	6282890
Excess (deficiency) of available capital resources to cover long-term insurance business CRR (13-41)	42	4645122	3923806

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 2015**

Three handwritten signatures are positioned over three horizontal dotted lines. The top signature is for A D Briggs, the middle for J R Lister, and the bottom for H R Patel.

A D BRIGGS
Chief Executive

J R LISTER
Director

H R PATEL
Non-Executive Director

24 March 2016

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

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

Global business

Financial year ended **31st December 2015**

	R3	Company registration number 3253947	GL/UK/CM GL	Period ended			units £000
				day	month	year	
				31	12	2015	
		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		192000	192000	192000
Profit and loss account and other reserves	12		5036983	5036983	5173705
Share premium account	13				
Positive valuation differences	14		5372959	5372959	5481134
Fund for future appropriations	15		1905841	1905841	1749647
Core tier one capital in related undertakings	16		(164597)	(164597)	(495755)
Core tier one capital (sum of 11 to 16)	19		12343186	12343186	12100731

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		12343186	12343186	12100731
Investments in own shares	32				
Intangible assets	33		91517	91517	111549
Amounts deducted from technical provisions for discounting	34				
Other negative valuation differences	35				
Deductions in related undertakings	36		174140	174140	624855
Deductions from tier one (32 to 36)	37		265657	265657	736404
Total tier one capital after deductions (31-37)	39		12077529	12077529	11364327

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

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

Global business

Financial year ended **31st December 2015**

	Company registration number	GL/UK/CM	Period ended			units	
			day	month	year		
	R3	3253947	GL	31	12	2015	£000
	General insurance business	Long-term insurance business	Total as at the end of this financial year			Total as at the end of the previous year	
	1	2	3			4	

Tier two capital

Implicit items, (tier two waivers and amounts excluded from line 22)	41				
Perpetual non-cumulative preference shares excluded from line 25	42				
Innovative tier one capital excluded from line 27	43				
Tier two waivers, innovative tier one capital and perpetual non-cumulative preference shares treated as tier two capital (41 to 43)	44				
Perpetual cumulative preference shares	45				
Perpetual subordinated debt and 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 2015**

	Company registration number	GL/UK/CM	Period ended			units	
			day	month	year		
	R3	3253947	GL	31	12	2015	£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		12277529	12277529	11564327
Inadmissible assets other than intangibles and own shares	73		1414632	1414632	1357631
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		10862897	10862897	10206696

Available capital resources for GENPRU/INSRU tests

Available capital resources for guarantee fund requirement	81		10862897	10862897	10206696
Available capital resources for 50% MCR requirement	82		10862897	10862897	10206696
Available capital resources for 75% MCR requirement	83		10862897	10862897	10206696

Financial engineering adjustments

Implicit items	91				
Financial reinsurance – ceded	92		377360	377360	472712
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		377360	377360	472712

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

Global business

Financial year ended **31st December 2015**

Long-term insurance business

		Company registration number	GL/UK/CM	Period ended			units
		R11	3253947	GL	day	month	year
					31	12	2015
							£000
				This financial year		Previous year	
				1		2	
Gross premiums written		11					
Premiums taxes and levies (included in line 11)		12					
Premiums written net of taxes and levies (11-12)		13					
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					
Gross premiums earned		21			120351		109519
Premium taxes and levies (included in line 21)		22			44		
Premiums earned net of taxes and levies (21-22)		23			120307		109519
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			120307		109519
Sub-total I (higher of sub-total A and sub-total H)		30			120307		109519
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			21655		19713
	Excess (if any) over 61.3M EURO x 0.02	33			1526		1229
Sub-total J (32-33)		34			20129		18484
Claims paid in period of 3 financial years		41			183609		151611
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			314771		235410
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			256059		203802
Sub-total C (41+42+43-44-45)		46			242321		183219
Amounts recoverable from reinsurers in respect of claims included in Sub-total C		47			38360		25424
Sub-total D (46-47)		48			203961		157795
Reinsurance ratio (Sub-total D / sub-total C or, if more, 0.50 or, if less, 1.00)		49			0.84		0.86
Premiums amount (Sub-total J x reinsurance ratio)		50			16943		15919
Provisions for claims outstanding (before discounting and net of reinsurance)		51			261094		203669
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 2015**

Long-term insurance business

		Company registration number	GL/UK/CM	Period ended			units
		R12	3253947	GL	day	month	year
					31	12	2015
							£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		183609		151611	
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		314771		235410	
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		256059		203802	
Claims incurred in reference period (21+22+23-24-25)		26		242321		183219	
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		242321		183219	
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		80774		61073	
Division of sub-total F (gross adjusted claims amount)	X 0.26	32		21001		15879	
	Excess (if any) over 42.9M EURO x 0.03	33		1499		823	
Sub-total G (32 - 33)		39		19502		15056	
Claims amount Sub-total G x reinsurance ratio (11.49)		41		16415		12967	
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 2015**

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

	Company registration number	GL/UK/CM	Period ended			units	Category of assets	
			day	month	year			
	R13	3253947	GL	31	12	2015	£000	1
				As at end of this financial year		As at end of the previous year		
				1		2		
Land and buildings			11					

Investments in group undertakings and participating interests

UK insurance dependants	shares	21	1489818	855650
	debts and loans	22		
Other insurance dependants	shares	23	11216	114431
	debts and loans	24		
Non-insurance dependants	shares	25	110684	65119
	debts and loans	26		
Other group undertakings	shares	27		
	debts and loans	28		
Participating interests	shares	29	3367	3263
	debts and loans	30		

Other financial investments

Equity shares	41	317	150
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	37404 14071
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 2015**

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		
	due in more than 12 months	77		
Other	due in 12 months or less	78	11381	16901
	due in more than 12 months	79	12200	11854

Other assets

Tangible assets	80		
Deposits not subject to time restriction on withdrawal with approved institutions	81	276820	653355
Cash in hand	82		
Other assets (particulars to be specified by way of supplementary note)	83		
Accrued interest and rent	84	44	126
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	1953251	1734920
---	-----------	---------	---------

Analysis of admissible assets
Form 13
(Sheet 3)

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

Global business

Financial year ended **31st December 2015**

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

	Company registration number	GL/UK/CM	Period ended			units	Category of assets
			day	month	year		
R13	3253947	GL	31	12	2015	£000	1
				As at end of this financial year		As at end of the previous year	
				1		2	

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

Total admissible assets after deduction of admissible assets in excess of market risk and counterparty limits (as per line 89 above)	91	1953251	1734920
Admissible assets in excess of market and counterparty limits	92		
Inadmissible assets directly held	93	148894	156168
Capital resources requirement deduction of regulated related undertakings	94	1226870	1565404
Ineligible surplus capital and restricted assets in regulated related insurance undertakings	95	183314	
Inadmissible assets of regulated related undertakings	96	16686	76232
Book value of related ancillary services undertakings	97		
Other differences in the valuation of assets (other than for assets not valued above)	98	(44592)	920598
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	(12175)	(11855)
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	3472248	4441467
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 2015**

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

	Company registration number	GL/UK/CM	Period ended			units	Category of assets	
			day	month	year			
	R13	3253947	GL	31	12	2015	£000	10
				As at end of this financial year		As at end of the previous year		
				1		2		
Land and buildings			11	1469982		2137492		

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	7727	8944
	debts and loans	26	216812	227320
Other group undertakings	shares	27		
	debts and loans	28	411354	249835
Participating interests	shares	29	3367	3262
	debts and loans	30		

Other financial investments

Equity shares		41	5621746	5162338
Other shares and other variable yield participations		42		
Holdings in collective investment schemes		43	5761731	6403502
Rights under derivative contracts		44	733633	1683861
Fixed interest securities	Approved	45	5134133	4842587
	Other	46	4952903	3405835
Variable interest securities	Approved	47	7794745	9279811
	Other	48	1985873	1657984
Participation in investment pools		49		
Loans secured by mortgages		50	305700	451873
Loans to public or local authorities and nationalised industries or undertakings		51		
Loans secured by policies of insurance issued by the company		52	16583	18621
Other loans		53	2240321	3027821
Bank and approved credit & financial institution deposits	One month or less withdrawal	54	465354	374218
	More than one month withdrawal	55	629102	964204
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 2015**

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

		Company registration number	GL/UK/CM	Period ended			units	Category of assets	
				day	month	year			
		R13	3253947	GL	31	12	2015	£000	10
					As at end of this financial year			As at end of the previous year	
					1			2	
Deposits with ceding undertakings				57	8100361			8147949	
Assets held to match linked liabilities	Index linked			58	962			994	
	Property linked			59	47901042			43625275	

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	80936	80525
	Intermediaries	72	22238	19705
Salvage and subrogation recoveries		73		
Reinsurance	Accepted	74	2541	8650
	Ceded	75	157502	121701
Dependants	due in 12 months or less	76		1
	due in more than 12 months	77		
Other	due in 12 months or less	78	742904	766638
	due in more than 12 months	79		

Other assets

Tangible assets	80	4	
Deposits not subject to time restriction on withdrawal with approved institutions	81	4837921	3915190
Cash in hand	82		
Other assets (particulars to be specified by way of supplementary note)	83		
Accrued interest and rent	84	274294	527478
Deferred acquisition costs (general business only)	85		
Other prepayments and accrued income	86	19756	1

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	99891527	97113615
---	-----------	----------	----------

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

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

Global business

 Financial year ended **31st December 2015**

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

	Company registration number	GL/UK/CM	Period ended			units	Category of assets
			day	month	year		
R13	3253947	GL	31	12	2015	£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	99891527	97113615
Admissible assets in excess of market and counterparty limits	92		
Inadmissible assets directly held	93	45538	61857
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	157040	156447
Deferred acquisition costs excluded from line 89	99	1295031	1163033
Reinsurers' share of technical provisions excluded from line 89	100	6353037	6379472
Other asset adjustments (may be negative)	101	2106631	1560619
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	109848804	106435043

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 2015**

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	2015	£000	11
				As at end of this financial year			As at end of the previous year	
				1			2	
Land and buildings			11	647413			969908	

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	37518	42583
Other group undertakings	shares	27		
	debts and loans	28	161354	161192
Participating interests	shares	29	900	872
	debts and loans	30		

Other financial investments

Equity shares		41	2197271	2461551
Other shares and other variable yield participations		42		
Holdings in collective investment schemes		43	2193261	2352753
Rights under derivative contracts		44	324652	910521
Fixed interest securities	Approved	45	1506702	1760337
	Other	46	2065565	1109982
Variable interest securities	Approved	47	2596580	3567753
	Other	48	780771	501199
Participation in investment pools		49		
Loans secured by mortgages		50	155443	106752
Loans to public or local authorities and nationalised industries or undertakings		51		
Loans secured by policies of insurance issued by the company		52	11275	13099
Other loans		53	485733	1000443
Bank and approved credit & financial institution deposits	One month or less withdrawal	54	123154	263449
	More than one month withdrawal	55	222535	427194
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 2015**

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

		Company registration number	GL/UK/CM	Period ended			units	Category of assets	
		R13	3253947	GL	31	12	2015	£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	8837	8554
	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	363360	374627
	due in more than 12 months	79		

Other assets

Tangible assets	80		
Deposits not subject to time restriction on withdrawal with approved institutions	81	2172590	1496425
Cash in hand	82		
Other assets (particulars to be specified by way of supplementary note)	83		
Accrued interest and rent	84	114390	310394
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	16169304	17839588
---	----	----------	----------

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

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

Global business

 Financial year ended **31st December 2015**

 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	2015	£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	16169304	17839588
Admissible assets in excess of market and counterparty limits	92		
Inadmissible assets directly held	93	700	700
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	37548	43790
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	878957	539631
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	17086509	18423709
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 2015**

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	2015	£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	92385	147744
Other shares and other variable yield participations		42		
Holdings in collective investment schemes		43	87509	136825
Rights under derivative contracts		44	18193	178864
Fixed interest securities	Approved	45	568534	586423
	Other	46	475445	456646
Variable interest securities	Approved	47	331292	513060
	Other	48	43844	92104
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	9	9
Bank and approved credit & financial institution deposits	One month or less withdrawal	54	21000	5000
	More than one month withdrawal	55	38298	9081
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 2015**

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	1883	2614
	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	65122	(31746)
	due in more than 12 months	79		

Other assets

Tangible assets	80		
Deposits not subject to time restriction on withdrawal with approved institutions	81		
Cash in hand	82		
Other assets (particulars to be specified by way of supplementary note)	83		
Accrued interest and rent	84	13162	29391
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	1756676	2126015
---	-----------	---------	---------

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

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

Global business

 Financial year ended **31st December 2015**

 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	2015	£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	1756676	2126015
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	2082	
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	248164	168573
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	2006922	2294588
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 2015**

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	2015	£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	44932	24519
	Other	46	19221	
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	1224	1452
Other loans		53		
Bank and approved credit & financial institution deposits	One month or less withdrawal	54		
	More than one month withdrawal	55		46620
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 2015**

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	2015	£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	676	488
	Intermediaries	72		
Salvage and subrogation recoveries		73		
Reinsurance	Accepted	74		
	Ceded	75	103	108
Dependants	due in 12 months or less	76		
	due in more than 12 months	77		
Other	due in 12 months or less	78	37	341
	due in more than 12 months	79		

Other assets

Tangible assets	80		
Deposits not subject to time restriction on withdrawal with approved institutions	81	6101	5668
Cash in hand	82		
Other assets (particulars to be specified by way of supplementary note)	83		
Accrued interest and rent	84	1164	455
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	73458	79651
---	-----------	-------	-------

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

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

Global business

Financial year ended **31st December 2015**

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	2015	£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	73458	79651
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	104171	114118
Other asset adjustments (may be negative)	101	(1)	(315)
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	177628	193454
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 2015**

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

	Company registration number	GL/UK/CM	Period ended			units	Category of assets	
			day	month	year			
	R13	3253947	GL	31	12	2015	£000	14
				As at end of this financial year		As at end of the previous year		
				1		2		
Land and buildings			11	4613		2475		

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	2467	2390
	debts and loans	30		

Other financial investments

Equity shares		41	38223	10282
Other shares and other variable yield participations		42		
Holdings in collective investment schemes		43	452628	112638
Rights under derivative contracts		44	34191	37418
Fixed interest securities	Approved	45	900262	67136
	Other	46	373123	121504
Variable interest securities	Approved	47	309567	289215
	Other	48	17517	11909
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	2536	3025
Other loans		53	28196	33
Bank and approved credit & financial institution deposits	One month or less withdrawal	54	584	
	More than one month withdrawal	55	8348	4077
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 2015**

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

	Company registration number	GL/UK/CM	Period ended			units	Category of assets	
	R13	3253947	GL	31	12	2015	£000	14
				As at end of this financial year			As at end of the previous year	
				1			2	
Deposits with ceding undertakings				57	8100361			
Assets held to match linked liabilities	Index linked			58				
	Property linked			59	47853668			9760553

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	42939	19032
	Intermediaries	72	2076	
Salvage and subrogation recoveries		73		
Reinsurance	Accepted	74	2541	8362
	Ceded	75	111156	51447
Dependants	due in 12 months or less	76		1
	due in more than 12 months	77		
Other	due in 12 months or less	78	15103	8416
	due in more than 12 months	79		

Other assets

Tangible assets	80	4	
Deposits not subject to time restriction on withdrawal with approved institutions	81	2386364	1702599
Cash in hand	82		
Other assets (particulars to be specified by way of supplementary note)	83		
Accrued interest and rent	84	38421	8679
Deferred acquisition costs (general business only)	85		
Other prepayments and accrued income	86	14314	1

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	60739202	12221192
---	-----------	----------	----------

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

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

Global business

Financial year ended **31st December 2015**

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

	Company registration number	GL/UK/CM	Period ended			units	Category of assets
			day	month	year		
R13	3253947	GL	31	12	2015	£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	60739202	12221192
Admissible assets in excess of market and counterparty limits	92		
Inadmissible assets directly held	93	44838	38097
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	4923	
Deferred acquisition costs excluded from line 89	99	798082	303580
Reinsurers' share of technical provisions excluded from line 89	100	5237599	996630
Other asset adjustments (may be negative)	101	458374	88807
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	67283018	13648306
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 2015**

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	2015	£000	15
				As at end of this financial year		As at end of the previous year		
				1		2		
Land and buildings			11			2573		

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		88643
Participating interests	shares	29		
	debts and loans	30		

Other financial investments

Equity shares	41		31278
Other shares and other variable yield participations	42		
Holdings in collective investment schemes	43		100842
Rights under derivative contracts	44		48196
Fixed interest securities	Approved	45	175912
	Other	46	176065
Variable interest securities	Approved	47	63336
	Other	48	15046
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		503
Bank and approved credit & financial institution deposits	One month or less withdrawal	54	508
	More than one month withdrawal	55	3703
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 2015**

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

				Company registration number	GL/UK/CM	Period ended			units	Category of assets	
				R13	3253947	GL	day	month	year	£000	15
							As at end of this financial year			As at end of the previous year	
							1			2	
Deposits with ceding undertakings						57				8147949	
Assets held to match linked liabilities	Index linked					58					
	Property linked					59				33810635	

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		25844
	Intermediaries	72		3162
Salvage and subrogation recoveries		73		
Reinsurance	Accepted	74		
	Ceded	75		30378
Dependants	due in 12 months or less	76		
	due in more than 12 months	77		
Other	due in 12 months or less	78		37429
	due in more than 12 months	79		

Other assets

Tangible assets	80		
Deposits not subject to time restriction on withdrawal with approved institutions	81		238427
Cash in hand	82		
Other assets (particulars to be specified by way of supplementary note)	83		
Accrued interest and rent	84		36200
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		43036629
---	-----------	--	----------

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

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

Global business

 Financial year ended **31st December 2015**

 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	2015	£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		43036629
Admissible assets in excess of market and counterparty limits	92		
Inadmissible assets directly held	93		22276
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		36251
Deferred acquisition costs excluded from line 89	99		381203
Reinsurers' share of technical provisions excluded from line 89	100		4190472
Other asset adjustments (may be negative)	101		327989
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		47994820
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 2015**

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	2015	£000	16
				As at end of this financial year		As at end of the previous year		
				1		2		
Land and buildings			11	625671		988767		

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	6556	7544
	debts and loans	26	179219	184662
Other group undertakings	shares	27		
	debts and loans	28	250000	
Participating interests	shares	29		
	debts and loans	30		

Other financial investments

Equity shares		41	2745709	2080495
Other shares and other variable yield participations		42		
Holdings in collective investment schemes		43	2471328	3085312
Rights under derivative contracts		44	306582	448591
Fixed interest securities	Approved	45	1180668	1837255
	Other	46	1451227	1141287
Variable interest securities	Approved	47	4088061	4381147
	Other	48	955298	891110
Participation in investment pools		49		
Loans secured by mortgages		50	124193	285829
Loans to public or local authorities and nationalised industries or undertakings		51		
Loans secured by policies of insurance issued by the company		52	335	867
Other loans		53	1641783	2002753
Bank and approved credit & financial institution deposits	One month or less withdrawal	54	286648	91722
	More than one month withdrawal	55	311548	455498
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 2015**

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	2015	£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	849			877	
	Property linked			59	41808			47732	

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	19208	17410
	Intermediaries	72	17744	14559
Salvage and subrogation recoveries		73		
Reinsurance	Accepted	74		253
	Ceded	75	39106	33398
Dependants	due in 12 months or less	76		
	due in more than 12 months	77		
Other	due in 12 months or less	78	231866	303825
	due in more than 12 months	79		

Other assets

Tangible assets	80		
Deposits not subject to time restriction on withdrawal with approved institutions	81		204981
Cash in hand	82		
Other assets (particulars to be specified by way of supplementary note)	83		
Accrued interest and rent	84	81863	122945
Deferred acquisition costs (general business only)	85		
Other prepayments and accrued income	86	4803	

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	17062073	18628819
---	----	----------	----------

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

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

Global business

Financial year ended **31st December 2015**

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	2015	£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	17062073	18628819
Admissible assets in excess of market and counterparty limits	92		
Inadmissible assets directly held	93		730
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	103706	76406
Deferred acquisition costs excluded from line 89	99	496949	478250
Reinsurers' share of technical provisions excluded from line 89	100	999943	1064889
Other asset adjustments (may be negative)	101	397589	381030
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	19060260	20630124
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 2015**

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	2015	£000	17
				As at end of this financial year			As at end of the previous year	
				1			2	
Land and buildings			11	124411			173769	

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	1171	1400
	debts and loans	26	75	75
Other group undertakings	shares	27		
	debts and loans	28		
Participating interests	shares	29		
	debts and loans	30		

Other financial investments

Equity shares		41	546098	430988
Other shares and other variable yield participations		42		
Holdings in collective investment schemes		43	554625	615132
Rights under derivative contracts		44	46766	60271
Fixed interest securities	Approved	45	259210	391005
	Other	46	568322	400351
Variable interest securities	Approved	47	469245	465300
	Other	48	188443	146616
Participation in investment pools		49		
Loans secured by mortgages		50	24675	59292
Loans to public or local authorities and nationalised industries or undertakings		51		
Loans secured by policies of insurance issued by the company		52	73	178
Other loans		53	84600	24080
Bank and approved credit & financial institution deposits	One month or less withdrawal	54	33968	13539
	More than one month withdrawal	55	48373	18031
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 2015**

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

	Company registration number	GL/UK/CM	Period ended			units	Category of assets	
	R13	3253947	GL	day	month	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	113			117	
	Property linked		59	5566			6355	

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	7231	6583
	Intermediaries	72	2418	1984
Salvage and subrogation recoveries		73		
Reinsurance	Accepted	74		35
	Ceded	75	7137	6370
Dependants	due in 12 months or less	76		
	due in more than 12 months	77		
Other	due in 12 months or less	78	67448	73735
	due in more than 12 months	79		

Other assets

Tangible assets	80		
Deposits not subject to time restriction on withdrawal with approved institutions	81	72305	265382
Cash in hand	82		
Other assets (particulars to be specified by way of supplementary note)	83		
Accrued interest and rent	84	16614	19414
Deferred acquisition costs (general business only)	85		
Other prepayments and accrued income	86	639	

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	3129526	3180002
---	-----------	---------	---------

Form 13
(Sheet 3)

Global business

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	2015	£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	3129526	3180002
Admissible assets in excess of market and counterparty limits	92		
Inadmissible assets directly held	93		54
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	6002	
Deferred acquisition costs excluded from line 89	99		
Reinsurers' share of technical provisions excluded from line 89	100	6800	7489
Other asset adjustments (may be negative)	101	51417	55008
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	3193745	3242553

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 2015**

 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	2015	£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 2015**

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	2015	£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		
	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	(69)	11
	due in more than 12 months	79		

Other assets

Tangible assets	80		
Deposits not subject to time restriction on withdrawal with approved institutions	81	2202	1708
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	2133	1719
---	-----------	------	------

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

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

Global business

Financial year ended **31st December 2015**

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	2015	£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	2133	1719
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	3928	5874
Other asset adjustments (may be negative)	101		(104)
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	6061	7489
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 2015**

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

	Company registration number	GL/UK/CM	Period ended			units	Category of assets	
			day	month	year			
	R13	3253947	GL	31	12	2015	£000	19
				As at end of this financial year		As at end of the previous year		
				1		2		
Land and buildings			11	67874				

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	2060	
Other shares and other variable yield participations	42		
Holdings in collective investment schemes	43	2380	
Rights under derivative contracts	44	3249	
Fixed interest securities	Approved	45	673825
	Other	46	
Variable interest securities	Approved	47	
	Other	48	
Participation in investment pools	49		
Loans secured by mortgages	50	1389	
Loans to public or local authorities and nationalised industries or undertakings	51		
Loans secured by policies of insurance issued by the company	52	1140	
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 2015**

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

			Company registration number	GL/UK/CM	Period ended			units	Category of assets	
					day	month	year			
			R13	3253947	GL	31	12	2015	£000	19
						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	162	
	Intermediaries	72		
Salvage and subrogation recoveries		73		
Reinsurance	Accepted	74		
	Ceded	75		
Dependants	due in 12 months or less	76		
	due in more than 12 months	77		
Other	due in 12 months or less	78	37	
	due in more than 12 months	79		

Other assets

Tangible assets	80		
Deposits not subject to time restriction on withdrawal with approved institutions	81	198359	
Cash in hand	82		
Other assets (particulars to be specified by way of supplementary note)	83		
Accrued interest and rent	84	8680	
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	959155	
---	-----------	--------	--

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

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

Global business

 Financial year ended **31st December 2015**

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

	Company registration number	GL/UK/CM	Period ended			units	Category of assets
			day	month	year		
R13	3253947	GL	31	12	2015	£000	19
				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	959155	
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	2779	
Deferred acquisition costs excluded from line 89	99		
Reinsurers' share of technical provisions excluded from line 89	100	596	
Other asset adjustments (may be negative)	101	72131	
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	1034661	
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 2015**

Fund **Total Long-term insurance business**

Units **£000**

		As at the end of this financial year	As at the end of the previous year
		1	2
Mathematical reserves, after distribution of surplus	11	87547516	84772739
Cash bonuses which had not been paid to policyholders prior to end of the financial year	12		
Balance of surplus / (valuation deficit)	13	22151	22749
Long term insurance business fund carried forward (11 to 13)	14	87569667	84795488
Claims outstanding	Gross	15	683321
	Reinsurers' share	16	562912
	Net (15-16)	17	683321
Provisions	Taxation	21	4561
	Other risks and charges	22	
Deposits received from reinsurers	23	9956	10983
Creditors	Direct insurance business	31	426117
	Reinsurance accepted	32	147
	Reinsurance ceded	33	85234
Debenture loans	Secured	34	
	Unsecured	35	
Amounts owed to credit institutions	36	80156	75737
Creditors	Taxation	37	147026
	Other	38	136493
Accruals and deferred income	39	2654514	3639346
Provision for "reasonably foreseeable adverse variations"	41		
Total other insurance and non-insurance liabilities (17 to 41)	49	89851	173937
Excess of the value of net admissible assets	51	4180883	5057526
Total liabilities and margins	59	8140977	7260601
Amounts included in line 59 attributable to liabilities to related companies, other than those under contracts of insurance or reinsurance	61	99891527	97113615
Amounts included in line 59 attributable to liabilities in respect of property linked benefits	62	2513	11137
Total liabilities (11+12+49)	71	91728399	89830265
Increase to liabilities – DAC related	72		
Reinsurers' share of technical provisions	73	6353037	6379472
Other adjustments to liabilities (may be negative)	74	7636576	7186296
Capital and reserves and fund for future appropriations	75	4130792	3039010
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	109848804	106435043

Long-term insurance business liabilities and margins
Form 14

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

Global business

Financial year ended **31st December 2015**

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	11336252	12311383
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	11336252	12311383
Claims outstanding	Gross	15	337642
	Reinsurers' share	16	297867
	Net (15-16)	17	337642
Provisions	Taxation	21	
	Other risks and charges	22	
Deposits received from reinsurers	23		
Creditors	Direct insurance business	31	19832
	Reinsurance accepted	32	13950
	Reinsurance ceded	33	
Debenture loans	Secured	34	
	Unsecured	35	
Amounts owed to credit institutions	36	2253	4861
Creditors	Taxation	37	138349
	Other	38	159452
Accruals and deferred income	39	679715	1198036
Provision for "reasonably foreseeable adverse variations"	41	43245	115020
Total other insurance and non-insurance liabilities (17 to 41)	49	1221036	1789186
Excess of the value of net admissible assets	51	3612016	3739019
Total liabilities and margins	59	16169304	17839588
Amounts included in line 59 attributable to liabilities to related companies, other than those under contracts of insurance or reinsurance	61		9317
Amounts included in line 59 attributable to liabilities in respect of property linked benefits	62		
Total liabilities (11+12+49)	71	12557288	14100569
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 2015**

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	1282584	1488118
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	1282584	1488118
Claims outstanding	Gross	15	30266
	Reinsurers' share	16	29938
	Net (15-16)	17	30266
Provisions	Taxation	21	
	Other risks and charges	22	
Deposits received from reinsurers	23		
Creditors	Direct insurance business	31	21244
	Reinsurance accepted	32	19413
	Reinsurance ceded	33	
Debenture loans	Secured	34	
	Unsecured	35	
Amounts owed to credit institutions	36	112	78
Creditors	Taxation	37	(37)
	Other	38	562
Accruals and deferred income	39	84496	254541
Provision for "reasonably foreseeable adverse variations"	41	3070	9192
Total other insurance and non-insurance liabilities (17 to 41)	49	139151	313724
Excess of the value of net admissible assets	51	334941	324173
Total liabilities and margins	59	1756676	2126015

Amounts included in line 59 attributable to liabilities to related companies, other than those under contracts of insurance or reinsurance	61		997
Amounts included in line 59 attributable to liabilities in respect of property linked benefits	62		

Total liabilities (11+12+49)	71	1421735	1801842
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 2015**

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	9917	10515
Long term insurance business fund carried forward (11 to 13)	14	9917	10515
Claims outstanding	Gross	15	
	Reinsurers' share	16	
	Net (15-16)	17	
Provisions	Taxation	21	
	Other risks and charges	22	
Deposits received from reinsurers	23	9956	10983
Creditors	Direct insurance business	31	3418
	Reinsurance accepted	32	
	Reinsurance ceded	33	3109
Debenture loans	Secured	34	
	Unsecured	35	
Amounts owed to credit institutions	36	43520	45824
Creditors	Taxation	37	
	Other	38	3538
Accruals and deferred income	39		3
Provision for "reasonably foreseeable adverse variations"	41		
Total other insurance and non-insurance liabilities (17 to 41)	49	63541	69136
Excess of the value of net admissible assets	51		
Total liabilities and margins	59	73458	79651
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	63541	69136
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 2015**

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	13699521	14958632
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	13699521	14958632
Claims outstanding	Gross	15	98964
	Reinsurers' share	16	
	Net (15-16)	17	98964
Provisions	Taxation	21	
	Other risks and charges	22	
Deposits received from reinsurers	23		
Creditors	Direct insurance business	31	161299
	Reinsurance accepted	32	480
	Reinsurance ceded	33	23847
Debenture loans	Secured	34	
	Unsecured	35	
Amounts owed to credit institutions	36	15702	11967
Creditors	Taxation	37	241866
	Other	38	1546933
Accruals and deferred income	39	18541	31189
Provision for "reasonably foreseeable adverse variations"	41		
Total other insurance and non-insurance liabilities (17 to 41)	49	2107632	2626628
Excess of the value of net admissible assets	51	567764	350933
Total liabilities and margins	59	16374917	17936193
Amounts included in line 59 attributable to liabilities to related companies, other than those under contracts of insurance or reinsurance	61	6999	1347
Amounts included in line 59 attributable to liabilities in respect of property linked benefits	62	41808	47732
Total liabilities (11+12+49)	71	15807153	17585260
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 2015**

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	2147574	2290129
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	2147574	2290129
Claims outstanding	Gross	15	12471
	Reinsurers' share	16	
	Net (15-16)	17	12471
Provisions	Taxation	21	
	Other risks and charges	22	
Deposits received from reinsurers	23		
Creditors	Direct insurance business	31	20986
	Reinsurance accepted	32	(333)
	Reinsurance ceded	33	3953
Debenture loans	Secured	34	
	Unsecured	35	
Amounts owed to credit institutions	36	2167	1688
Creditors	Taxation	37	51805
	Other	38	106103
Accruals and deferred income	39	3338	4353
Provision for "reasonably foreseeable adverse variations"	41		
Total other insurance and non-insurance liabilities (17 to 41)	49	200490	122381
Excess of the value of net admissible assets	51	689972	675273
Total liabilities and margins	59	3038036	3087783
Amounts included in line 59 attributable to liabilities to related companies, other than those under contracts of insurance or reinsurance	61	(4486)	(5848)
Amounts included in line 59 attributable to liabilities in respect of property linked benefits	62	5566	6355
Total liabilities (11+12+49)	71	2348064	2412510
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 2015**

Fund **Stakeholder 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	778646	784845
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	778646	784845
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	778646	784845

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	778646	784845
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 2015**

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	114	185
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	114	185
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	15
Debenture loans	Secured	34	
	Unsecured	35	
Amounts owed to credit institutions	36		78
Creditors	Taxation	37	
	Other	38	44
Accruals and deferred income	39		
Provision for "reasonably foreseeable adverse variations"	41		
Total other insurance and non-insurance liabilities (17 to 41)	49		137
Excess of the value of net admissible assets	51	2019	1397
Total liabilities and margins	59	2133	1719
Amounts included in line 59 attributable to liabilities to related companies, other than those under contracts of insurance or reinsurance	61		44
Amounts included in line 59 attributable to liabilities in respect of property linked benefits	62		
Total liabilities (11+12+49)	71	114	322
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 2015**

Fund **Irish 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	728069	
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	728069	
Claims outstanding	Gross	15	28632
	Reinsurers' share	16	
	Net (15-16)	17	28632
Provisions	Taxation	21	
	Other risks and charges	22	
Deposits received from reinsurers	23		
Creditors	Direct insurance business	31	10
	Reinsurance accepted	32	
	Reinsurance ceded	33	
Debenture loans	Secured	34	
	Unsecured	35	
Amounts owed to credit institutions	36		
Creditors	Taxation	37	309
	Other	38	7066
Accruals and deferred income	39		
Provision for "reasonably foreseeable adverse variations"	41		
Total other insurance and non-insurance liabilities (17 to 41)	49	36017	
Excess of the value of net admissible assets	51	195069	
Total liabilities and margins	59	959155	
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	764086	
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 2015**

Fund **Non-Profit 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	57574756	10221705
Cash bonuses which had not been paid to policyholders prior to end of the financial year	12		
Balance of surplus / (valuation deficit)	13	12234	12234
Long term insurance business fund carried forward (11 to 13)	14	57586990	10233939
Claims outstanding	Gross	15	175346
	Reinsurers' share	16	
	Net (15-16)	17	175346
Provisions	Taxation	21	4561
	Other risks and charges	22	
Deposits received from reinsurers	23		
Creditors	Direct insurance business	31	199328
	Reinsurance accepted	32	
	Reinsurance ceded	33	54325
Debenture loans	Secured	34	
	Unsecured	35	
Amounts owed to credit institutions	36	16402	9239
Creditors	Taxation	37	(285266)
	Other	38	226663
Accruals and deferred income	39	21657	8785
Provision for "reasonably foreseeable adverse variations"	41		
Total other insurance and non-insurance liabilities (17 to 41)	49	413016	(117884)
Excess of the value of net admissible assets	51	2739196	2105137
Total liabilities and margins	59	60739202	12221192
Amounts included in line 59 attributable to liabilities to related companies, other than those under contracts of insurance or reinsurance	61		(10552)
Amounts included in line 59 attributable to liabilities in respect of property linked benefits	62	47853668	9760553
Total liabilities (11+12+49)	71	57987772	10103821
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 2015**

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		42717742
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		42717742
Claims outstanding	Gross	15	50107
	Reinsurers' share	16	
	Net (15-16)	17	50107
Provisions	Taxation	21	
	Other risks and charges	22	
Deposits received from reinsurers	23		
Creditors	Direct insurance business	31	96781
	Reinsurance accepted	32	
	Reinsurance ceded	33	9360
Debenture loans	Secured	34	
	Unsecured	35	
Amounts owed to credit institutions	36		2002
Creditors	Taxation	37	57199
	Other	38	33374
Accruals and deferred income	39		5395
Provision for "reasonably foreseeable adverse variations"	41		
Total other insurance and non-insurance liabilities (17 to 41)	49		254218
Excess of the value of net admissible assets	51		64669
Total liabilities and margins	59		43036629
Amounts included in line 59 attributable to liabilities to related companies, other than those under contracts of insurance or reinsurance	61		15832
Amounts included in line 59 attributable to liabilities in respect of property linked benefits	62		33810635
Total liabilities (11+12+49)	71		42971960
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 2015**

R15	Company registration number 3253947	GL/UK/CM GL	Period ended			units £000
			day	month	year	
			31	12	2015	
			As at the end of this financial year			As at the end of the previous year
			1			2

Technical provisions (gross amount)

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

Provisions and creditors

Provisions	Taxation	21		
	Other risks and charges	22		
Deposits received from reinsurers		31		
Creditors	Direct insurance business	41		
	Reinsurance accepted	42		
	Reinsurance ceded	43		
Debenture loans	Secured	44		
	Unsecured	45		
Amounts owed to credit institutions		46		
Creditors	Taxation	47		
	Foreseeable dividend	48		
	Other	49	480352	376978
Accruals and deferred income		51		
Total (19 to 51)		59	480352	376978
Provision for "reasonably foreseeable adverse variations"		61		
Cumulative preference share capital		62		
Subordinated loan capital		63		
Total (59 to 63)		69	480352	376978

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	(12136)	(11854)
Capital and reserves	84	3004032	4076343
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	3472248	4441467

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

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

Global business

 Financial year ended **31st December 2015**

		Company registration number	GL/UK/CM	Period ended			units	
		R16	3253947	GL	31 day	12 month	2015 year	£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	212		690000			
Investment income	Income	14	444709		24307			
	Value re-adjustments on investments	15	1152260		39			
	Gains on the realisation of investments	16	169		196			
Investment charges	Investment management charges, including interest	17	5283		16943			
	Value re-adjustments on investments	18	141		24173			
	Loss on the realisation of investments	19	698		71			
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	1591228		673355			
Tax on profit or loss on ordinary activities		31	(345)		(4159)			
Profit or loss on ordinary activities after tax (29-31)		39	1591573		677514			
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	1591573		677514			
Dividends (paid or foreseeable)		51	569000		305000			
Profit or loss retained for the financial year (49-51)		59	1022573		372514			

Analysis of derivative contracts

Form 17

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

Global business

Financial year ended **31st December 2015**Category of assets **Total Long-term insurance business assets**

			Company registration number	GL/UK/CM	Period ended			units	Category of assets	
			R17	3253947	GL	31	12	2015	£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	12496	21132	1645093	1597663				
	Interest rates	12	1399776	700269	18810435	9150164				
	Inflation	13	176224	450455	1248200	11716972				
	Credit index / basket	14		148		11792				
	Credit single name	15	642	5540		367899				
	Equity index	16	48483	35755	2976093	283344				
	Equity stock	17	17111	48	96	96				
	Land	18		8360		101700				
	Currencies	19	43193	163422	656145	3593964				
	Mortality	20								
	Other	21								
In the money options	Swaptions	31	70007		2091792					
	Equity index calls	32	17107	5850	846295	103373				
	Equity stock calls	33								
	Equity index puts	34	130446		2411400					
	Equity stock puts	35								
	Other	36			39					
Out of the money options	Swaptions	41		13444		454673				
	Equity index calls	42	96	9451	210	321147				
	Equity stock calls	43								
	Equity index puts	44	117363	172	613920	210				
	Equity stock puts	45								
	Other	46			1432					
Total (11 to 46)		51	2032944	1414046	31301150	27702997				
Adjustment for variation margin		52	(1299311)	(1060076)						
Total (51 + 52)		53	733633	353970						

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 2015**Category of assets **With-Profits Sub-Fund**

			Company registration number	GL/UK/CM	Period ended			units	Category of assets	
			R17	3253947	GL	31	12	2015	£000	11
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	6943	14577	888661	1085299				
	Interest rates	12	858579	284286	7614561	3578356				
	Inflation	13	40445	152214	218700	3889096				
	Credit index / basket	14								
	Credit single name	15		1102		81556				
	Equity index	16	16133	15111	1022137	145845				
	Equity stock	17	7136	21	42	42				
	Land	18								
	Currencies	19	18592	77087	301265	2526114				
	Mortality	20								
	Other	21								
In the money options	Swaptions	31	8		253305					
	Equity index calls	32	6056		332221					
	Equity stock calls	33								
	Equity index puts	34	48917		575499					
	Equity stock puts	35								
	Other	36			39					
Out of the money options	Swaptions	41								
	Equity index calls	42	22		70					
	Equity stock calls	43								
	Equity index puts	44	3624	40	19851	70				
	Equity stock puts	45								
	Other	46			1432					
Total (11 to 46)		51	1006455	544438	11227783	11306378				
Adjustment for variation margin		52	(681803)	(376699)						
Total (51 + 52)		53	324652	167739						

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 2015**Category of assets **Provident Mutual Sub-Fund**

			Company registration number	GL/UK/CM	Period ended			units	Category of assets	
			R17	3253947	GL	31	12	2015	£000	12
Derivative contracts			Value as at the end of this financial year			Notional amount as at the end of this financial year				
			Assets 1	Liabilities 2	Bought / Long 3	Sold / Short 4				
Futures and contracts for differences	Fixed-interest securities	11	659	718	71804	76191				
	Interest rates	12	46749	229926	1886146	1820944				
	Inflation	13	44820	22852	211000	647715				
	Credit index / basket	14								
	Credit single name	15								
	Equity index	16	975	414	56144	14926				
	Equity stock	17								
	Land	18								
	Currencies	19	2609	11090		374691				
	Mortality	20								
	Other	21								
In the money options	Swaptions	31	499		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		130		140000				
	Equity index calls	42								
	Equity stock calls	43								
	Equity index puts	44								
	Equity stock puts	45								
	Other	46								
Total (11 to 46)		51	96311	265130	2505094	3074467				
Adjustment for variation margin		52	(78118)	(226576)						
Total (51 + 52)		53	18193	38554						

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 2015**

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

			Company registration number	GL/UK/CM	Period ended			units	Category of assets	
			R17	3253947	GL	31	12	2015	£000	14
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	106264	81134	1010845		1012609			
	Inflation	13	2646	5416			352703			
	Credit index / basket	14								
	Credit single name	15								
	Equity index	16								
	Equity stock	17								
	Land	18								
	Currencies	19		326			12541			
	Mortality	20								
	Other	21								
In the money options	Swaptions	31								
	Equity index calls	32		5850			103373			
	Equity stock calls	33								
	Equity index puts	34	7867		103373					
	Equity stock puts	35								
	Other	36								
Out of the money options	Swaptions	41								
	Equity index calls	42		9451			321147			
	Equity stock calls	43								
	Equity index puts	44	22765		321147					
	Equity stock puts	45								
	Other	46								
Total (11 to 46)			51	139542	102177	1435365		1802373		
Adjustment for variation margin			52	(105351)	(68660)					
Total (51 + 52)			53	34191	33517					

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 2015**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	2015	£000	16
			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	4517	5297	619578		376243			
	Interest rates	12	343579	77385	7172900		1898000			
	Inflation	13	78416	250797	791500		6150994			
	Credit index / basket	14		148			11792			
	Credit single name	15	642	4133			256499			
	Equity index	16	26848	16949	1607565		102262			
	Equity stock	17	8322	23	45		45			
	Land	18		7133			86768			
	Currencies	19	20006	60137	329584		563874			
	Mortality	20								
	Other	21								
In the money options	Swaptions	31	140		989159					
	Equity index calls	32	9220		468619					
	Equity stock calls	33								
	Equity index puts	34	65591		1556479					
	Equity stock puts	35								
	Other	36								
Out of the money options	Swaptions	41								
	Equity index calls	42	64		70					
	Equity stock calls	43								
	Equity index puts	44	82018	114	242601		70			
	Equity stock puts	45								
	Other	46								
Total (11 to 46)		51	639363	422116	13778100		9446547			
Adjustment for variation margin		52	(332781)	(326340)						
Total (51 + 52)		53	306582	95776						

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 2015**

 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	2015	£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	377	540	65050	59930				
	Interest rates	12	40332	18745	1022210	572200				
	Inflation	13	9897	19176	27000	676464				
	Credit index / basket	14								
	Credit single name	15		305		29844				
	Equity index	16	4527	3281	290247	20311				
	Equity stock	17	1653	4	9	9				
	Land	18		1227		14932				
	Currencies	19	1986	14782	25296	116744				
	Mortality	20								
	Other	21								
In the money options	Swaptions	31	2		65374					
	Equity index calls	32	1831		45455					
	Equity stock calls	33								
	Equity index puts	34	8071		176049					
	Equity stock puts	35								
	Other	36								
Out of the money options	Swaptions	41								
	Equity index calls	42	10		70					
	Equity stock calls	43								
	Equity index puts	44	8956	18	30321	70				
	Equity stock puts	45								
	Other	46								
Total (11 to 46)		51	77642	58078	1747081	1490504				
Adjustment for variation margin		52	(30876)	(44173)						
Total (51 + 52)		53	46766	13905						

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 2015**Category of assets **Irish With-Profits Sub-Fund**

			Company registration number	GL/UK/CM	Period ended			units	Category of assets	
			R17	3253947	GL	31	12	2015	£000	19
Derivative contracts			Value as at the end of this financial year			Notional amount as at the end of this financial year				
			Assets 1	Liabilities 2	Bought / Long 3	Sold / Short 4				
Futures and contracts for differences	Fixed-interest securities	11								
	Interest rates	12	4273	8793	103773	268055				
	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	69358		503954					
	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		13314		314673				
	Equity index calls	42								
	Equity stock calls	43								
	Equity index puts	44								
	Equity stock puts	45								
	Other	46								
Total (11 to 46)		51	73631	22107	607727	582728				
Adjustment for variation margin		52	(70382)	(17628)						
Total (51 + 52)		53	3249	4479						

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 2015**

 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	16169304	17839588
	Implicit items allocated to the fund	12		
	Mathematical reserves in respect of the fund's non-profit insurance contracts	13	711312	783518
	Long-term admissible assets of the fund covering the LTICR of the fund's non-profit insurance contracts	14	28453	31342
	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	15429539	17024728
Regulatory value of liabilities	Mathematical reserves (after distribution of surplus) in respect of the fund's with-profit insurance contracts	21	10624940	11527865
	Regulatory current liabilities of the fund	22	1221036	1789186
	Total (21+22)	29	11845976	13317051
Long-term insurance capital requirement in respect of the fund's with-profits insurance contracts		31	425930	462159
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	12271906	13779210
Regulatory excess capital (19-39)		49	3157633	3245518

Realistic excess capital

Realistic excess capital	51	1235105	1277847
--------------------------	-----------	---------	---------

Excess assets allocated to with-profits insurance business

Excess (deficiency) of assets allocated to with-profits insurance business in fund (49-51)	61	1922528	1967671
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	109631	145808
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	1812897	1821863

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 2015**

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	1756676	2126015
	Implicit items allocated to the fund	12		
	Mathematical reserves in respect of the fund's non-profit insurance contracts	13	161751	182997
	Long-term admissible assets of the fund covering the LTICR of the fund's non-profit insurance contracts	14	35178	38183
	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	1559747	1904835
Regulatory value of liabilities	Mathematical reserves (after distribution of surplus) in respect of the fund's with-profit insurance contracts	21	1120833	1305122
	Regulatory current liabilities of the fund	22	139151	313724
	Total (21+22)	29	1259984	1618846
Long-term insurance capital requirement in respect of the fund's with-profits insurance contracts		31	47258	54716
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	1307242	1673562
Regulatory excess capital (19-39)		49	252505	231273

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	252505	231273
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	37020	52547
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	215485	178726

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 2015**

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	17062073	18628819
	Implicit items allocated to the fund	12		
	Mathematical reserves in respect of the fund's non-profit insurance contracts	13	2545738	2761777
	Long-term admissible assets of the fund covering the LTICR of the fund's non-profit insurance contracts	14	447307	406798
	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	14069028	15460244
Regulatory value of liabilities	Mathematical reserves (after distribution of surplus) in respect of the fund's with-profit insurance contracts	21	11840938	12889481
	Regulatory current liabilities of the fund	22	2107632	2626628
	Total (21+22)	29	13948570	15516109
Long-term insurance capital requirement in respect of the fund's with-profits insurance contracts		31	476201	517975
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	14424771	16034084
Regulatory excess capital (19-39)		49	(355743)	(573840)

Realistic excess capital

Realistic excess capital	51	(211772)	(245937)
--------------------------	-----------	----------	----------

Excess assets allocated to with-profits insurance business

Excess (deficiency) of assets allocated to with-profits insurance business in fund (49-51)	61	(143971)	(327903)
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		
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		

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 2015**

 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	3129527	3180002
	Implicit items allocated to the fund	12		
	Mathematical reserves in respect of the fund's non-profit insurance contracts	13	361081	376445
	Long-term admissible assets of the fund covering the LTICR of the fund's non-profit insurance contracts	14	18381	19544
	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	2750065	2784013
Regulatory value of liabilities	Mathematical reserves (after distribution of surplus) in respect of the fund's with-profit insurance contracts	21	1877984	2005904
	Regulatory current liabilities of the fund	22	200490	122381
	Total (21+22)	29	2078474	2128285
Long-term insurance capital requirement in respect of the fund's with-profits insurance contracts		31	75589	80737
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	2154063	2209022
Regulatory excess capital (19-39)		49	596002	574991

Realistic excess capital

Realistic excess capital	51	192622	202820
--------------------------	-----------	--------	--------

Excess assets allocated to with-profits insurance business

Excess (deficiency) of assets allocated to with-profits insurance business in fund (49-51)	61	403380	372171
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	41356	85237
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	362024	286934

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 2015**

 With-profits fund **Irish 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	959155	
	Implicit items allocated to the fund	12		
	Mathematical reserves in respect of the fund's non-profit insurance contracts	13		
	Long-term admissible assets of the fund covering the LTICR of the fund's non-profit insurance contracts	14		
	Long-term admissible assets of the fund covering the RCR of the fund's non-profit insurance contracts	15		
	Total (11+12-(13+14+15))	19	959155	
Regulatory value of liabilities	Mathematical reserves (after distribution of surplus) in respect of the fund's with-profit insurance contracts	21	728069	
	Regulatory current liabilities of the fund	22	36017	
	Total (21+22)	29	764086	
Long-term insurance capital requirement in respect of the fund's with-profits insurance contracts		31	27260	
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	791346	
Regulatory excess capital (19-39)		49	167809	

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	167809	
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	21043	
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	146766	

Realistic balance sheet
Form 19
(Sheet 1)

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

Global business

Financial year ended **31st December 2015**

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	15429539	17024728
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	133917	195129
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	15563456	17219857
Support arrangement assets	27		
Assets available to the fund (26+27)	29	15563456	17219857

Realistic value of liabilities of fund

With-profits benefits reserve		31	10135359	11273573
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	124649	
	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	5577	8460
	Future costs of contractual guarantees (other than financial options)	41	1764811	1572756
	Future costs of non-contractual commitments	42	249519	356133
	Future costs of financial options	43	522037	600985
	Future costs of smoothing (possibly negative)	44	(83417)	(101358)
	Financing costs	45		
	Any other liabilities related to regulatory duty to treat customers fairly	46		
	Other long-term insurance liabilities	47	115714	182395
	Total (32+34+41+42+43+44+45+46+47-(33+35+36))	49	2687736	2602451
Realistic current liabilities of the fund		51	1223021	1787068
Realistic value of liabilities of the fund (31+49+51)		59	14046116	15663092

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

Global business

Financial year ended **31st December 2015**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	14328351	15942010
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	14328351	15942010
Risk capital margin for fund (62-59)	65	282235	278918
Realistic excess capital for fund (26-(59+65))	66	1235105	1277847
Realistic excess available capital for fund (29-(59+65))	67	1235105	1277847
Working capital for for fund (29-59)	68	1517340	1556765
Working capital ratio for fund (68/29)	69	9.75	9.04

**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 2015**

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	1559747	1904835
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	42374	64090
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	1602121	1968925
Support arrangement assets	27		
Assets available to the fund (26+27)	29	1602121	1968925

Realistic value of liabilities of fund

With-profits benefits reserve		31	884435	982769
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	78282	70205
	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	5200	7400
	Future costs of contractual guarantees (other than financial options)	41	126871	143661
	Future costs of non-contractual commitments	42		
	Future costs of financial options	43	320690	358337
	Future costs of smoothing (possibly negative)	44	(23506)	(19737)
	Financing costs	45		
	Any other liabilities related to regulatory duty to treat customers fairly	46		
	Other long-term insurance liabilities	47	81415	127753
	Total (32+34+41+42+43+44+45+46+47-(33+35+36))	49	578552	672819
Realistic current liabilities of the fund		51	139134	313337
Realistic value of liabilities of the fund (31+49+51)		59	1602121	1968925

Realistic balance sheet
Form 19
(Sheet 2)

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

Global business

Financial year ended **31st December 2015**

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	1602121	1968925
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	1602121	1968925
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 2015**

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	14069028	15460244
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	1985581	1962411
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	16054609	17422655
Support arrangement assets	27	2065092	2172963
Assets available to the fund (26+27)	29	18119701	19595618

Realistic value of liabilities of fund

With-profits benefits reserve		31	13262918	14038309
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	20418	22836
	Planned deductions for the cost of guarantees, options and smoothing from with-profits benefits reserve	35	23029	33093
	Planned deductions for other costs deemed chargeable to with-profits benefits reserve	36	7650	10969
	Future costs of contractual guarantees (other than financial options)	41	1211830	1246528
	Future costs of non-contractual commitments	42		
	Future costs of financial options	43	195881	196936
	Future costs of smoothing (possibly negative)	44	(12966)	9267
	Financing costs	45		
	Any other liabilities related to regulatory duty to treat customers fairly	46		
	Other long-term insurance liabilities	47	(691169)	(662151)
	Total (32+34+41+42+43+44+45+46+47-(33+35+36))	49	693315	769354
Realistic current liabilities of the fund		51	2098376	2614992
Realistic value of liabilities of the fund (31+49+51)		59	16054609	17422655

Realistic balance sheet
**Form 19
(Sheet 2)**

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

Global business

Financial year ended **31st December 2015**

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	16266381	17668592
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	16266381	17668592
Risk capital margin for fund (62-59)	65	211772	245937
Realistic excess capital for fund (26-(59+65))	66	(211772)	(245937)
Realistic excess available capital for fund (29-(59+65))	67	1853320	1927026
Working capital for for fund (29-59)	68	2065092	2172963
Working capital ratio for fund (68/29)	69	11.40	11.09

**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 2015**

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	2750065	2784013
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	95541	109553
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	2845606	2893566
Support arrangement assets	27		
Assets available to the fund (26+27)	29	2845606	2893566

Realistic value of liabilities of fund

With-profits benefits reserve		31	2071182	2157089
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	59451	83266
	Planned deductions for the cost of guarantees, options and smoothing from with-profits benefits reserve	35	3066	4406
	Planned deductions for other costs deemed chargeable to with-profits benefits reserve	36	1238	1743
	Future costs of contractual guarantees (other than financial options)	41	244012	236256
	Future costs of non-contractual commitments	42		
	Future costs of financial options	43	36260	38130
	Future costs of smoothing (possibly negative)	44	(2186)	623
	Financing costs	45		
	Any other liabilities related to regulatory duty to treat customers fairly	46		
	Other long-term insurance liabilities	47	4735	12632
	Total (32+34+41+42+43+44+45+46+47-(33+35+36))	49	337968	364758
Realistic current liabilities of the fund		51	200136	121342
Realistic value of liabilities of the fund (31+49+51)		59	2609286	2643189

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

Global business

Financial year ended **31st December 2015**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	2652984	2690746
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	2652984	2690746
Risk capital margin for fund (62-59)	65	43698	47557
Realistic excess capital for fund (26-(59+65))	66	192622	202820
Realistic excess available capital for fund (29-(59+65))	67	192622	202820
Working capital for for fund (29-59)	68	236320	250377
Working capital ratio for fund (68/29)	69	8.30	8.65

**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 2015**

With-profits fund **Irish 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	959155	
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		
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	959155	
Support arrangement assets	27		
Assets available to the fund (26+27)	29	959155	

Realistic value of liabilities of fund

With-profits benefits reserve		31	478970	
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	100691	
	Planned deductions for the cost of guarantees, options and smoothing from with-profits benefits reserve	35	5590	
	Planned deductions for other costs deemed chargeable to with-profits benefits reserve	36		
	Future costs of contractual guarantees (other than financial options)	41	90970	
	Future costs of non-contractual commitments	42		
	Future costs of financial options	43	205872	
	Future costs of smoothing (possibly negative)	44		
	Financing costs	45		
	Any other liabilities related to regulatory duty to treat customers fairly	46		
	Other long-term insurance liabilities	47	52225	
	Total (32+34+41+42+43+44+45+46+47-(33+35+36))	49	444168	
Realistic current liabilities of the fund		51	36017	
Realistic value of liabilities of the fund (31+49+51)		59	959155	

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

Global business

Financial year ended **31st December 2015**With-profits fund **Irish 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	959155	
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	959155	
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		

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 2015**

 Units **£000**

	Financial year	Previous year
	1	2

Income

Earned premiums	11	5722762	7812513
Investment income receivable before deduction of tax	12	1774810	3418693
Increase (decrease) in the value of non-linked assets brought into account	13	161081	2459941
Increase (decrease) in the value of linked assets	14	829475	1290249
Other income	15	2991	2188
Total income	19	8491119	14983584

Expenditure

Claims incurred	21	9464303	8896018
Expenses payable	22	1041866	969077
Interest payable before deduction of tax	23	88338	63682
Taxation	24	124801	189297
Other expenditure	25		
Transfer to (from) non technical account	26	212	690000
Total expenditure	29	10719520	10808074

Business transfers-in	31	5002580	
Business transfers-out	32		
Increase (decrease) in fund in financial year (19-29+31-32)	39	2774179	4175510
Fund brought forward	49	84795488	80619978
Fund carried forward (39+49)	59	87569667	84795488

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 2015**

 Units **£000**

	Financial year	Previous year
	1	2

Income

Earned premiums	11	83607	101927
Investment income receivable before deduction of tax	12	196166	436383
Increase (decrease) in the value of non-linked assets brought into account	13	535654	831040
Increase (decrease) in the value of linked assets	14		
Other income	15		
Total income	19	815427	1369350

Expenditure

Claims incurred	21	1644836	1534462
Expenses payable	22	45978	46010
Interest payable before deduction of tax	23	12408	9617
Taxation	24	25940	105275
Other expenditure	25	61396	59578
Transfer to (from) non technical account	26		
Total expenditure	29	1790558	1754942

Business transfers-in	31		
Business transfers-out	32		
Increase (decrease) in fund in financial year (19-29+31-32)	39	(975131)	(385592)
Fund brought forward	49	12311383	12696975
Fund carried forward (39+49)	59	11336252	12311383

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 2015**
 Units **£000**

	Financial year	Previous year
	1	2

Income

Earned premiums	11	(12544)	14795
Investment income receivable before deduction of tax	12	(116253)	(23207)
Increase (decrease) in the value of non-linked assets brought into account	13	120553	294449
Increase (decrease) in the value of linked assets	14		
Other income	15	1799	1944
Total income	19	(6445)	287981

Expenditure

Claims incurred	21	202371	138574
Expenses payable	22	(2223)	13532
Interest payable before deduction of tax	23	(367)	477
Taxation	24	(692)	51
Other expenditure	25		
Transfer to (from) non technical account	26		
Total expenditure	29	199089	152634

Business transfers-in	31		
Business transfers-out	32		
Increase (decrease) in fund in financial year (19-29+31-32)	39	(205534)	135347
Fund brought forward	49	1488118	1352771
Fund carried forward (39+49)	59	1282584	1488118

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 2015**

 Units **£000**

	Financial year	Previous year
	1	2

Income

Earned premiums	11		
Investment income receivable before deduction of tax	12	1174	230
Increase (decrease) in the value of non-linked assets brought into account	13	(829)	2306
Increase (decrease) in the value of linked assets	14		
Other income	15		4
Total income	19	345	2540

Expenditure

Claims incurred	21		
Expenses payable	22		
Interest payable before deduction of tax	23	943	123
Taxation	24		
Other expenditure	25		
Transfer to (from) non technical account	26		
Total expenditure	29	943	123

Business transfers-in	31		
Business transfers-out	32		
Increase (decrease) in fund in financial year (19-29+31-32)	39	(598)	2417
Fund brought forward	49	10515	8098
Fund carried forward (39+49)	59	9917	10515

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 2015**
 Units **£000**

	Financial year	Previous year
	1	2

Income

Earned premiums	11	584971	419328
Investment income receivable before deduction of tax	12	338236	533675
Increase (decrease) in the value of non-linked assets brought into account	13	98104	818253
Increase (decrease) in the value of linked assets	14	(12324)	(10211)
Other income	15	22215	21758
Total income	19	1031202	1782803

Expenditure

Claims incurred	21	1750476	1928139
Expenses payable	22	494155	396513
Interest payable before deduction of tax	23	9385	10344
Taxation	24	36297	103602
Other expenditure	25		
Transfer to (from) non technical account	26		
Total expenditure	29	2290313	2438598

Business transfers-in	31		(23498)
Business transfers-out	32		
Increase (decrease) in fund in financial year (19-29+31-32)	39	(1259111)	(679293)
Fund brought forward	49	14958632	15637925
Fund carried forward (39+49)	59	13699521	14958632

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 2015**
 Units **£000**

	Financial year	Previous year
	1	2

Income

Earned premiums	11	38237	34873
Investment income receivable before deduction of tax	12	56371	100148
Increase (decrease) in the value of non-linked assets brought into account	13	33994	89003
Increase (decrease) in the value of linked assets	14	(1641)	(1360)
Other income	15	2843	2864
Total income	19	129804	225528

Expenditure

Claims incurred	21	242251	234449
Expenses payable	22	20202	19752
Interest payable before deduction of tax	23	916	591
Taxation	24	8990	17477
Other expenditure	25		
Transfer to (from) non technical account	26		
Total expenditure	29	272359	272269

Business transfers-in	31		
Business transfers-out	32		
Increase (decrease) in fund in financial year (19-29+31-32)	39	(142555)	(46741)
Fund brought forward	49	2290129	2336870
Fund carried forward (39+49)	59	2147574	2290129

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 2015**

 Units **£000**

	Financial year	Previous year
	1	2

Income

Earned premiums	11	21473	24297
Investment income receivable before deduction of tax	12	18369	27943
Increase (decrease) in the value of non-linked assets brought into account	13	20535	11623
Increase (decrease) in the value of linked assets	14		
Other income	15		
Total income	19	60377	63863

Expenditure

Claims incurred	21	66576	60060
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	66576	60060

Business transfers-in	31		
Business transfers-out	32		
Increase (decrease) in fund in financial year (19-29+31-32)	39	(6199)	3803
Fund brought forward	49	784845	781042
Fund carried forward (39+49)	59	778646	784845

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 2015**
 Units **£000**

	Financial year	Previous year
	1	2

Income

Earned premiums	11	(7)	3
Investment income receivable before deduction of tax	12	3	3
Increase (decrease) in the value of non-linked assets brought into account	13	(298)	375
Increase (decrease) in the value of linked assets	14		
Other income	15		
Total income	19	(302)	381

Expenditure

Claims incurred	21	(268)	295
Expenses payable	22	37	35
Interest payable before deduction of tax	23		
Taxation	24		
Other expenditure	25		
Transfer to (from) non technical account	26		
Total expenditure	29	(231)	330

Business transfers-in	31		
Business transfers-out	32		
Increase (decrease) in fund in financial year (19-29+31-32)	39	(71)	51
Fund brought forward	49	185	134
Fund carried forward (39+49)	59	114	185

Long-term insurance business: Revenue account
Form 40

Name of insurer **Aviva Life & Pensions UK Limited**
 Name and number of fund/Summary **Irish With-Profits Sub-Fund**
 Financial year ended **31st December 2015**
 Units **£000**

	Financial year	Previous year
	1	2

Income

Earned premiums	11	8905	
Investment income receivable before deduction of tax	12	2981	
Increase (decrease) in the value of non-linked assets brought into account	13	(211999)	
Increase (decrease) in the value of linked assets	14		
Other income	15		
Total income	19	(200113)	

Expenditure

Claims incurred	21	107911	
Expenses payable	22	3927	
Interest payable before deduction of tax	23		
Taxation	24	164	
Other expenditure	25		
Transfer to (from) non technical account	26	212	
Total expenditure	29	112214	

Business transfers-in	31	1040396	
Business transfers-out	32		
Increase (decrease) in fund in financial year (19-29+31-32)	39	728069	
Fund brought forward	49		
Fund carried forward (39+49)	59	728069	

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**

 Financial year ended **31st December 2015**

 Units **£000**

	Financial year	Previous year
	1	2

Income

Earned premiums	11	4998120	511845
Investment income receivable before deduction of tax	12	1277763	250033
Increase (decrease) in the value of non-linked assets brought into account	13	(434633)	39947
Increase (decrease) in the value of linked assets	14	843440	371928
Other income	15	37530	7201
Total income	19	6722220	1180954

Expenditure

Claims incurred	21	5450150	1323297
Expenses payable	22	479790	230652
Interest payable before deduction of tax	23	65053	16878
Taxation	24	54102	(78739)
Other expenditure	25		
Transfer to (from) non technical account	26		
Total expenditure	29	6049095	1492088

Business transfers-in	31	46679926	
Business transfers-out	32		(23498)
Increase (decrease) in fund in financial year (19-29+31-32)	39	47353051	(287636)
Fund brought forward	49	10233939	10521575
Fund carried forward (39+49)	59	57586990	10233939

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 2015**

 Units **£000**

	Financial year	Previous year
	1	2

Income

Earned premiums	11		6705445
Investment income receivable before deduction of tax	12		2093485
Increase (decrease) in the value of non-linked assets brought into account	13		372945
Increase (decrease) in the value of linked assets	14		929892
Other income	15		27995
Total income	19		10129762

Expenditure

Claims incurred	21		3676742
Expenses payable	22		262583
Interest payable before deduction of tax	23		25652
Taxation	24		41631
Other expenditure	25		
Transfer to (from) non technical account	26		690000
Total expenditure	29		4696608

Business transfers-in	31		
Business transfers-out	32	42717742	
Increase (decrease) in fund in financial year (19-29+31-32)	39	(42717742)	5433154
Fund brought forward	49	42717742	37284588
Fund carried forward (39+49)	59		42717742

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 2015**
 Units **£000**

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

Gross

Regular premiums	11	1169081	2855204	197261	4221546	3960979
Single premiums	12	168358	1937893	431982	2538233	5419533

Reinsurance - external

Regular premiums	13	572051	583148	51747	1206946	1129546
Single premiums	14	(12213)	(158182)	466	(169929)	438453

Reinsurance - intra-group

Regular premiums	15					
Single premiums	16					

Net of reinsurance

Regular premiums	17	597030	2272056	145514	3014600	2831433
Single premiums	18	180571	2096075	431516	2708162	4981080

Total

Gross	19	1337439	4793097	629243	6759779	9380512
Reinsurance	20	559838	424966	52213	1037017	1567999
Net	21	777601	4368131	577030	5722762	7812513

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 2015**

 Units **£000**

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

Gross

Regular premiums	11	40699	33026	5562	79287	97921
Single premiums	12	(1391)	3803	1908	4320	4006

Reinsurance - external

Regular premiums	13					
Single premiums	14					

Reinsurance - intra-group

Regular premiums	15					
Single premiums	16					

Net of reinsurance

Regular premiums	17	40699	33026	5562	79287	97921
Single premiums	18	(1391)	3803	1908	4320	4006

Total

Gross	19	39308	36829	7470	83607	101927
Reinsurance	20					
Net	21	39308	36829	7470	83607	101927

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 2015**

 Units **£000**

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

Gross

Regular premiums	11	772	(16536)	(15764)	10107
Single premiums	12	641	2579	3220	4688

Reinsurance - external

Regular premiums	13				
Single premiums	14				

Reinsurance - intra-group

Regular premiums	15				
Single premiums	16				

Net of reinsurance

Regular premiums	17	772	(16536)	(15764)	10107
Single premiums	18	641	2579	3220	4688

Total

Gross	19	1413	(13957)	(12544)	14795
Reinsurance	20				
Net	21	1413	(13957)	(12544)	14795

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 2015**

 Units **£000**

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

Gross

Regular premiums	11		15729	15729	18457
Single premiums	12		20	20	155

Reinsurance - external

Regular premiums	13		15729	15729	18457
Single premiums	14		20	20	155

Reinsurance - intra-group

Regular premiums	15				
Single premiums	16				

Net of reinsurance

Regular premiums	17				
Single premiums	18				

Total

Gross	19		15749	15749	18612
Reinsurance	20		15749	15749	18612
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 2015**

 Units **£000**

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

Gross

Regular premiums	11	474765	214493	3472	692730	450487
Single premiums	12	13767	51099	2071	66937	57015

Reinsurance - external

Regular premiums	13	174053	5446		179499	89564
Single premiums	14	(4803)			(4803)	(1390)

Reinsurance - intra-group

Regular premiums	15					
Single premiums	16					

Net of reinsurance

Regular premiums	17	300712	209047	3472	513231	360923
Single premiums	18	18570	51099	2071	71740	58405

Total

Gross	19	488532	265592	5543	759667	507502
Reinsurance	20	169250	5446		174696	88174
Net	21	319282	260146	5543	584971	419328

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 2015**

 Units **£000**

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

Gross

Regular premiums	11	19632	10799	524	30955	28474
Single premiums	12	992	7122	371	8485	8070

Reinsurance - external

Regular premiums	13	1842			1842	1856
Single premiums	14	(639)			(639)	(185)

Reinsurance - intra-group

Regular premiums	15					
Single premiums	16					

Net of reinsurance

Regular premiums	17	17790	10799	524	29113	26618
Single premiums	18	1631	7122	371	9124	8255

Total

Gross	19	20624	17921	895	39440	36544
Reinsurance	20	1203			1203	1671
Net	21	19421	17921	895	38237	34873

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 2015**
 Units **£000**

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

Gross

Regular premiums	11	22279		22279	24954
Single premiums	12	(806)		(806)	(657)

Reinsurance - external

Regular premiums	13				
Single premiums	14				

Reinsurance - intra-group

Regular premiums	15				
Single premiums	16				

Net of reinsurance

Regular premiums	17	22279		22279	24954
Single premiums	18	(806)		(806)	(657)

Total

Gross	19	21473		21473	24297
Reinsurance	20				
Net	21	21473		21473	24297

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 2015**

 Units **£000**

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

Gross

Regular premiums	11	98	(1)	97	101
Single premiums	12		(201)	(201)	

Reinsurance - external

Regular premiums	13	108	(205)	(97)	98
Single premiums	14				

Reinsurance - intra-group

Regular premiums	15				
Single premiums	16				

Net of reinsurance

Regular premiums	17	(10)	204	194	3
Single premiums	18		(201)	(201)	

Total

Gross	19	98	(202)	(104)	101
Reinsurance	20	108	(205)	(97)	98
Net	21	(10)	3	(7)	3

Long-term insurance business: Analysis of premiums
Form 41

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

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

 Financial year ended **31st December 2015**

 Units **£000**

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

Gross

Regular premiums	11		9449	9449	
Single premiums	12		169	169	

Reinsurance - external

Regular premiums	13		713	713	
Single premiums	14				

Reinsurance - intra-group

Regular premiums	15				
Single premiums	16				

Net of reinsurance

Regular premiums	17		8736	8736	
Single premiums	18		169	169	

Total

Gross	19		9618	9618	
Reinsurance	20		713	713	
Net	21		8905	8905	

Long-term insurance business: Analysis of premiums
Form 41

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

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

 Financial year ended **31st December 2015**

 Units **£000**

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

Gross

Regular premiums	11	633115	2591144	162525	3386784	740848
Single premiums	12	154349	1874297	427443	2456089	235198

Reinsurance - external

Regular premiums	13	396048	577907	35305	1009260	461308
Single premiums	14	(6771)	(158182)	446	(164507)	2893

Reinsurance - intra-group

Regular premiums	15					
Single premiums	16					

Net of reinsurance

Regular premiums	17	237067	2013237	127220	2377524	279540
Single premiums	18	161120	2032479	426997	2620596	232305

Total

Gross	19	787464	4465441	589968	5842873	976046
Reinsurance	20	389277	419725	35751	844753	464201
Net	21	398187	4045716	554217	4998120	511845

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 2015**

 Units **£000**

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

Gross

Regular premiums	11				2589630
Single premiums	12				5111058

Reinsurance - external

Regular premiums	13				558263
Single premiums	14				436980

Reinsurance - intra-group

Regular premiums	15				
Single premiums	16				

Net of reinsurance

Regular premiums	17				2031367
Single premiums	18				4674078

Total

Gross	19				7700688
Reinsurance	20				995243
Net	21				6705445

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 2015**
 Units **£000**

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

Gross

Death or disability lump sums	11	1024853	246165	74757	1345775	1146739
Disability periodic payments	12	52475	256	4328	57059	49596
Surrender or partial surrender	13	1627334	3534433	495065	5656832	5297728
Annuity payments	14	21418	860247	50653	932318	845042
Lump sums on maturity	15	1044211	1202342	155295	2401848	2291083
Total	16	3770291	5843443	780098	10393832	9630188

Reinsurance - external

Death or disability lump sums	21	397078	18110	45678	460866	354535
Disability periodic payments	22	22105	163	2320	24588	22424
Surrender or partial surrender	23	1437	172309	1138	174884	130890
Annuity payments	24	2902	225304	21	228227	172497
Lump sums on maturity	25		40081	883	40964	53824
Total	26	423522	455967	50040	929529	734170

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	627775	228055	29079	884909	792204
Disability periodic payments	42	30370	93	2008	32471	27172
Surrender or partial surrender	43	1625897	3362124	493927	5481948	5166838
Annuity payments	44	18516	634943	50632	704091	672545
Lump sums on maturity	45	1044211	1162261	154412	2360884	2237259
Total	46	3346769	5387476	730058	9464303	8896018

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 2015**

 Units **£000**

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

Gross

Death or disability lump sums	11	61031	25437	841	87309	82621
Disability periodic payments	12					
Surrender or partial surrender	13	89477	365344	19177	473998	386809
Annuity payments	14		17310		17310	16800
Lump sums on maturity	15	550223	483472	32524	1066219	1048232
Total	16	700731	891563	52542	1644836	1534462

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	61031	25437	841	87309	82621
Disability periodic payments	42					
Surrender or partial surrender	43	89477	365344	19177	473998	386809
Annuity payments	44		17310		17310	16800
Lump sums on maturity	45	550223	483472	32524	1066219	1048232
Total	46	700731	891563	52542	1644836	1534462

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 2015**

 Units **£000**

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

Gross

Death or disability lump sums	11	3124	1271	4395	5579
Disability periodic payments	12	734	213	947	1058
Surrender or partial surrender	13	2793	23654	26447	13065
Annuity payments	14	1134	29177	30311	38346
Lump sums on maturity	15	3705	136566	140271	80526
Total	16	11490	190881	202371	138574

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	3124	1271	4395	5579
Disability periodic payments	42	734	213	947	1058
Surrender or partial surrender	43	2793	23654	26447	13065
Annuity payments	44	1134	29177	30311	38346
Lump sums on maturity	45	3705	136566	140271	80526
Total	46	11490	190881	202371	138574

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 2015**

 Units **£000**

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

Gross

Death or disability lump sums	11		9003	9003	9076
Disability periodic payments	12				
Surrender or partial surrender	13		1138	1138	1143
Annuity payments	14		21	21	27
Lump sums on maturity	15		883	883	929
Total	16		11045	11045	11175

Reinsurance - external

Death or disability lump sums	21		9003	9003	9076
Disability periodic payments	22				
Surrender or partial surrender	23		1138	1138	1143
Annuity payments	24		21	21	27
Lump sums on maturity	25		883	883	929
Total	26		11045	11045	11175

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				
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 2015**

 Units **£000**

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

Gross

Death or disability lump sums	11	384621	56887	3748	445256	337078
Disability periodic payments	12	145	1	1	147	113
Surrender or partial surrender	13	604609	171455	21228	797292	981255
Annuity payments	14	7735	119252	2481	129468	128122
Lump sums on maturity	15	366540	133625	7941	508106	541114
Total	16	1363650	481220	35399	1880269	1987682

Reinsurance - external

Death or disability lump sums	21	127916	1877		129793	59160
Disability periodic payments	22					
Surrender or partial surrender	23					
Annuity payments	24					383
Lump sums on maturity	25					
Total	26	127916	1877		129793	59543

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	256705	55010	3748	315463	277918
Disability periodic payments	42	145	1	1	147	113
Surrender or partial surrender	43	604609	171455	21228	797292	981255
Annuity payments	44	7735	119252	2481	129468	127739
Lump sums on maturity	45	366540	133625	7941	508106	541114
Total	46	1235734	479343	35399	1750476	1928139

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 2015**

 Units **£000**

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

Gross

Death or disability lump sums	11	43348	3642	486	47476	28568
Disability periodic payments	12	(33)	8		(25)	105
Surrender or partial surrender	13	79133	23469	3558	106160	125285
Annuity payments	14	1030	15126	330	16486	16478
Lump sums on maturity	15	54002	18437	1194	73633	65738
Total	16	177480	60682	5568	243730	236174

Reinsurance - external

Death or disability lump sums	21	1479			1479	1674
Disability periodic payments	22					
Surrender or partial surrender	23					
Annuity payments	24					51
Lump sums on maturity	25					
Total	26	1479			1479	1725

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	41869	3642	486	45997	26894
Disability periodic payments	42	(33)	8		(25)	105
Surrender or partial surrender	43	79133	23469	3558	106160	125285
Annuity payments	44	1030	15126	330	16486	16427
Lump sums on maturity	45	54002	18437	1194	73633	65738
Total	46	176001	60682	5568	242251	234449

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 2015**
 Units **£000**

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

Gross

Death or disability lump sums	11	1391		1391	1673
Disability periodic payments	12	5		5	3
Surrender or partial surrender	13	49506		49506	40887
Annuity payments	14				
Lump sums on maturity	15	15674		15674	17497
Total	16	66576		66576	60060

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	1391		1391	1673
Disability periodic payments	42	5		5	3
Surrender or partial surrender	43	49506		49506	40887
Annuity payments	44				
Lump sums on maturity	45	15674		15674	17497
Total	46	66576		66576	60060

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 2015**

 Units **£000**

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

Gross

Death or disability lump sums	11				48
Disability periodic payments	12				
Surrender or partial surrender	13	182	(117)	65	661
Annuity payments	14				
Lump sums on maturity	15		(146)	(146)	150
Total	16	182	(263)	(81)	859

Reinsurance - external

Death or disability lump sums	21				22
Disability periodic payments	22				
Surrender or partial surrender	23	182		182	535
Annuity payments	24				
Lump sums on maturity	25		5	5	7
Total	26	182	5	187	564

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				26
Disability periodic payments	42				
Surrender or partial surrender	43		(117)	(117)	126
Annuity payments	44				
Lump sums on maturity	45		(151)	(151)	143
Total	46		(268)	(268)	295

Long-term insurance business: Analysis of claims
Form 42

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

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

 Financial year ended **31st December 2015**

 Units **£000**

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

Gross

Death or disability lump sums	11		2725	2725	
Disability periodic payments	12				
Surrender or partial surrender	13		32048	32048	
Annuity payments	14		(6)	(6)	
Lump sums on maturity	15		73197	73197	
Total	16		107964	107964	

Reinsurance - external

Death or disability lump sums	21		53	53	
Disability periodic payments	22				
Surrender or partial surrender	23				
Annuity payments	24				
Lump sums on maturity	25				
Total	26		53	53	

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		2672	2672	
Disability periodic payments	42				
Surrender or partial surrender	43		32048	32048	
Annuity payments	44		(6)	(6)	
Lump sums on maturity	45		73197	73197	
Total	46		107911	107911	

Long-term insurance business: Analysis of claims
Form 42

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

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

 Financial year ended **31st December 2015**

 Units **£000**

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

Gross

Death or disability lump sums	11	532729	157537	57954	748220	537834
Disability periodic payments	12	51629	29	4327	55985	1392
Surrender or partial surrender	13	851140	2901122	417916	4170178	947912
Annuity payments	14	11519	679382	47827	738728	7326
Lump sums on maturity	15	69741	414714	39556	524011	112059
Total	16	1516758	4152784	567580	6237122	1606523

Reinsurance - external

Death or disability lump sums	21	267683	16233	36622	320538	261148
Disability periodic payments	22	22105	163	2320	24588	16505
Surrender or partial surrender	23	1255	172309		173564	1468
Annuity payments	24	2902	225304		228206	2949
Lump sums on maturity	25		40076		40076	1156
Total	26	293945	454085	38942	786972	283226

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	265046	141304	21332	427682	276686
Disability periodic payments	42	29524	(134)	2007	31397	(15113)
Surrender or partial surrender	43	849885	2728813	417916	3996614	946444
Annuity payments	44	8617	454078	47827	510522	4377
Lump sums on maturity	45	69741	374638	39556	483935	110903
Total	46	1222813	3698699	528638	5450150	1323297

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 2015**

 Units **£000**

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

Gross

Death or disability lump sums	11				144262
Disability periodic payments	12				46925
Surrender or partial surrender	13				2800711
Annuity payments	14				637943
Lump sums on maturity	15				424838
Total	16				4054679

Reinsurance - external

Death or disability lump sums	21				23455
Disability periodic payments	22				5919
Surrender or partial surrender	23				127744
Annuity payments	24				169087
Lump sums on maturity	25				51732
Total	26				377937

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				120807
Disability periodic payments	42				41006
Surrender or partial surrender	43				2672967
Annuity payments	44				468856
Lump sums on maturity	45				373106
Total	46				3676742

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 2015**
 Units **£000**

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

Gross

Commission - acquisition	11	154522	1396	20282	176200	177094
Commission - other	12	25935	36939	6365	69239	(2604)
Management - acquisition	13	133705	66922	10971	211598	247167
Management - maintenance	14	120475	311368	39334	471177	494780
Management - other	15	66616	52137	(733)	118020	57023
Total	16	501253	468762	76219	1046234	973460

Reinsurance - external

Commission - acquisition	21					
Commission - other	22			564	564	556
Management - acquisition	23					
Management - maintenance	24			4538	4538	3828
Management - other	25			(734)	(734)	(1)
Total	26			4368	4368	4383

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	154522	1396	20282	176200	177094
Commission - other	42	25935	36939	5801	68675	(3160)
Management - acquisition	43	133705	66922	10971	211598	247167
Management - maintenance	44	120475	311368	34796	466639	490952
Management - other	45	66616	52137	1	118754	57024
Total	46	501253	468762	71851	1041866	969077

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 2015**

 Units **£000**

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

Gross

Commission - acquisition	11		17	22	39	63
Commission - other	12	645	91	24	760	(3796)
Management - acquisition	13		84		84	259
Management - maintenance	14	10359	26243		36602	42369
Management - other	15	4591	3902		8493	7115
Total	16	15595	30337	46	45978	46010

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		17	22	39	63
Commission - other	42	645	91	24	760	(3796)
Management - acquisition	43		84		84	259
Management - maintenance	44	10359	26243		36602	42369
Management - other	45	4591	3902		8493	7115
Total	46	15595	30337	46	45978	46010

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 2015**

 Units **£000**

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

Gross

Commission - acquisition	11	(2407)	(147)	(2554)	281
Commission - other	12	(297)	(11632)	(11929)	(621)
Management - acquisition	13	30	122	152	223
Management - maintenance	14	2111	6362	8473	8811
Management - other	15	219	3416	3635	4838
Total	16	(344)	(1879)	(2223)	13532

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	(2407)	(147)	(2554)	281
Commission - other	42	(297)	(11632)	(11929)	(621)
Management - acquisition	43	30	122	152	223
Management - maintenance	44	2111	6362	8473	8811
Management - other	45	219	3416	3635	4838
Total	46	(344)	(1879)	(2223)	13532

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 2015**

 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		505	505	556
Management - acquisition	13				
Management - maintenance	14		4538	4538	3828
Management - other	15		(734)	(734)	(1)
Total	16		4309	4309	4383

Reinsurance - external

Commission - acquisition	21				
Commission - other	22		505	505	556
Management - acquisition	23				
Management - maintenance	24		4538	4538	3828
Management - other	25		(734)	(734)	(1)
Total	26		4309	4309	4383

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				
Management - other	45				
Total	46				

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 2015**

 Units **£000**

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

Gross

Commission - acquisition	11	132826	1907	1234	135967	89898
Commission - other	12	5043	37407	93	42543	(14397)
Management - acquisition	13	90533	51176		141709	145825
Management - maintenance	14	72213	88970	61	161244	169929
Management - other	15	9779	2924	(11)	12692	5258
Total	16	310394	182384	1377	494155	396513

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	132826	1907	1234	135967	89898
Commission - other	42	5043	37407	93	42543	(14397)
Management - acquisition	43	90533	51176		141709	145825
Management - maintenance	44	72213	88970	61	161244	169929
Management - other	45	9779	2924	(11)	12692	5258
Total	46	310394	182384	1377	494155	396513

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 2015**

 Units **£000**

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

Gross

Commission - acquisition	11	712	51	82	845	649
Commission - other	12	442	1499	16	1957	(3113)
Management - acquisition	13	254	229		483	501
Management - maintenance	14	5728	7274	22	13024	19473
Management - other	15	1512	2386	(5)	3893	2242
Total	16	8648	11439	115	20202	19752

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	712	51	82	845	649
Commission - other	42	442	1499	16	1957	(3113)
Management - acquisition	43	254	229		483	501
Management - maintenance	44	5728	7274	22	13024	19473
Management - other	45	1512	2386	(5)	3893	2242
Total	46	8648	11439	115	20202	19752

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 2015**

 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	32	5	37	33
Management - other	15				2
Total	16	32	5	37	35

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	32	5	37	33
Management - other	45				2
Total	46	32	5	37	35

Long-term insurance business: Analysis of expenses
Form 43

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

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

 Financial year ended **31st December 2015**

 Units **£000**

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

Gross

Commission - acquisition	11				
Commission - other	12		205	205	
Management - acquisition	13				
Management - maintenance	14		3722	3722	
Management - other	15				
Total	16		3927	3927	

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		205	205	
Management - acquisition	43				
Management - maintenance	44		3722	3722	
Management - other	45				
Total	46		3927	3927	

Long-term insurance business: Analysis of expenses
Form 43

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

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

 Financial year ended **31st December 2015**

 Units **£000**

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

Gross

Commission - acquisition	11	23391	(432)	18944	41903	74590
Commission - other	12	20102	9574	5522	35198	9540
Management - acquisition	13	42888	15311	10971	69170	76800
Management - maintenance	14	30032	182514	30991	243537	66535
Management - other	15	50515	39509	17	90041	3187
Total	16	166928	246476	66445	479849	230652

Reinsurance - external

Commission - acquisition	21					
Commission - other	22			59	59	
Management - acquisition	23					
Management - maintenance	24					
Management - other	25					
Total	26			59	59	

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	23391	(432)	18944	41903	74590
Commission - other	42	20102	9574	5463	35139	9540
Management - acquisition	43	42888	15311	10971	69170	76800
Management - maintenance	44	30032	182514	30991	243537	66535
Management - other	45	50515	39509	17	90041	3187
Total	46	166928	246476	66386	479790	230652

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 2015**

 Units **£000**

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

Gross

Commission - acquisition	11				11613
Commission - other	12				9227
Management - acquisition	13				23559
Management - maintenance	14				183802
Management - other	15				34382
Total	16				262583

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				11613
Commission - other	42				9227
Management - acquisition	43				23559
Management - maintenance	44				183802
Management - other	45				34382
Total	46				262583

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 2015**

 Units **£000**

	Financial year	Previous year
	1	2

Internal linked funds (excluding cross investment)

Directly held assets (excluding collective investment schemes)	11	31025803	29491943
Directly held assets in collective investment schemes of connected companies	12	7153518	6251169
Directly held assets in other collective investment schemes	13	9958920	8160432
Total assets (excluding cross investment) (11+12+13)	14	48138241	43903544
Provision for tax on unrealised capital gains	15	57466	64754
Secured and unsecured loans	16		
Other liabilities	17	115085	137680
Total net assets (14-15-16-17)	18	47965690	43701110

Directly held linked assets

Value of directly held linked assets	21	12344	11702
--------------------------------------	-----------	-------	-------

Total

Value of directly held linked assets and units held (18+21)	31	47978034	43712812
Surplus units	32	76992	87537
Deficit units	33		
Net unit liability (31-32+33)	34	47901042	43625275

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 2015**

Units **£000**

	Financial year	Previous year
	1	2

Income

Value of total creation of units	11	3939474	1793273
Investment income attributable to the funds before deduction of tax	12	1294899	1153631
Increase (decrease) in the value of investments in the financial year	13	908141	1193643
Other income	14	2989675	80450
Total income	19	9132189	4220997

Expenditure

Value of total cancellation of units	21	4612751	3056399
Charges for management	22	137068	117001
Charges in respect of tax on investment income	23	41593	39480
Taxation on realised capital gains	24	45162	43728
Increase (decrease) in amount set aside for tax on capital gains not yet realised	25	(38153)	(3026)
Other expenditure	26	69188	65475
Total expenditure	29	4867609	3319057

Increase (decrease) in funds in financial year (19-29)	39	4264580	901940
Internal linked fund brought forward	49	43701110	42799170
Internal linked funds carried forward (39+49)	59	47965690	43701110

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 2015**

 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	230535	242346	22562	495443	568453
Single premium business	12	1997	55289	5018	62304	79639
Total	13	232532	297635	27580	557747	648092

Amount of new regular premiums

Direct insurance business	21	80384	560390	30888	671662	784215
External reinsurance	22					
Intra-group reinsurance	23					
Total	24	80384	560390	30888	671662	784215

Amount of new single premiums

Direct insurance business	25	141525	1793706	422434	2357665	1726128
External reinsurance	26					
Intra-group reinsurance	27	18730	304331	3753	326814	3627518
Total	28	160255	2098037	426187	2684479	5353646

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 2015**

Units **£000**

UK Life / Direct insurance business

Product code number	Product description	Regular premium business		Single premium business	
		Number of policyholders / scheme members	Amount of premiums	Number of policyholders / scheme members	Amount of premiums
1	2	3	4	5	6
195	Annuity with-profits (PLA)			11	952
300	Regular premium non-profit WL/EA OB	29524	7343	261	325
325	Level term assurance	106130	30736		
330	Decreasing term assurance	41348	13166		
340	Accelerated critical illness (guaranteed premiums)	43291	23778		
345	Accelerated critical illness (reviewable premiums)	1378	894		
360	Income protection non-profit (guaranteed premiums)	5025	2705		
365	Income protection non-profit (reviewable premiums)	3839	1575		
395	Annuity non-profit (PLA)			2	229
400	Annuity non-profit (CPA)			45	2603
500	Life UWP single premium			387	27948
505	Life UWP whole life regular premium		47		
700	Life property linked single premium			1291	109468
710	Life property linked whole life regular premium		125		
780	Stand-alone critical illness rider		15		

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 2015**Units **£000**

UK Life / Reinsurance accepted intra-group

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
395	Annuity non-profit (PLA)				18730

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 2015**

Units **£000**

UK Pension / Direct insurance business

Product code number	Product description	Regular premium business		Single premium business	
		Number of policyholders / scheme members	Amount of premiums	Number of policyholders / scheme members	Amount of premiums
1	2	3	4	5	6
200	Annuity with-profits (CPA)			40	2655
390	Deferred annuity non-profit			11	500
395	Annuity non-profit (PLA)			5	230
400	Annuity non-profit (CPA)			700	32828
410	Group Life	42739	48556		
420	Group income protection	27954	12526		
430	Group critical illness	694	411		
525	Individual pensions UWP	662	522	1260	4974
530	Individual pensions UWP - increments		3350		20603
535	Group money purchase pensions UWP	592	339	100	285
540	Group money purchase pensions UWP - increments		2832		3381
725	Individual pensions property linked	2753	5391	4303	42132
730	Individual pensions property linked - increments		32972		270061
735	Group money purchase pensions property linked	166952	174283	26143	136455
740	Group money purchase pensions property linked - increments		279208		273347
755	Trustee investment plan			22727	1006255

Long-term insurance business: Analysis of new business**Form 47
(Sheet 4)**Name of insurer **Aviva Life & Pensions UK Limited**

Total business

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

UK Pension / Reinsurance accepted intra-group

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
400	Annuity non-profit (CPA)				304331

Long-term insurance business: Analysis of new business

Form 47
(Sheet 5)

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

Total business

Financial year ended **31st December 2015**

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	110	25		
325	Level term assurance	10281	3769		
330	Decreasing term assurance	4529	1181		
340	Accelerated critical illness (guaranteed premiums)	2355	997		
350	Standalone critical illness (guaranteed premiums)	1697	647		
360	Income protection non-profit (guaranteed premiums)	895	998		
400	Annuity non-profit (CPA)			954	89867
405	Annuity non-profit (CPA impaired life)			49	8937
525	Individual pensions UWP	6	6	23	108
530	Individual pensions UWP - increments		56		556
535	Group money purchase pensions UWP		13		
700	Life property linked single premium			915	64603
715	Life property linked endowment regular premium - savings	277	3528		
725	Individual pensions property linked	1245	8066	1848	125046
730	Individual pensions property linked - increments		6357		12623
735	Group money purchase pensions property linked	1167	5245	274	16090
750	Income drawdown property linked			955	104604

Long-term insurance business: Analysis of new business**Form 47
(Sheet 6)**Name of insurer **Aviva Life & Pensions UK Limited**

Total business

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

Overseas / Reinsurance accepted intra-group

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
400	Annuity non-profit (CPA)				3753

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 2015**

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

Units **£000**

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

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

Land and buildings	11	4613	10413	519	3.75	
Approved fixed interest securities	12	1335168	1335168	39357	1.18	
Other fixed interest securities	13	1381930	2458179	73900	2.68	
Variable interest securities	14	2968169	1949951	28101	1.21	
UK listed equity shares	15	38054	148172	4475	3.02	
Non-UK listed equity shares	16		34496	352	1.02	
Unlisted equity shares	17	169	2666	1	0.02	
Other assets	18	11279983	11069041	368081	3.01	
Total	19	17008086	17008086	514786	2.60	

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

Land and buildings	21	1465369	4079578	188199	4.61	18.23
Approved fixed interest securities	22	3859254	3971446	102575	1.13	0.22
Other fixed interest securities	23	3646843	19465013	860679	4.34	2.07
Variable interest securities	24	6835407	(7248425)	(558711)	7.71	
UK listed equity shares	25	2134898	4381693	92775	2.12	1.90
Non-UK listed equity shares	26	3443145	6668841	89037	1.34	4.96
Unlisted equity shares	27	13207	15435	179	1.16	9.08
Other assets	28	13583314	3647856	34030	0.93	1.91
Total	29	34981437	34981437	808763	2.10	5.49

Overall return on with-profits assets

Post investment costs but pre-tax	31					5.40
Return allocated to non taxable 'asset shares'	32					5.49
Return allocated to taxable 'asset shares'	33					4.74

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 2015**

 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	128282	128282	3743	1.39	
Other fixed interest securities	13	414	414	23	5.51	
Variable interest securities	14	526707	526707	10175	1.93	
UK listed equity shares	15					
Non-UK listed equity shares	16					
Unlisted equity shares	17					
Other assets	18	84363	84363	484	0.57	
Total	19	739766	739766	14425	1.68	

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

Land and buildings	21	647413	1736890	99700	5.74	14.95
Approved fixed interest securities	22	1393002	1241621	36226	1.39	0.35
Other fixed interest securities	23	2095117	8740801	486867	5.51	1.55
Variable interest securities	24	2856555	(2726502)	(330664)	12.13	
UK listed equity shares	25	808614	1645879	35322	2.15	2.33
Non-UK listed equity shares	26	1385620	2482817	35780	1.44	5.29
Unlisted equity shares	27	3037	3634	72	1.98	13.03
Other assets	28	6240180	2304398	13210	0.57	1.54
Total	29	15429538	15429538	376513	2.28	5.39

Overall return on with-profits assets

Post investment costs but pre-tax	31					5.27
Return allocated to non taxable 'asset shares'	32					5.39
Return allocated to taxable 'asset shares'	33					4.65

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 2015**

 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	33298	33298	738	1.32	
Other fixed interest securities	13	130499	130499	4924	3.37	
Variable interest securities	14	25590	25590	488	1.91	
UK listed equity shares	15					
Non-UK listed equity shares	16					
Unlisted equity shares	17					
Other assets	18	7542	7542	(33)	(0.44)	
Total	19	196929	196929	6117	2.69	

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

Land and buildings	21		48288	2385	4.94	7.58
Approved fixed interest securities	22	538987	547284	12128	1.32	(1.48)
Other fixed interest securities	23	351185	1551209	58530	3.37	0.62
Variable interest securities	24	351253	(741317)	(37011)	4.99	
UK listed equity shares	25	67455	87322	2866	3.28	4.24
Non-UK listed equity shares	26	24547	159570	1511	0.95	2.04
Unlisted equity shares	27	383	383	9	2.24	
Other assets	28	225937	(92992)	412	(0.44)	0.25
Total	29	1559747	1559747	40830	1.90	0.44

Overall return on with-profits assets

Post investment costs but pre-tax	31					0.33
Return allocated to non taxable 'asset shares'	32					0.44
Return allocated to taxable 'asset shares'	33					0.46

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 2015**

 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	45695	45695	1744	3.08	
Other fixed interest securities	13	19623	19623	733	3.29	
Variable interest securities	14					
UK listed equity shares	15					
Non-UK listed equity shares	16					
Unlisted equity shares	17					
Other assets	18	8140	8140	15	0.46	
Total	19	73458	73458	2492	2.85	

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 2015**

 Category of assets **Non-Profit 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	4613	10413	519	3.75	
Approved fixed interest securities	12	916643	916643	27669	1.06	
Other fixed interest securities	13	380801	1457050	38982	2.20	
Variable interest securities	14	327689	(690529)	(18827)	3.39	
UK listed equity shares	15	38054	148172	4475	3.02	
Non-UK listed equity shares	16		34496	352	1.02	
Unlisted equity shares	17	169	2666	1	0.02	
Other assets	18	11005793	10794851	368923	3.09	
Total	19	12673762	12673762	422094	2.82	

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	211772	211772	529	0.25	
Total	29	211772	211772	529	0.25	

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 2015**

 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	211250	211250	5463	1.14	
Other fixed interest securities	13	671675	671675	23233	3.47	
Variable interest securities	14	1919610	1919610	33175	1.73	
UK listed equity shares	15					
Non-UK listed equity shares	16					
Unlisted equity shares	17					
Other assets	18	147854	147854	1998	1.35	
Total	19	2950389	2950389	63869	2.06	

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

Land and buildings	21	625671	1859264	71938	3.87	17.62
Approved fixed interest securities	22	983661	1198659	30999	1.14	0.33
Other fixed interest securities	23	801487	7715568	266878	3.47	2.86
Variable interest securities	24	3137156	(3373362)	(167327)	4.96	
UK listed equity shares	25	1049808	2228767	45498	2.04	1.56
Non-UK listed equity shares	26	1695901	3365001	43118	1.28	4.87
Unlisted equity shares	27	6556	7801	82	1.05	9.63
Other assets	28	5768787	1067329	14424	1.35	2.54
Total	29	14069027	14069027	305610	2.05	6.06

Overall return on with-profits assets

Post investment costs but pre-tax	31					5.94
Return allocated to non taxable 'asset shares'	32					6.06
Return allocated to taxable 'asset shares'	33					5.26

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 2015**

 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					
Other fixed interest securities	13	178918	178918	6005	3.00	
Variable interest securities	14	168573	168573	3090	1.83	
UK listed equity shares	15					
Non-UK listed equity shares	16					
Unlisted equity shares	17					
Other assets	18	26291	26291	(3306)	(12.57)	
Total	19	373782	373782	5789	1.38	

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

Land and buildings	21	124411	366231	14176	3.87	17.62
Approved fixed interest securities	22	261622	302131	7256	1.12	0.33
Other fixed interest securities	23	399054	1311072	44003	3.00	2.86
Variable interest securities	24	490443	(266444)	(19475)	7.31	
UK listed equity shares	25	209021	417482	9089	2.18	1.56
Non-UK listed equity shares	26	337077	661453	8628	1.30	4.87
Unlisted equity shares	27	1171	1557	16	1.06	9.63
Other assets	28	927266	(43417)	5459	(12.57)	2.54
Total	29	2750065	2750065	69152	2.20	6.06

Overall return on with-profits assets

Post investment costs but pre-tax	31					5.94
Return allocated to non taxable 'asset shares'	32					6.06
Return allocated to taxable 'asset shares'	33					5.26

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 2015**

 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	2133	2133	6	0.73	
Total	29	2133	2133	6	0.73	

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 2015**

 Category of assets **Irish 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					
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	67874	68905			128.25
Approved fixed interest securities	22	681982	681751	15966	0.50	1.08
Other fixed interest securities	23		146363	4401	3.01	
Variable interest securities	24		(140800)	(4234)	3.01	
UK listed equity shares	25		2243			
Non-UK listed equity shares	26					
Unlisted equity shares	27	2060	2060			1.28
Other assets	28	207239	198633	(10)	(0.01)	4.21
Total	29	959155	959155	16123	0.37	6.45

Overall return on with-profits assets

Post investment costs but pre-tax	31					7.52
Return allocated to non taxable 'asset shares'	32					6.45
Return allocated to taxable 'asset shares'	33					5.16

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

Name of insurer **Aviva Life & Pensions UK Limited**
 Financial year ended **31st December 2015**
 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	1372074	6.05	1.44	1.44
Other approved fixed interest securities	21	3888845	5.87	1.02	1.01
Other fixed interest securities					
AAA/Aaa	31	2342648	3.11	0.55	0.47
AA/Aa	32	657635	5.91	1.52	1.35
A/A	33	980271	5.50	2.55	2.11
BBB/Baa	34	1632251	4.48	2.88	1.90
BB/Ba	35	159543	5.62	4.31	1.57
B/B	36	23323	1.55	3.55	0.02
CCC/Caa	37	53	3.44	4.65	
Other (including unrated)	38	16107845	20.19	5.01	2.03
Total other fixed interest securities	39	21903569	15.98	4.15	1.83
Approved variable interest securities	41	8108010	3.51	1.77	1.77
Other variable interest securities	51	(13406484)	23.50	4.66	2.07
Total (11+21+39+41+51)	61	21866014	4.32	2.23	1.49

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

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

 Financial year ended **31st December 2015**

 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	304828	8.57	2.15	2.15
Other approved fixed interest securities	21	1065075	4.68	1.17	1.16
Other fixed interest securities					
AAA/Aaa	31	1159428	2.92	0.51	0.43
AA/Aa	32	223730	4.01	1.51	1.34
A/A	33	298472	4.90	2.61	2.21
BBB/Baa	34	639316	4.11	2.90	1.87
BB/Ba	35	61394	4.29	4.11	1.30
B/B	36	10298	1.37	3.56	
CCC/Caa	37				
Other (including unrated)	38	6348577	24.71	6.98	2.82
Total other fixed interest securities	39	8741215	18.94	5.51	2.36
Approved variable interest securities	41	2855899	3.38	1.92	1.92
Other variable interest securities	51	(5055694)	28.51	6.93	3.06
Total (11+21+39+41+51)	61	7911323	4.89	2.59	1.58

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

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

 Financial year ended **31st December 2015**

 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	215840	7.67	1.75	1.75
Other approved fixed interest securities	21	364742	3.53	1.06	1.06
Other fixed interest securities					
AAA/Aaa	31	230456	3.51	0.53	0.47
AA/Aa	32	40508	10.96	2.51	2.28
A/A	33	98591	8.17	3.30	2.82
BBB/Baa	34	109208	5.57	3.56	2.37
BB/Ba	35	19747	11.62	5.38	2.87
B/B	36				
CCC/Caa	37				
Other (including unrated)	38	1183198	28.73	3.91	2.98
Total other fixed interest securities	39	1681708	21.94	3.37	2.57
Approved variable interest securities	41	334040	2.20	2.04	2.04
Other variable interest securities	51	(1049767)	31.17	4.02	3.06
Total (11+21+39+41+51)	61	1546563	5.08	1.87	1.65

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

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

 Financial year ended **31st December 2015**

 Category of assets **Non-Profit 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	72628	5.76	1.36	1.36
Other approved fixed interest securities	21	844015	11.20	1.06	1.03
Other fixed interest securities					
AAA/Aaa	31	109515	5.37	1.02	0.91
AA/Aa	32	51953	6.41	1.88	1.56
A/A	33	103510	6.16	2.33	1.71
BBB/Baa	34	105798	7.21	3.58	2.58
BB/Ba	35	9019	8.49	4.82	1.45
B/B	36	1006	5.51	6.54	0.39
CCC/Caa	37				
Other (including unrated)	38	1076249	16.79	2.16	
Total other fixed interest securities	39	1457050	14.05	2.20	0.44
Approved variable interest securities	41	310456	6.47	(0.57)	(0.56)
Other variable interest securities	51	(1000985)	17.03	2.19	(0.03)
Total (11+21+39+41+51)	61	1683164	9.09	1.09	0.87

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

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

 Financial year ended **31st December 2015**

 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	651518	4.60	1.08	1.08
Other approved fixed interest securities	21	758391	4.07	1.19	1.18
Other fixed interest securities					
AAA/Aaa	31	582219	2.93	0.52	0.43
AA/Aa	32	283498	6.26	1.32	1.19
A/A	33	369228	5.21	2.36	1.94
BBB/Baa	34	567718	4.41	2.65	1.75
BB/Ba	35	56548	4.41	4.10	1.47
B/B	36	10209	1.37	3.24	
CCC/Caa	37	53	3.44	4.65	
Other (including unrated)	38	6517770	15.19	3.95	1.51
Total other fixed interest securities	39	8387243	12.78	3.47	1.46
Approved variable interest securities	41	4131380	3.50	1.81	1.81
Other variable interest securities	51	(5585132)	18.80	3.30	1.40
Total (11+21+39+41+51)	61	8343400	2.72	2.37	1.62

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

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

 Financial year ended **31st December 2015**

 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	127260	4.81	1.14	1.14
Other approved fixed interest securities	21	174871	4.31	1.11	1.10
Other fixed interest securities					
AAA/Aaa	31	261030	3.03	0.67	0.57
AA/Aa	32	57946	7.53	1.55	1.36
A/A	33	110470	5.10	2.56	2.16
BBB/Baa	34	210211	3.88	2.71	1.79
BB/Ba	35	12835	6.07	4.18	1.41
B/B	36	1810	1.37	3.59	
CCC/Caa	37				
Other (including unrated)	38	835688	13.37	3.94	1.77
Total other fixed interest securities	39	1489990	9.30	3.00	1.57
Approved variable interest securities	41	476235	3.34	1.80	1.80
Other variable interest securities	51	(574106)	17.80	3.77	2.26
Total (11+21+39+41+51)	61	1694250	3.89	2.07	1.32

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

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

 Financial year ended **31st December 2015**

 Category of assets **Irish 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				
Other approved fixed interest securities	21	681751	4.77	0.50	0.50
Other fixed interest securities					
AAA/Aaa	31				
AA/Aa	32				
A/A	33				
BBB/Baa	34				
BB/Ba	35				
B/B	36				
CCC/Caa	37				
Other (including unrated)	38	146363	42.19	3.01	
Total other fixed interest securities	39	146363	42.19	3.01	
Approved variable interest securities	41				
Other variable interest securities	51	(140800)	42.17	3.01	
Total (11+21+39+41+51)	61	687314	5.08	0.52	0.50

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 2015**
 Units **£000**

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

Gross

Form 51 - with-profits	11	3654236	4604287	216741	8475264	9003576
Form 51 - non-profit	12	2994136	11440953	320538	14755627	14793811
Form 52	13	8157172	8838135	356859	17352166	18372482
Form 53 - linked	14	8420144	42229490	581457	51231091	46942631
Form 53 - non-linked	15	82061	324714	1824	408599	539187
Form 54 - linked	16	2653	962		3615	3724
Form 54 - non-linked	17	134653	1565755	9138	1709546	1596693
Total	18	23445055	69004296	1486557	93935908	91252104

Reinsurance - external

Form 51 - with-profits	21	586	9	78946	79541	84282
Form 51 - non-profit	22	2159223	822658	41379	3023260	3140936
Form 52	23	3396	1453		4849	5873
Form 53 - linked	24	37297	3292751		3330048	3317356
Form 53 - non-linked	25	1294			1294	1053
Form 54 - linked	26	2653			2653	2730
Form 54 - non-linked	27	16206	272101		288307	269909
Total	28	2220655	4388972	120325	6729952	6822139

Reinsurance - intra-group

Form 51 - with-profits	31					
Form 51 - non-profit	32	7953		111871	119824	122361
Form 52	33					
Form 53 - linked	34					
Form 53 - non-linked	35					
Form 54 - linked	36					
Form 54 - non-linked	37			6493	6493	6413
Total	38	7953		118364	126317	128774

Net of reinsurance

Form 51 - with-profits	41	3653650	4604278	137795	8395723	8919294
Form 51 - non-profit	42	826960	10618295	167288	11612543	11530514
Form 52	43	8153776	8836682	356859	17347317	18366609
Form 53 - linked	44	8382847	38936739	581457	47901043	43625275
Form 53 - non-linked	45	80767	324714	1824	407305	538134
Form 54 - linked	46		962		962	994
Form 54 - non-linked	47	118447	1293654	2645	1414746	1320371
Total	48	21216447	64615324	1247868	87079639	84301191

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 2015**

 Units **£000**

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

Gross

Form 51 - with-profits	11	1334540	3211216	118947	4664703	5335228
Form 51 - non-profit	12		693621	17691	711312	783518
Form 52	13	905589	4695156	192097	5792842	6034881
Form 53 - linked	14					
Form 53 - non-linked	15					
Form 54 - linked	16					
Form 54 - non-linked	17					
Total	18	2240129	8599993	328735	11168857	12153627

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	1334540	3211216	118947	4664703	5335228
Form 51 - non-profit	42		693621	17691	711312	783518
Form 52	43	905589	4695156	192097	5792842	6034881
Form 53 - linked	44					
Form 53 - non-linked	45					
Form 54 - linked	46					
Form 54 - non-linked	47					
Total	48	2240129	8599993	328735	11168857	12153627

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 2015**

 Units **£000**

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

Gross

Form 51 - with-profits	11	26550	418902		445452	539225
Form 51 - non-profit	12	14706	147045		161751	182997
Form 52	13		671338		671338	758258
Form 53 - linked	14					
Form 53 - non-linked	15					
Form 54 - linked	16					
Form 54 - non-linked	17					
Total	18	41256	1237285		1278541	1480480

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	26550	418902		445452	539225
Form 51 - non-profit	42	14706	147045		161751	182997
Form 52	43		671338		671338	758258
Form 53 - linked	44					
Form 53 - non-linked	45					
Form 54 - linked	46					
Form 54 - non-linked	47					
Total	48	41256	1237285		1278541	1480480

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 2015**

 Units **£000**

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

Gross

Form 51 - with-profits	11			78946	78946	84282
Form 51 - non-profit	12			25225	25225	29836
Form 52	13					
Form 53 - linked	14					
Form 53 - non-linked	15					
Form 54 - linked	16					
Form 54 - non-linked	17					
Total	18			104171	104171	114118

Reinsurance - external

Form 51 - with-profits	21			78946	78946	84282
Form 51 - non-profit	22			25225	25225	29836
Form 52	23					
Form 53 - linked	24					
Form 53 - non-linked	25					
Form 54 - linked	26					
Form 54 - non-linked	27					
Total	28			104171	104171	114118

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 2015**

 Units **£000**

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

Gross

Form 51 - with-profits	11	1826546	351892	15553	2193991	2519116
Form 51 - non-profit	12	1037136	2273379	23170	3333685	3619790
Form 52	13	6454362	2144823	126619	8725804	9432871
Form 53 - linked	14		6024	35784	41808	47731
Form 53 - non-linked	15	7169	156216	330	163715	166385
Form 54 - linked	16		849		849	877
Form 54 - non-linked	17		125		125	146
Total	18	9325213	4933308	201456	14459977	15786916

Reinsurance - external

Form 51 - with-profits	21					
Form 51 - non-profit	22	984710	1213	8521	994444	1073152
Form 52	23					
Form 53 - linked	24					
Form 53 - non-linked	25					
Form 54 - linked	26					
Form 54 - non-linked	27					
Total	28	984710	1213	8521	994444	1073152

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	1826546	351892	15553	2193991	2519116
Form 51 - non-profit	42	52426	2272166	14649	2339241	2546638
Form 52	43	6454362	2144823	126619	8725804	9432871
Form 53 - linked	44		6024	35784	41808	47731
Form 53 - non-linked	45	7169	156216	330	163715	166385
Form 54 - linked	46		849		849	877
Form 54 - non-linked	47		125		125	146
Total	48	8340503	4932095	192935	13465533	14713764

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 2015**

 Units **£000**

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

Gross

Form 51 - with-profits	11	388803	88825	3295	480923	525725
Form 51 - non-profit	12	57506	298885	2303	358694	372289
Form 52	13	744687	490467	37686	1272840	1354351
Form 53 - linked	14		802	4765	5567	6356
Form 53 - non-linked	15	405	3076	8	3489	5153
Form 54 - linked	16		113		113	117
Form 54 - non-linked	17		17		17	19
Total	18	1191401	882185	48057	2121643	2264010

Reinsurance - external

Form 51 - with-profits	21					
Form 51 - non-profit	22	6644	84	71	6799	7489
Form 52	23					
Form 53 - linked	24					
Form 53 - non-linked	25					
Form 54 - linked	26					
Form 54 - non-linked	27					
Total	28	6644	84	71	6799	7489

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	388803	88825	3295	480923	525725
Form 51 - non-profit	42	50862	298801	2232	351895	364800
Form 52	43	744687	490467	37686	1272840	1354351
Form 53 - linked	44		802	4765	5567	6356
Form 53 - non-linked	45	405	3076	8	3489	5153
Form 54 - linked	46		113		113	117
Form 54 - non-linked	47		17		17	19
Total	48	1184757	882101	47986	2114844	2256521

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 2015**

 Units **£000**

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

Gross

Form 51 - with-profits	11				
Form 51 - non-profit	12				
Form 52	13		749004	749004	757167
Form 53 - linked	14				
Form 53 - non-linked	15				
Form 54 - linked	16				
Form 54 - non-linked	17				
Total	18		749004	749004	757167

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		749004	749004	757167
Form 53 - linked	44				
Form 53 - non-linked	45				
Form 54 - linked	46				
Form 54 - non-linked	47				
Total	48		749004	749004	757167

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 2015**

 Units **£000**

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

Gross

Form 51 - with-profits	11				
Form 51 - non-profit	12				
Form 52	13	3480	1483	4963	6058
Form 53 - linked	14				
Form 53 - non-linked	15				
Form 54 - linked	16				
Form 54 - non-linked	17				
Total	18	3480	1483	4963	6058

Reinsurance - external

Form 51 - with-profits	21				
Form 51 - non-profit	22				
Form 52	23	3396	1453	4849	5873
Form 53 - linked	24				
Form 53 - non-linked	25				
Form 54 - linked	26				
Form 54 - non-linked	27				
Total	28	3396	1453	4849	5873

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	84	30	114	185
Form 53 - linked	44				
Form 53 - non-linked	45				
Form 54 - linked	46				
Form 54 - non-linked	47				
Total	48	84	30	114	185

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

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

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

 Financial year ended **31st December 2015**

 Units **£000**

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

Gross

Form 51 - with-profits	11	77797	533452		611249	
Form 51 - non-profit	12					
Form 52	13	48100	69236		117336	
Form 53 - linked	14					
Form 53 - non-linked	15					
Form 54 - linked	16					
Form 54 - non-linked	17					
Total	18	125897	602688		728585	

Reinsurance - external

Form 51 - with-profits	21	586	9		595	
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	586	9		595	

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	77211	533443		610654	
Form 51 - non-profit	42					
Form 52	43	48100	69236		117336	
Form 53 - linked	44					
Form 53 - non-linked	45					
Form 54 - linked	46					
Form 54 - non-linked	47					
Total	48	125311	602679		727990	

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**

 Financial year ended **31st December 2015**

 Units **£000**

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

Gross

Form 51 - with-profits	11					
Form 51 - non-profit	12	1884788	8028023	252149	10164960	1606711
Form 52	13	954	16628	457	18039	2139
Form 53 - linked	14	8420144	42222664	540908	51183716	9798615
Form 53 - non-linked	15	74487	165422	1486	241395	89866
Form 54 - linked	16	2653			2653	2730
Form 54 - non-linked	17	134653	1565613	9138	1709404	18452
Total	18	10517679	51998350	804138	63320167	11518513

Reinsurance - external

Form 51 - with-profits	21					
Form 51 - non-profit	22	1167869	821361	7562	1996792	1250159
Form 52	23					
Form 53 - linked	24	37297	3292751		3330048	38062
Form 53 - non-linked	25	1294			1294	1053
Form 54 - linked	26	2653			2653	2730
Form 54 - non-linked	27	16206	272101		288307	12
Total	28	1225319	4386213	7562	5619094	1292016

Reinsurance - intra-group

Form 51 - with-profits	31					
Form 51 - non-profit	32	7953		111871	119824	4792
Form 52	33					
Form 53 - linked	34					
Form 53 - non-linked	35					
Form 54 - linked	36					
Form 54 - non-linked	37			6493	6493	
Total	38	7953		118364	126317	4792

Net of reinsurance

Form 51 - with-profits	41					
Form 51 - non-profit	42	708966	7206662	132716	8048344	351760
Form 52	43	954	16628	457	18039	2139
Form 53 - linked	44	8382847	38929913	540908	47853668	9760553
Form 53 - non-linked	45	73193	165422	1486	240101	88813
Form 54 - linked	46					
Form 54 - non-linked	47	118447	1293512	2645	1414604	18440
Total	48	9284407	47612137	678212	57574756	10221705

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 2015**

 Units **£000**

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

Gross

Form 51 - with-profits	11				
Form 51 - non-profit	12				8198670
Form 52	13				26757
Form 53 - linked	14				37089929
Form 53 - non-linked	15				277783
Form 54 - linked	16				
Form 54 - non-linked	17				1578076
Total	18				47171215

Reinsurance - external

Form 51 - with-profits	21				
Form 51 - non-profit	22				780300
Form 52	23				
Form 53 - linked	24				3279294
Form 53 - non-linked	25				
Form 54 - linked	26				
Form 54 - non-linked	27				269897
Total	28				4329491

Reinsurance - intra-group

Form 51 - with-profits	31				
Form 51 - non-profit	32				117569
Form 52	33				
Form 53 - linked	34				
Form 53 - non-linked	35				
Form 54 - linked	36				
Form 54 - non-linked	37				6413
Total	38				123982

Net of reinsurance

Form 51 - with-profits	41				
Form 51 - non-profit	42				7300801
Form 52	43				26757
Form 53 - linked	44				33810635
Form 53 - non-linked	45				277783
Form 54 - linked	46				
Form 54 - non-linked	47				1301766
Total	48				42717742

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 2015**

Units **£000**

UK Life / Gross

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
100	Conventional whole life with-profits OB	15913	692719	7710	n/a	n/a	n/a	460393
120	Conventional endowment with-profits OB savings	10548	147133	3406	n/a	n/a	n/a	118975
125	Conventional endowment with-profits OB target cash	36762	616874	18024	n/a	n/a	n/a	746409
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	8752

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 2015**

Units **£000**

UK Pension / Gross

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
155	Conventional pensions endowment with-profits	51434	1573483	2201	n/a	n/a	n/a	2770597
165	Conventional deferred annuity with-profits	3497	12696	273	n/a	n/a	n/a	205461
175	Group conventional deferred annuity with-profits	4			n/a	n/a	n/a	10624
185	Group conventional pensions endowment with-profits	1574	85656	811	n/a	n/a	n/a	69578
200	Annuity with-profits (CPA)	4477	18952	8	n/a	n/a	n/a	148688
210	Additional reserves with-profits OB				n/a	n/a	n/a	6268
305	Single premium non-profit WL/EA OB	1697	92906		n/a	n/a	n/a	91678
390	Deferred annuity non-profit	6406	22935		n/a	n/a	n/a	539308
400	Annuity non-profit (CPA)		10925		n/a	n/a	n/a	62635

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 2015**

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	83	13529	119	n/a	n/a	n/a	8676
120	Conventional endowment with-profits OB savings	118	2548	53	n/a	n/a	n/a	2137
125	Conventional endowment with-profits OB target cash	381	8326	232	n/a	n/a	n/a	10785
155	Conventional pensions endowment with-profits	1877	46769	223	n/a	n/a	n/a	69694
165	Conventional deferred annuity with-profits	259	1392	114	n/a	n/a	n/a	20490
185	Group conventional pensions endowment with-profits	400	12210	321	n/a	n/a	n/a	7165
305	Single premium non-profit WL/EA OB	18	412		n/a	n/a	n/a	397
390	Deferred annuity non-profit	224	782		n/a	n/a	n/a	17014
395	Annuity non-profit (PLA)		243		n/a	n/a	n/a	280

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 2015**

Units **£000**

UK Life / Gross

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
100	Conventional whole life with-profits OB	1553	5390	23	n/a	n/a	n/a	4588
120	Conventional endowment with-profits OB savings	1053	2443	38	n/a	n/a	n/a	2343
125	Conventional endowment with-profits OB target cash	506	4041	118	n/a	n/a	n/a	3760
165	Conventional deferred annuity with-profits	233	42		n/a	n/a	n/a	718
195	Annuity with-profits (PLA)	168	785		n/a	n/a	n/a	9736
205	Miscellaneous conventional with-profits	20011	59689	1015	n/a	n/a	n/a	4065
210	Additional reserves with-profits OB				n/a	n/a	n/a	1340
300	Regular premium non-profit WL/EA OB	1847	4187	39	n/a	n/a	n/a	3450
385	Income protection claims in payment	27	315		n/a	n/a	n/a	2034
390	Deferred annuity non-profit	386	47		n/a	n/a	n/a	(1251)
395	Annuity non-profit (PLA)	463	615		n/a	n/a	n/a	7983
425	Group income protection claims in payment	38	362		n/a	n/a	n/a	1995
435	Miscellaneous non-profit	1792	26897	86	n/a	n/a	n/a	495

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 2015**Units **£000****UK Pension / Gross**

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
165	Conventional deferred annuity with-profits	405	238		n/a	n/a	n/a	34983
200	Annuity with-profits (CPA)	8486	46455		n/a	n/a	n/a	383919
390	Deferred annuity non-profit	84778	14442		n/a	n/a	n/a	146701
435	Miscellaneous non-profit	461	24312	74	n/a	n/a	n/a	344

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 **Belgian Sub-Fund**

Financial year ended **31st December 2015**

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	56819	178280	10456	n/a	n/a	n/a	68589
120	Conventional endowment with-profits OB savings	1258	6487	57	n/a	n/a	n/a	4312
175	Group conventional deferred annuity with-profits	147	2694		n/a	n/a	n/a	1778
195	Annuity with-profits (PLA)	15	19		n/a	n/a	n/a	218
210	Additional reserves with-profits OB				n/a	n/a	n/a	4049
300	Regular premium non-profit WL/EA OB		176187	368	n/a	n/a	n/a	166
325	Level term assurance	67797	2027160	3933	n/a	n/a	n/a	25059
435	Miscellaneous non-profit			32	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 7)Name of insurer **Aviva Life & Pensions UK Limited**Total business / subfund **Belgian Sub-Fund**Financial year ended **31st December 2015**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		178280	10456	n/a	n/a	n/a	68589
120	Conventional endowment with-profits OB savings		6487	57	n/a	n/a	n/a	4312
175	Group conventional deferred annuity with-profits		2694		n/a	n/a	n/a	1778
195	Annuity with-profits (PLA)		19		n/a	n/a	n/a	218
210	Additional reserves with-profits OB				n/a	n/a	n/a	4049
300	Regular premium non-profit WL/EA OB		176187	368	n/a	n/a	n/a	166
325	Level term assurance		2027160	3933	n/a	n/a	n/a	25059
435	Miscellaneous non-profit			32	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 **New With-Profits Sub-Fund**

Financial year ended **31st December 2015**

Units **£000**

UK Life / Gross

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
100	Conventional whole life with-profits OB	22355	650927	13503	n/a	n/a	n/a	316267
120	Conventional endowment with-profits OB savings	5070	103289	2278	n/a	n/a	n/a	83398
125	Conventional endowment with-profits OB target cash	67994	1329445	45412	n/a	n/a	n/a	1375630
175	Group conventional deferred annuity with-profits	6	1737		n/a	n/a	n/a	1780
205	Miscellaneous conventional with-profits	104	6656	64	n/a	n/a	n/a	615
210	Additional reserves with-profits OB				n/a	n/a	n/a	48856
300	Regular premium non-profit WL/EA OB	165668	586667	35720	n/a	n/a	n/a	176443
305	Single premium non-profit WL/EA OB	227	572		n/a	n/a	n/a	1006
325	Level term assurance	506997	89182982	174348	n/a	n/a	n/a	464729
330	Decreasing term assurance	176819	26290276	61203	n/a	n/a	n/a	21177
340	Accelerated critical illness (guaranteed premiums)	404568	22452839	118869	n/a	n/a	n/a	131215
345	Accelerated critical illness (reviewable premiums)	42109	2432454	12863	n/a	n/a	n/a	3760
350	Stand-alone critical illness (guaranteed premiums)	11688	50817	3227	n/a	n/a	n/a	10986
360	Income protection non-profit (guaranteed premiums)	1339	19022	146	n/a	n/a	n/a	(2)
390	Deferred annuity non-profit	7893	6796		n/a	n/a	n/a	12214
395	Annuity non-profit (PLA)	660	759		n/a	n/a	n/a	10996
400	Annuity non-profit (CPA)	5254	10708		n/a	n/a	n/a	178903
410	Group Life	32850	9401399	9944	n/a	n/a	n/a	3258
435	Miscellaneous non-profit	2	63885	194	n/a	n/a	n/a	(49834)
440	Additional reserves non-profit OB			155	n/a	n/a	n/a	72285

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 2015**

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		49582		n/a	n/a	n/a	8422
325	Level term assurance		88197064	100140	n/a	n/a	n/a	612323
330	Decreasing term assurance		24514371	27533	n/a	n/a	n/a	62837
340	Accelerated critical illness (guaranteed premiums)		19584402	50325	n/a	n/a	n/a	292456
345	Accelerated critical illness (reviewable premiums)		2016470	6427	n/a	n/a	n/a	7638
440	Additional reserves non-profit OB			1035	n/a	n/a	n/a	1034

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 2015**

Units **£000**

UK Pension / Gross

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
155	Conventional pensions endowment with-profits	4430	156993	550	n/a	n/a	n/a	234925
175	Group conventional deferred annuity with-profits	825	4310	23	n/a	n/a	n/a	60472
185	Group conventional pensions endowment with-profits	290	17111	74	n/a	n/a	n/a	26194
200	Annuity with-profits (CPA)	673	2481		n/a	n/a	n/a	14880
205	Miscellaneous conventional with-profits	967	10014	17	n/a	n/a	n/a	1276
210	Additional reserves with-profits OB				n/a	n/a	n/a	14145
300	Regular premium non-profit WL/EA OB	2892	6499		n/a	n/a	n/a	15781
325	Level term assurance	4332	151610	449	n/a	n/a	n/a	6537
330	Decreasing term assurance	5	45		n/a	n/a	n/a	
390	Deferred annuity non-profit	16964	79138		n/a	n/a	n/a	484955
395	Annuity non-profit (PLA)	936	9787		n/a	n/a	n/a	308
400	Annuity non-profit (CPA)	63703	135785		n/a	n/a	n/a	1758026
410	Group Life	330892	46344731	55968	n/a	n/a	n/a	24073
411	Group death in service dependants' annuities		287176	11028	n/a	n/a	n/a	4397
435	Miscellaneous non-profit	1955	50166	95	n/a	n/a	n/a	(21101)
440	Additional reserves non-profit OB				n/a	n/a	n/a	403

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 2015**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		101574	311	n/a	n/a	n/a	630
410	Group Life		2709019	1632	n/a	n/a	n/a	583

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 2015**

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	64	2668	112	n/a	n/a	n/a	809
120	Conventional endowment with-profits OB savings	29	724	15	n/a	n/a	n/a	534
125	Conventional endowment with-profits OB target cash	263	9702	315	n/a	n/a	n/a	10102
175	Group conventional deferred annuity with-profits	35	276	25	n/a	n/a	n/a	4217
205	Miscellaneous conventional with-profits	12	10	1	n/a	n/a	n/a	(109)
300	Regular premium non-profit WL/EA OB	26	120	1	n/a	n/a	n/a	96
325	Level term assurance	2044	614305	1395	n/a	n/a	n/a	3900
330	Decreasing term assurance	2202	451835	912	n/a	n/a	n/a	261
340	Accelerated critical illness (guaranteed premiums)	3719	280539	1603	n/a	n/a	n/a	2003
345	Accelerated critical illness (reviewable premiums)	7349	20096	89	n/a	n/a	n/a	49
360	Income protection non-profit (guaranteed premiums)	1	4		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)	209	1273		n/a	n/a	n/a	16330
410	Group Life	1283	771979	750	n/a	n/a	n/a	432
411	Group death in service dependants' annuities		1910	99	n/a	n/a	n/a	59
435	Miscellaneous non-profit		1534	4	n/a	n/a	n/a	11
440	Additional reserves non-profit OB			3	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 13)Name of insurer **Aviva Life & Pensions UK Limited**Total business / subfund **New With-Profits Sub-Fund**Financial year ended **31st December 2015**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		607445	897	n/a	n/a	n/a	4543
330	Decreasing term assurance		428090	487	n/a	n/a	n/a	493
340	Accelerated critical illness (guaranteed premiums)		241432	714	n/a	n/a	n/a	3428
345	Accelerated critical illness (reviewable premiums)		16431	51	n/a	n/a	n/a	54
440	Additional reserves non-profit OB			3	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 14)

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

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

Financial year ended **31st December 2015**

Units **£000**

UK Life / Gross

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
100	Conventional whole life with-profits OB	3117	88366	1505	n/a	n/a	n/a	36889
120	Conventional endowment with-profits OB savings	1467	26935	618	n/a	n/a	n/a	21333
125	Conventional endowment with-profits OB target cash	16759	315214	10999	n/a	n/a	n/a	322158
175	Group conventional deferred annuity with-profits	9	678		n/a	n/a	n/a	787
205	Miscellaneous conventional with-profits	31	1076	8	n/a	n/a	n/a	101
210	Additional reserves with-profits OB				n/a	n/a	n/a	7535
300	Regular premium non-profit WL/EA OB	3067	12496	130	n/a	n/a	n/a	10276
305	Single premium non-profit WL/EA OB	31	76		n/a	n/a	n/a	134
325	Level term assurance	4095	316947	804	n/a	n/a	n/a	4203
330	Decreasing term assurance	2134	415638	1772	n/a	n/a	n/a	7692
340	Accelerated critical illness (guaranteed premiums)	5911	271844	997	n/a	n/a	n/a	8104
360	Income protection non-profit (guaranteed premiums)	185	2532	19	n/a	n/a	n/a	
390	Deferred annuity non-profit	1080	911		n/a	n/a	n/a	1752
395	Annuity non-profit (PLA)	88	101		n/a	n/a	n/a	1464
400	Annuity non-profit (CPA)	718	1426		n/a	n/a	n/a	23820
410	Group Life	33	51		n/a	n/a	n/a	5
435	Miscellaneous non-profit		9527	29	n/a	n/a	n/a	56

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 2015**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		209504	490	n/a	n/a	n/a	1111
330	Decreasing term assurance		76413	586	n/a	n/a	n/a	3254
340	Accelerated critical illness (guaranteed premiums)		79377	361	n/a	n/a	n/a	2279

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 2015**

Units **£000**

UK Pension / Gross

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
155	Conventional pensions endowment with-profits	1601	39778	126	n/a	n/a	n/a	59917
175	Group conventional deferred annuity with-profits	559	742	2	n/a	n/a	n/a	10019
185	Group conventional pensions endowment with-profits	343	10518	48	n/a	n/a	n/a	15576
200	Annuity with-profits (CPA)	43	103		n/a	n/a	n/a	714
205	Miscellaneous conventional with-profits	211	2265	4	n/a	n/a	n/a	234
210	Additional reserves with-profits OB				n/a	n/a	n/a	2365
300	Regular premium non-profit WL/EA OB	394	865		n/a	n/a	n/a	2101
325	Level term assurance	584	20186	60	n/a	n/a	n/a	870
330	Decreasing term assurance	1	6		n/a	n/a	n/a	
390	Deferred annuity non-profit	3432	2352		n/a	n/a	n/a	61564
400	Annuity non-profit (CPA)	8669	18079		n/a	n/a	n/a	234071
410	Group Life	48	1581	6	n/a	n/a	n/a	6
435	Miscellaneous non-profit	267	6487	13	n/a	n/a	n/a	273

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 2015**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		13524	41	n/a	n/a	n/a	84

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 2015**

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	14	126	4	n/a	n/a	n/a	60
120	Conventional endowment with-profits OB savings	12	322	10	n/a	n/a	n/a	204
125	Conventional endowment with-profits OB target cash	70	2135	70	n/a	n/a	n/a	2174
175	Group conventional deferred annuity with-profits	11	51	1	n/a	n/a	n/a	871
205	Miscellaneous conventional with-profits	2	1		n/a	n/a	n/a	(14)
300	Regular premium non-profit WL/EA OB	4	16		n/a	n/a	n/a	13
325	Level term assurance	32	4412	10	n/a	n/a	n/a	15
330	Decreasing term assurance	51	4279	18	n/a	n/a	n/a	32
340	Accelerated critical illness (guaranteed premiums)	61	3742	20	n/a	n/a	n/a	63
360	Income protection non-profit (guaranteed premiums)		1		n/a	n/a	n/a	
390	Deferred annuity non-profit				n/a	n/a	n/a	4
400	Annuity non-profit (CPA)	29	170		n/a	n/a	n/a	2174
435	Miscellaneous non-profit		111		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 2015**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		3868	8	n/a	n/a	n/a	13
330	Decreasing term assurance		953	6	n/a	n/a	n/a	20
340	Accelerated critical illness (guaranteed premiums)		1468	7	n/a	n/a	n/a	38

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 **Irish With-Profits Sub-Fund**

Financial year ended **31st December 2015**

Units **£000**

UK Life / Gross

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
100	Conventional whole life with-profits OB	2224	68968	982	n/a	n/a	n/a	57302
120	Conventional endowment with-profits OB savings	975	23275	1004	n/a	n/a	n/a	17532
205	Miscellaneous conventional with-profits				n/a	n/a	n/a	2963

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 **Irish With-Profits Sub-Fund**Financial year ended **31st December 2015**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
100	Conventional whole life with-profits OB		956	8	n/a	n/a	n/a	586

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 **Irish With-Profits Sub-Fund**Financial year ended **31st December 2015**Units **£000****UK Pension / Gross**

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
155	Conventional pensions endowment with-profits	8904	310251	6569	n/a	n/a	n/a	501944
165	Conventional deferred annuity with-profits	354	8054	413	n/a	n/a	n/a	22578
205	Miscellaneous conventional with-profits				n/a	n/a	n/a	8930

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 **Irish With-Profits Sub-Fund**Financial year ended **31st December 2015**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
155	Conventional pensions endowment with-profits		10		n/a	n/a	n/a	9

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**

Financial year ended **31st December 2015**

Units **£000**

UK Life / Gross

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
300	Regular premium non-profit WL/EA OB	156792	960621	31100	n/a	n/a	n/a	280373
315	Individual deposit administration non-profit	56	275	9	n/a	n/a	n/a	730
325	Level term assurance	631156	95464550	205387	n/a	n/a	n/a	562754
330	Decreasing term assurance	325668	26997744	79272	n/a	n/a	n/a	(46086)
340	Accelerated critical illness (guaranteed premiums)	250548	17944748	111576	n/a	n/a	n/a	138597
345	Accelerated critical illness (reviewable premiums)	81603	7182552	49062	n/a	n/a	n/a	15188
350	Stand-alone critical illness (guaranteed premiums)	17564	1158517	7155	n/a	n/a	n/a	56975
355	Stand-alone critical illness (reviewable premiums)	1575	99190	558	n/a	n/a	n/a	(1869)
360	Income protection non-profit (guaranteed premiums)	31287	650163	17779	n/a	n/a	n/a	4242
365	Income protection non-profit (reviewable premiums)	64494	813478	20309	n/a	n/a	n/a	(17295)
370	Long-term care policy	10087	42408	2376	n/a	n/a	n/a	130669
385	Income protection claims in payment	154	1202	12	n/a	n/a	n/a	59322
390	Deferred annuity non-profit	546	864	481	n/a	n/a	n/a	18550
395	Annuity non-profit (PLA)	1258	8417		n/a	n/a	n/a	167150
400	Annuity non-profit (CPA)	463	366		n/a	n/a	n/a	3031
410	Group Life	32192	6536505	7987	n/a	n/a	n/a	3119
415	Collective Life	748	293833		n/a	n/a	n/a	18101
420	Group income protection	279766	8008755	64646	n/a	n/a	n/a	33748
425	Group income protection claims in payment				n/a	n/a	n/a	111105
430	Group critical illness				n/a	n/a	n/a	1733
435	Miscellaneous non-profit	507	2450	9	n/a	n/a	n/a	93042
440	Additional reserves non-profit OB			98	n/a	n/a	n/a	251609

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**

Financial year ended **31st December 2015**

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		491322	9424	n/a	n/a	n/a	316793
325	Level term assurance		88703899	164293	n/a	n/a	n/a	574074
330	Decreasing term assurance		24848490	51828	n/a	n/a	n/a	(2192)
340	Accelerated critical illness (guaranteed premiums)		14359815	78666	n/a	n/a	n/a	142598
345	Accelerated critical illness (reviewable premiums)		6166590	41981	n/a	n/a	n/a	31278
350	Stand-alone critical illness (guaranteed premiums)		945346	3818	n/a	n/a	n/a	33691
355	Stand-alone critical illness (reviewable premiums)		79187	386	n/a	n/a	n/a	2601
360	Income protection non-profit (guaranteed premiums)		243249	3695	n/a	n/a	n/a	20254
365	Income protection non-profit (reviewable premiums)		216628	5218	n/a	n/a	n/a	(16202)
385	Income protection claims in payment			1	n/a	n/a	n/a	23299
395	Annuity non-profit (PLA)				n/a	n/a	n/a	3947
410	Group Life		35202	38	n/a	n/a	n/a	3084
415	Collective Life		29994		n/a	n/a	n/a	2730
420	Group income protection		14244	266	n/a	n/a	n/a	101
425	Group income protection claims in payment				n/a	n/a	n/a	6206
430	Group critical illness				n/a	n/a	n/a	866
435	Miscellaneous non-profit				n/a	n/a	n/a	5801
440	Additional reserves non-profit OB			99	n/a	n/a	n/a	18940

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**

Financial year ended **31st December 2015**

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
300	Regular premium non-profit WL/EA OB		1403	23	n/a	n/a	n/a	1228
325	Level term assurance		222884	385	n/a	n/a	n/a	1126
330	Decreasing term assurance		8497	15	n/a	n/a	n/a	9
340	Accelerated critical illness (guaranteed premiums)		81050	326	n/a	n/a	n/a	685
350	Standalone critical illness (guaranteed premiums)		29977	109	n/a	n/a	n/a	898
395	Annuity non-profit (PLA)		265		n/a	n/a	n/a	2408
400	Annuity non-profit (CPA)		180		n/a	n/a	n/a	1599

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**

Financial year ended **31st December 2015**

Units **£000**

UK Pension / Gross

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
300	Regular premium non-profit WL/EA OB	6	4		n/a	n/a	n/a	4
310	Non-profit IB	85	821	13	n/a	n/a	n/a	913
315	Individual deposit administration non-profit	119	437	12	n/a	n/a	n/a	7257
325	Level term assurance	24184	3948410	8525	n/a	n/a	n/a	17122
330	Decreasing term assurance	1306	152658	519	n/a	n/a	n/a	(545)
390	Deferred annuity non-profit	15084	44488	14	n/a	n/a	n/a	720152
400	Annuity non-profit (CPA)	23690	442706		n/a	n/a	n/a	6634947
405	Annuity non-profit (CPA impaired life)	52	14438		n/a	n/a	n/a	443502
410	Group Life	699644	72094327	92799	n/a	n/a	n/a	38826
411	Group death in service dependants' annuities		546532	21393	n/a	n/a	n/a	8814
435	Miscellaneous non-profit	95	1165	5	n/a	n/a	n/a	40770
440	Additional reserves non-profit OB				n/a	n/a	n/a	116261

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**

Financial year ended **31st December 2015**

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		3413168	5898	n/a	n/a	n/a	16872
330	Decreasing term assurance		145329	281	n/a	n/a	n/a	(80)
390	Deferred annuity non-profit		40783		n/a	n/a	n/a	657680
400	Annuity non-profit (CPA)		8407		n/a	n/a	n/a	143055
405	Annuity non-profit (CPA impaired life)		613		n/a	n/a	n/a	2867
410	Group Life		4427197	2667	n/a	n/a	n/a	967

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**

Financial year ended **31st December 2015**

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	26	123	1	n/a	n/a	n/a	102
325	Level term assurance	4555	1033807	2231	n/a	n/a	n/a	7303
330	Decreasing term assurance	4828	601972	1629	n/a	n/a	n/a	(1187)
340	Accelerated critical illness (guaranteed premiums)	4269	392136	2537	n/a	n/a	n/a	1729
345	Accelerated critical illness (reviewable premiums)	328	43479	252	n/a	n/a	n/a	241
390	Deferred annuity non-profit	37	155		n/a	n/a	n/a	2225
395	Annuity non-profit (PLA)		3051		n/a	n/a	n/a	(65199)
400	Annuity non-profit (CPA)	3521	12810		n/a	n/a	n/a	304332
405	Annuity non-profit (CPA impaired life)		45		n/a	n/a	n/a	786
410	Group Life	16211	1412190	2100	n/a	n/a	n/a	836
411	Group death in service dependants' annuities		21419	1011	n/a	n/a	n/a	369
435	Miscellaneous non-profit		412		n/a	n/a	n/a	412
440	Additional reserves non-profit OB			8	n/a	n/a	n/a	200

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**

Financial year ended **31st December 2015**

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		930493	2001	n/a	n/a	n/a	6191
330	Decreasing term assurance		533438	1229	n/a	n/a	n/a	(457)
340	Accelerated critical illness (guaranteed premiums)		313397	1793	n/a	n/a	n/a	1736
345	Accelerated critical illness (reviewable premiums)		31299	177	n/a	n/a	n/a	84
440	Additional reserves non-profit OB			8	n/a	n/a	n/a	8

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**Financial year ended **31st December 2015**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)		7523		n/a	n/a	n/a	111871

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 2015**

Units **£000**

UK Life / Gross

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
500	Life UWP single premium	22585	667289		659122	736684		736684
505	Life UWP whole life regular premium	8191	29236	4282	29236	30044		30044
510	Life UWP endowment regular premium - savings	620	10990	413	10990	11112		11112
515	Life UWP endowment regular premium – target cash	7007	126870	5954	126870	127749		127749

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 2015**

Units **£000**

UK Pension / Gross

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
525	Individual pensions UWP	192267	3485938	17944	3485867	3851185		3851185
535	Group money purchase pensions UWP	80649	668112	11453	667665	827576		827576
570	Income drawdown UWP	1	197		197	198		198
575	Miscellaneous UWP						16197	16197

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 2015**

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	6333	121873	1879	121858	129657		129657
535	Group money purchase pensions UWP	2959	59697	3316	59697	62440		62440

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 2015**

Units **£000**

UK Pension / Gross

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
555	Group deposit administration with-profits		76965	2155	76965	76965	46591	123556
575	Miscellaneous UWP	29122	273698	1516	358305	315309	232473	547782

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 2015**

Units **£000**

UK Life / Gross

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
500	Life UWP single premium	170813	6358308		5984928	6129503	84	6129587
505	Life UWP whole life regular premium	1984	9383	1559	9383	9532	(2)	9530
515	Life UWP endowment regular premium – target cash	2346	45271	2730	45271	45272	(9)	45263
575	Miscellaneous UWP	2582	271803		269112	269982		269982

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 2015**

Units **£000**

UK Pension / Gross

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
525	Individual pensions UWP	35636	1052966	13110	1052966	1078250	47402	1125653
535	Group money purchase pensions UWP	21582	482370	20390	482370	486485	(6)	486479
571	Trustee investment plan UWP	227	22144		22144	22669		22669
575	Miscellaneous UWP	5680	125578	1061	414713	414713	87436	502149
610	Additional reserves UWP						7873	7873

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 2015**

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	831	49161		48724	48664		48664
505	Life UWP whole life regular premium	21	665	63	659	657		657
510	Life UWP endowment regular premium - savings	73	3093	153	1505	1505		1505
525	Individual pensions UWP	1101	67118	1238	67118	69131	616	69747
571	Trustee investment plan UWP	12	1044		1044	1112		1112
575	Miscellaneous UWP	27	1682	34	4889	4889	44	4934

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 2015**

Units **£000**

UK Life / Gross

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
500	Life UWP single premium	20878	694001		657496	675762	8	675771
505	Life UWP whole life regular premium	475	2518	388	2518	2568	(1)	2567
515	Life UWP endowment regular premium – target cash	822	18587	1067	18587	18593	(4)	18589
575	Miscellaneous UWP	499	48128		47651	47760		47760

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 2015**

Units **£000**

UK Pension / Gross

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
525	Individual pensions UWP	16677	296062	3068	296062	304154	7161	311315
535	Group money purchase pensions UWP	5160	110824	3718	110824	112903	(2)	112901
571	Trustee investment plan UWP	50	5459		5459	5554		5554
575	Miscellaneous UWP	2085	18927	97	53184	53184	6465	59649
610	Additional reserves UWP						1048	1048

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 2015**

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	234	10799		10713	10696		10696
505	Life UWP whole life regular premium	24	150	14	149	149		149
510	Life UWP endowment regular premium - savings	73	2475	124	1151	1151		1151
525	Individual pensions UWP	554	23720	381	23720	24856	237	25093
571	Trustee investment plan UWP	1	37		37	37		37
575	Miscellaneous UWP	7	113	1	555	555	4	560

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 2015**

Units **£000**

UK Pension / Gross

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
525	Individual pensions UWP	46604	585394	19105	585394	585015		585015
535	Group money purchase pensions UWP	8841	164773	9881	164062	163989		163989

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 2015**

Units **£000**

UK Life / Gross

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
515	Life UWP endowment regular premium – target cash	304	5549	99	3157	3157	240	3396
610	Additional reserves UWP						84	84

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 2015**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		5515	99	3157	3157	240	3396

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 2015**

Units **£000**

UK Pension / Gross

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
525	Individual pensions UWP	115	1246	1	1246	1225	235	1460
610	Additional reserves UWP						23	23

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 2015**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		1246	1	1246	1225	228	1453

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 **Irish With-Profits Sub-Fund**

Financial year ended **31st December 2015**

Units **£000**

UK Life / Gross

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
500	Life UWP single premium		47883		47883	47883		47883
510	Life UWP endowment regular premium - savings		217		217	217		217

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 **Irish With-Profits Sub-Fund**Financial year ended **31st December 2015**Units **£000****UK Pension / Gross**

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
525	Individual pensions UWP		69481		69236	69236		69236

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**

Financial year ended **31st December 2015**

Units **£000**

UK Life / Gross

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
500	Life UWP single premium		19061				57	57
505	Life UWP whole life regular premium		1010079	225			776	776
510	Life UWP endowment regular premium - savings		73	22				
515	Life UWP endowment regular premium – target cash		324623	313			121	121

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**

Financial year ended **31st December 2015**

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		99925	22				
515	Life UWP endowment regular premium – target cash		56582	126				

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

Form 52
(Sheet 20)

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

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

Financial year ended **31st December 2015**

Units **£000**

UK Pension / Gross

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
525	Individual pensions UWP		52864	944			5465	5465
535	Group money purchase pensions UWP		23266	242			11162	11162
570	Income drawdown UWP		20				1	1
605	Miscellaneous protection rider		2689	105				

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

**Form 52
(Sheet 21)**

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

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

Financial year ended **31st December 2015**

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		5893	99			149	149
535	Group money purchase pensions UWP		599	7			308	308
605	Miscellaneous protection rider		310	7				

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 2015**

Units **£000**

UK Life / Gross

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
700	Life property linked single premium	75890	1193481				(1835)	(1835)
710	Life property linked whole life regular premium	1795	25758	274			45	45
715	Life property linked endowment regular premium - savings	237	966					
720	Life property linked endowment regular premium – target cash	2134	17195	92			106	106
800	Additional reserves property linked						8853	8853

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 2015**

Units **£000**

UK Pension / Gross

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
725	Individual pensions property linked	238477	3048849	84249			23936	23936
735	Group money purchase pensions property linked	787698	8628321	1682196	6024	6024	116372	122396
750	Income drawdown property linked	3258	130259				4	4
755	Trustee investment plan	47					32	32
800	Additional reserves property linked						15872	15872

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 2015**

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	953	35758		35397	35397	29	35426
710	Life property linked whole life regular premium	36	391	31	387	387		387
715	Life property linked endowment regular premium - savings	154	2	5				
725	Individual pensions property linked	4922	64785	11481			301	301

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 2015**

Units **£000**

UK Life / Gross

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
700	Life property linked single premium	3975	20860				385	385
710	Life property linked whole life regular premium	275	3430	36			6	6
715	Life property linked endowment regular premium - savings	32	129					
720	Life property linked endowment regular premium – target cash	589	2289	12			14	14

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 2015**

Units **£000**

UK Pension / Gross

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
725	Individual pensions property linked	36680	6190	138			2888	2888
735	Group money purchase pensions property linked	6336	1617	10	802	802	184	986
755	Trustee investment plan	6					4	4

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 2015**

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	129	4761		4713	4713	4	4717
710	Life property linked whole life regular premium	5	52	4	52	52		52
715	Life property linked endowment regular premium - savings	21		1				
725	Individual pensions property linked	347		6			4	4

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**

 Financial year ended **31st December 2015**

 Units **£000**
UK Life / Gross

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
700	Life property linked single premium	143800	6105952		7544055	7544055	(715)	7543339
710	Life property linked whole life regular premium	38226	2548645	18705	289953	289457	9916	299373
715	Life property linked endowment regular premium - savings	14141	398962	13466	214890	214889	1202	216091
720	Life property linked endowment regular premium – target cash	16532	757509	12410	358394	358074	(591)	357483
780	Stand-alone critical illness rider	4551	304062	1843	9077	9077	6	9083
790	Miscellaneous protection rider		10675	58				
795	Miscellaneous property linked	268	17205	242	4592	4592	51694	56286
800	Additional reserves property linked						12975	12975

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**

Financial year ended **31st December 2015**

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		38020		37643	37643		37643
710	Life property linked whole life regular premium		713810	1980			14	14
720	Life property linked endowment regular premium – target cash		136971	709			24	24
780	Stand-alone critical illness rider		199553	216			231	231
795	Miscellaneous property linked					(346)	1025	678

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**

 Financial year ended **31st December 2015**

 Units **£000**
UK Pension / Gross

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
725	Individual pensions property linked	738132	17324551	267280	20918519	20913667	55912	20969579
735	Group money purchase pensions property linked	478904	10651581	631313	20156561	20155794	66998	20222793
745	DWP National Insurance rebates property linked	4404	85324		85324	85324	53	85377
750	Income drawdown property linked	9577	63422		917038	917038	(4433)	912605
755	Trustee investment plan	855	104979		106140	106140	38	106178
790	Miscellaneous protection rider		5786	254			11	11
795	Miscellaneous property linked						2617	2617
800	Additional reserves property linked				44701	44701	44226	88927

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**

Financial year ended **31st December 2015**

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		14531		14531	14531		14531
735	Group money purchase pensions property linked		3278220		3278220	3278220		3278220
790	Miscellaneous protection rider		532	7				

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**

Financial year ended **31st December 2015**

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	199	4713		4713	4713		4713
715	Life property linked endowment regular premium - savings	333	7431	214	5654	5654	1	5655
725	Individual pensions property linked	14450	460824	18464	525610	525610	1480	527089
735	Group money purchase pensions property linked	91	3878	160	3878	3878	5	3882
755	Trustee investment plan	7	1053		1053	1053		1053
790	Miscellaneous protection rider		1472	30				

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 2015**Units **£000****UK Pension / Gross**

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
905	Index linked annuity (CPA)	254	58		849	849	125	974

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 2015**

Units **£000**

UK Pension / Gross

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
905	Index linked annuity (CPA)	34	8		113	113	17	130

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**

Financial year ended **31st December 2015**

Units **£000**

UK Life / Gross

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
901	Index linked income protection claims in payment	1794	28410	762	2653	2653	53410	56063
902	Group index linked income protection claims in payment						53721	53721
905	Index linked annuity (CPA)	13	717				27507	27507
915	Additional reserves index linked						15	15

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**

Financial year ended **31st December 2015**

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		28410	762	2653	2653	15523	18176
902	Group index linked income protection claims in payment						683	683

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**

Financial year ended **31st December 2015**

Units **£000**

UK Pension / Gross

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
905	Index linked annuity (CPA)	27423	62626				1435730	1435730
907	Index linked deferred annuity		4109				127924	127924
915	Additional reserves index linked						1959	1959

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**

Financial year ended **31st December 2015**

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
905	Index linked annuity (CPA)		11095				272101	272101

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**

Financial year ended **31st December 2015**

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)	145	354				9134	9134
915	Additional reserves index linked						4	4

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**

Financial year ended **31st December 2015**

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)		248				6493	6493

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 2015**

 Units **£000**

Fund name	Type of fund	Net assets	Main series	Unit mgmt charge	Price at previous valuation date	Price at current valuation date	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	18753565037	Aviva Pensions Mixed Investment (40-85% Shares) S2	0.60	8.8644	9.2860	4.76
Aviva Pensions UK Equity	15 - individual pension - UK equity	8667010889	Aviva Pensions UK Equity S2	0.60	10.2041	10.4665	2.57
Aviva Pensions European Equity	16 - individual pension - overseas equity	3952372891	Aviva Pensions European Equity S2	0.60	14.3556	16.3166	13.66
Aviva Pensions US Equity	16 - individual pension - overseas equity	3813934999	Aviva Pensions US Equity S2	0.60	8.5876	9.0427	5.30
Aviva Pensions Property	17 - individual pension - property	2183776613	Aviva Pensions Property S2	0.60	7.8532	8.6548	10.21
Aviva Pensions Mixed Investment (0-35% Shares)	13 - individual pension - defensive managed fund	1893398370	Aviva Pensions Mixed Investment (0-35% Shares) S6	0.60	1.5605	1.6053	2.87
Aviva Life Mixed Investment (40-85% Shares)	02 - life - balanced managed fund	1676282417	Aviva Life Mixed Investment (40-85% Shares) S2	1.00	4.0686	4.2225	3.78
Aviva Pensions Japan Equity	16 - individual pension - overseas equity	1620145618	Aviva Pensions Japan (CGU)	0.60	2.3074	2.6860	16.41
Aviva Pensions Global Equity	16 - individual pension - overseas equity	1038838716	Aviva Pensions Global Equity S2	0.60	8.2206	8.7714	6.70
Aviva Life Property	07 - life - property	973753169	Aviva Life Property S4	1.25	3.9440	4.2901	8.78
Aviva Life UK Equity	05 - life - UK equity	933601417	Aviva Life UK Equity S4	1.00	5.0267	5.1736	2.92
Aviva Pensions Mixed Investment (20-60% Shares)	14 - individual pension - other managed fund	932667638	Aviva Pensions Mixed Investment (20-60% Shares) S6	0.60	1.4909	1.5486	3.87
Aviva Life Distribution	02 - life - balanced managed fund	752124366	Aviva Life Distribution S4	1.15	1.3676	1.3822	1.07
Aviva Life US Equity	06 - life - overseas equity	552039473	Aviva Life US Equity S4	1.00	4.4913	4.7368	5.47
Aviva Life European Equity	06 - life - overseas equity	530370703	Aviva Life European Equity S2	1.00	6.7543	7.5420	11.66
Aviva Life Global Equity	06 - life - overseas equity	481182401	Aviva Life Global Equity S4	1.00	4.0030	4.2625	6.48
Aviva Pensions Alliance Trust Sustainable Future Managed	14 - individual pension - other managed fund	422805609	Aviva Pensions Alliance Trust Sustainable Future Managed S2	0.60	2.0351	2.1725	6.75
Aviva Life Mixed Investment (0-35% Shares)	03 - life - defensive managed fund	379683541	Aviva Life Mixed Investment (0-35% Shares) S4	1.00	3.2393	3.3220	2.55
Aviva Life Mixed Investment (20-60% Shares)	04 - life - other managed fund	358104214	Aviva Life Mixed Investment (20-60% Shares) S4	1.00	3.6086	3.7383	3.59
Aviva Pensions Pacific Equity (inc Japan)	16 - individual pension - overseas equity	279848481	Aviva Pensions Pacific Equity S2	0.60	5.1191	4.9853	(2.61)
ALAP (UK) ULP Asia Pacific ex Japan	16 - individual pension - overseas equity	261448332	Aviva Pensions Pacific (CGU)	0.63	7.6775	7.2703	(5.30)
Aviva Pensions Alliance Trust UK Ethical	15 - individual pension - UK equity	246670648	Aviva Pensions Alliance Trust UK Ethical S2	0.60	2.6855	2.9810	11.00
Aviva Life Japanese Equity	06 - life - overseas equity	216889845	Aviva Life Japanese Equity S4	1.00	1.2046	1.3885	15.27
Aviva Pensions Multi-asset Fund III	13 - individual pension - defensive managed fund	198194728	Aviva Pensions Multi-asset Fund III S6	0.60	1.3073	1.3409	2.57
J160 AVIVA IRELAND STRATEGIC MULTIASSET FUND	14 - individual pension - other managed fund	188289129	J160B AVIVA IRELAND STRATEGIC MULTIASSET FUND	0.50	9.7300	9.6670	(0.65)
K141 AVIVA IRL PENSION HIGH YIELD	16 - individual pension - overseas equity	178232092	K141A AVIVA IRL PENSION HIGH YIELD	0.50	2.0420	2.1780	6.66
J704 AVIVA IRL PENSION MERRION MANAGED	16 - individual pension - overseas equity	175722847	134 AVIVA IRL PENSION MERRION MANAGED	0.50	10.8430	11.8220	9.03
Aviva Pensions Flexible Investment	14 - individual pension - other managed fund	154610340	Aviva Pensions Flexible Investment 9 S12	0.65	3.8773	4.0594	4.70
J158 AVIVA IRL CAUTIOUS MULTIASSET FUND	14 - individual pension - other managed fund	133777176	J158B AVIVA IRL CAUTIOUS MULTIASSET FUND	0.50	8.8860	8.6220	(2.97)
Aviva Pensions UK Equity Income	15 - individual pension - UK equity	132511424	Aviva Pensions UK Equity Income S6	0.95	1.7151	1.8369	7.10
K112 AVIVA IRL PENSION BALANCED MANAGED	12 - individual pension - balanced managed fund	106222733	K112B AVIVA IRL PENSION BALANCED MANAGED	0.50	1.3720	1.4300	4.23

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 2015**

 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	1328385	2.05	2.31	2.58
UK Pens WP Form 51 With Profit Annuity	147380		3.20	3.51
UK Pens WP Form 51 Other Pensions	3041769		2.35	2.58
UK Pens NP Form 51	673092		2.05	2.42
OS Life WP Form 51	21690	2.05	2.31	2.58
OS Pens WP Form 51	96951		2.35	2.58
OS NP Form 51	17691		2.05	2.42
Misc Form 51	53575			2.58
UK Life WP Form 52 (Other)	922140	1.55	1.79	2.03
UK Pens WP Form 52	4835941		1.80	2.03
OS WP Form 52	197638		1.80	2.03
TOTAL	11336252	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 2015**

 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	16097	1.80	2.12	2.31
UK Life NP Form 51 Assurances	3392	1.60	2.00	2.65
UK Life WP Form 51 Annuities	9770		2.10	2.21
UK Life NP Form 51 Annuities	7983	2.25	2.81	3.15
UK Pens WP Form 51 With Profit Annuity	388123		2.10	2.21
UK Pens NP Form 51 Deferred Annuity	146400		2.55	2.64
UK Pens WP Form 51 Deferred Annuity	8401		2.05	2.31
UK Pens WP Form 52 Compact	23005		2.15	2.33
UK Pens WP Form 52 (DAF valued at 0%)	76965			1.13
UK Pens WP Form 52 (Other)	571119		2.05	2.31
Misc	31329			2.64
TOTAL	1282584	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 2015**

 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	1839024	2.80	3.02	3.54
OS Life WP Form 51	11415	2.80	3.02	3.54
UK Life NP Form 51	(186562)	1.30	1.63	2.10
UK Life NP Form 51 (valued at 0%)	58842			2.10
OS Life NP Form 51	260	1.30	1.63	2.10
OS Life NP Form 51 (valued at 0%)	491			2.10
UK Life NP Form 51 Immediate Annuities	189900		1.95	2.09
OS Life NP Form 51 Immediate Annuities	16330		1.95	2.09
UK Pens WP Form 51	338872		2.75	3.21
OS Pens WP Form 51	4217		2.75	3.21
UK Pens WP Form 51 Immediate Annuities	15302		3.20	3.79
UK Pens NP Form 51	520937		1.30	2.10
UK Pens NP Form 51 (valued at 0%)	27856			2.10
OS Pens NP Form 51	26		1.30	2.10
UK Pens NP Form 51 Immediate Annuities	1767541		1.95	2.09
UK Life WP Form 52 (Other)	6336168	1.30	1.48	1.76
UK Life WP Form 52 Aviva International	280083		1.45	1.76
UK Pens WP Form 52	1824560		1.45	1.76
UK Pens WP Form 52 SEDA & GAO	375137		2.75	3.21
OS Pens WP Form 52 SEDA	4934		2.75	3.21
OS WP Form 52	124072		1.45	1.76
UK Life NP Form 53	(26061)	1.80	2.25	2.43
UK Pens NP Form 53	134370		2.30	2.43
TOTAL	13657714	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 2015**

 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	389909	2.80	3.07	3.23
OS Life WP Form 51	2439	2.80	3.07	3.23
UK Life NP Form 51	23826	1.30	1.63	2.42
OS Life NP Form 51	54	1.30	1.63	2.42
UK Life NP Form 51 Immediate Annuities	25284		1.95	2.11
OS Life NP Form 51 Immediate Annuities	2174		1.95	2.11
UK Pens WP Form 51	88914		2.75	3.21
OS Pens WP Form 51	871		2.75	3.21
UK Pens WP Form 51 Immediate Annuities	731		3.20	3.96
UK Pens NP Form 51	66482		1.30	2.42
OS Pens NP Form 51	3		1.30	2.42
UK Pens NP Form 51 Immediate Annuities	234071		1.95	2.11
UK Life WP Form 52 (Other)	714953	1.30	1.46	2.13
UK Life WP Form 52 Aviva International	49575		1.45	2.13
UK Pens WP Form 52	445457		1.45	2.13
UK Pens WP Form 52 SEDA & GAO	55452		2.75	3.21
OS Pens WP Form 52 SEDA	560		2.75	3.21
OS WP Form 52	37633		1.45	2.13
UK Life NP Form 53	405	1.80	2.25	3.51
UK Pens NP Form 53	3214		2.30	3.51
TOTAL	2142007	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 2015**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	778646		1.45	1.80
TOTAL	778646	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 **Irish With-Profits Sub-Fund**

 Financial year ended **31st December 2015**

 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 - Life WP	75679		(0.05)	0.03
Form 51 - Pensions WP	513828		0.20	0.28
Form 52 - Life WP	48100			
Form 52 - Pensions WP	69236			
MISCELLANEOUS RESERVE - Form 51	21226			
TOTAL	728069	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**

 Financial year ended **31st December 2015**

 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	142155			
FORM 51 - ADDITIONAL RESERVES - LIFE	90721	1.80	2.30	2.06
FORM 51 - ADDITIONAL RESERVES - LIFE	1530		(0.05)	0.03
FORM 51 - ADDITIONAL RESERVES - LIFE	20436		1.55	1.63
FORM 51 - ADDITIONAL RESERVES - PENS	7314		1.55	1.63
FORM 51 - ADDITIONAL RESERVES - PENS	81868			
FORM 51 - NP ASSURANCE UK LIFE	15404		1.55	1.63
FORM 51 - DEFERRED ANNUITIES UK PENS	747		1.55	1.63
FORM 51 - NP ASSURANCE UK LIFE	(120219)	1.80	2.30	2.06
FORM 51 - IMMEDIATE ANNUITIES UK LIFE	272		1.50	1.58
FORM 51 - IMMEDIATE ANNUITIES UK LIFE	53759		2.30	2.38
FORM 51 - DEFERRED ANNUITIES UK LIFE	17815		2.30	2.38
FORM 51 - IMMEDIATE ANNUITIES UK PENS	780025		0.85	0.93
FORM 51 - IMMEDIATE ANNUITIES UK PENS	213905		2.30	2.38
FORM 51 - INCOME PROTECTION	137138		2.00	2.06
FORM 51 - NP LONG TERM CARE	130669		2.30	2.38
UK L&GA NP Form 51	117498		3.60	3.71
UK Pens NP Form 51	5957465		3.60	3.71
OS L&GA NP Form 51	128107		3.60	3.71
FORM 53 - ADDITIONAL RESERVES - LIFE	63984			
FORM 53 - ADDITIONAL RESERVES - LIFE	535		1.50	1.58
FORM 53 - ADDITIONAL RESERVES - PENS	86559			
FORM 53 - ADDITIONAL RESERVES - PENS	(4590)		1.50	1.58
FORM 53 - NP UK PENS	86697		2.30	2.38
FORM 54 - IMMEDIATE ANNUITIES UK LIFE	17279		2.30	2.38
FORM 54 - INCOME PROTECTION	90925		(0.30)	(0.31)
UK L&GA NP Form 54	10228		3.19	3.30
UK Pens NP Form 54	1291554		3.19	3.30
OS L&GA NP Form 54	2642		3.19	3.30
MISCELLANEOUS RESERVE	298666			
TOTAL	9721088	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 2015**

Units **£000**

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

Valuation result

Fund carried forward	11	87569667	84795488
Bonus payments in anticipation of a surplus	12	786745	699436
Transfer to non-technical account	13	212	690000
Transfer to other funds / parts of funds	14		
Subtotal (11 to 14)	15	88356624	86184924
Mathematical reserves	21	87079639	84301191
Surplus including contingency and other reserves held towards the capital requirements (deficiency) (15-21)	29	1276985	1883733

Composition of surplus

Balance brought forward	31	22749	20332
Transfer from non-technical account	32		
Transfer from other funds / parts of fund	33		
Surplus arising since the last valuation	34	1254236	1863401
Total	39	1276985	1883733

Distribution of surplus

Bonus paid in anticipation of a surplus	41	786745	699436
Cash bonuses	42		
Reversionary bonuses	43	467877	471548
Other bonuses	44		
Premium reductions	45		
Total allocated to policyholders (41 to 45)	46	1254622	1170984
Net transfer out of fund / part of fund	47	212	690000
Total distributed surplus (46+47)	48	1254834	1860984
Surplus carried forward	49	22151	22749
Total (48+49)	59	1276985	1883733

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 2015**

 Units **£000**

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

Valuation result

Fund carried forward	11	11336252	12311383
Bonus payments in anticipation of a surplus	12	416521	326808
Transfer to non-technical account	13		
Transfer to other funds / parts of funds	14	30071	27554
Subtotal (11 to 14)	15	11782844	12665745
Mathematical reserves	21	11168857	12153627
Surplus including contingency and other reserves held towards the capital requirements (deficiency) (15-21)	29	613987	512118

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	613987	512118
Total	39	613987	512118

Distribution of surplus

Bonus paid in anticipation of a surplus	41	416521	326808
Cash bonuses	42		
Reversionary bonuses	43	167395	157756
Other bonuses	44		
Premium reductions	45		
Total allocated to policyholders (41 to 45)	46	583916	484564
Net transfer out of fund / part of fund	47	30071	27554
Total distributed surplus (46+47)	48	613987	512118
Surplus carried forward	49		
Total (48+49)	59	613987	512118

Percentage of distributed surplus allocated to policyholders

Current year	61	95.10	94.62
Current year - 1	62	94.62	93.93
Current year - 2	63	93.93	94.14
Current year - 3	64	94.14	97.81

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 2015**

 Units **£000**

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

Valuation result

Fund carried forward	11	1282584	1488118
Bonus payments in anticipation of a surplus	12	23282	23728
Transfer to non-technical account	13		
Transfer to other funds / parts of funds	14	2958	3330
Subtotal (11 to 14)	15	1308824	1515176
Mathematical reserves	21	1278541	1480480
Surplus including contingency and other reserves held towards the capital requirements (deficiency) (15-21)	29	30283	34696

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	30283	34696
Total	39	30283	34696

Distribution of surplus

Bonus paid in anticipation of a surplus	41	23282	23728
Cash bonuses	42		
Reversionary bonuses	43	4043	7638
Other bonuses	44		
Premium reductions	45		
Total allocated to policyholders (41 to 45)	46	27325	31366
Net transfer out of fund / part of fund	47	2958	3330
Total distributed surplus (46+47)	48	30283	34696
Surplus carried forward	49		
Total (48+49)	59	30283	34696

Percentage of distributed surplus allocated to policyholders

Current year	61	90.23	90.40
Current year - 1	62	90.40	90.38
Current year - 2	63	90.38	90.20
Current year - 3	64	90.20	90.13

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 2015**

 Units **£000**

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

Valuation result

Fund carried forward	11	9917	10515
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	9917	10515
Mathematical reserves	21		
Surplus including contingency and other reserves held towards the capital requirements (deficiency) (15-21)	29	9917	10515

Composition of surplus

Balance brought forward	31	10515	8098
Transfer from non-technical account	32		
Transfer from other funds / parts of fund	33		
Surplus arising since the last valuation	34	(598)	2417
Total	39	9917	10515

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	9917	10515
Total (48+49)	59	9917	10515

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 2015**

 Units **£000**

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

Valuation result

Fund carried forward	11	13699521	14958632
Bonus payments in anticipation of a surplus	12	274425	279218
Transfer to non-technical account	13		
Transfer to other funds / parts of funds	14		
Subtotal (11 to 14)	15	13973946	15237850
Mathematical reserves	21	13465533	14713764
Surplus including contingency and other reserves held towards the capital requirements (deficiency) (15-21)	29	508413	524086

Composition of surplus

Balance brought forward	31		
Transfer from non-technical account	32		
Transfer from other funds / parts of fund	33	31617	11334
Surplus arising since the last valuation	34	476796	512752
Total	39	508413	524086

Distribution of surplus

Bonus paid in anticipation of a surplus	41	274425	279218
Cash bonuses	42		
Reversionary bonuses	43	233988	244868
Other bonuses	44		
Premium reductions	45		
Total allocated to policyholders (41 to 45)	46	508413	524086
Net transfer out of fund / part of fund	47		
Total distributed surplus (46+47)	48	508413	524086
Surplus carried forward	49		
Total (48+49)	59	508413	524086

Percentage of distributed surplus allocated to policyholders

Current year	61	100.00	100.00
Current year - 1	62	100.00	94.33
Current year - 2	63	94.33	95.16
Current year - 3	64	95.16	94.08

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 2015**

 Units **£000**

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

Valuation result

Fund carried forward	11	2147574	2290129
Bonus payments in anticipation of a surplus	12	57484	35175
Transfer to non-technical account	13		
Transfer to other funds / parts of funds	14	7071	4689
Subtotal (11 to 14)	15	2212129	2329993
Mathematical reserves	21	2114844	2256521
Surplus including contingency and other reserves held towards the capital requirements (deficiency) (15-21)	29	97285	73472

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	97285	73472
Total	39	97285	73472

Distribution of surplus

Bonus paid in anticipation of a surplus	41	57484	35175
Cash bonuses	42		
Reversionary bonuses	43	32730	33608
Other bonuses	44		
Premium reductions	45		
Total allocated to policyholders (41 to 45)	46	90214	68783
Net transfer out of fund / part of fund	47	7071	4689
Total distributed surplus (46+47)	48	97285	73472
Surplus carried forward	49		
Total (48+49)	59	97285	73472

Percentage of distributed surplus allocated to policyholders

Current year	61	92.73	93.62
Current year - 1	62	93.62	94.42
Current year - 2	63	94.42	95.10
Current year - 3	64	95.10	94.49

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 2015**

Units **£000**

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

Valuation result

Fund carried forward	11	778646	784845
Bonus payments in anticipation of a surplus	12	12668	34507
Transfer to non-technical account	13		
Transfer to other funds / parts of funds	14		
Subtotal (11 to 14)	15	791314	819352
Mathematical reserves	21	749004	757167
Surplus including contingency and other reserves held towards the capital requirements (deficiency) (15-21)	29	42310	62185

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	42310	62185
Total	39	42310	62185

Distribution of surplus

Bonus paid in anticipation of a surplus	41	12668	34507
Cash bonuses	42		
Reversionary bonuses	43	29642	27678
Other bonuses	44		
Premium reductions	45		
Total allocated to policyholders (41 to 45)	46	42310	62185
Net transfer out of fund / part of fund	47		
Total distributed surplus (46+47)	48	42310	62185
Surplus carried forward	49		
Total (48+49)	59	42310	62185

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	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 2015**

 Units **£000**

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

Valuation result

Fund carried forward	11	114	185
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	114	185
Mathematical reserves	21	114	185
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 **Irish With-Profits Sub-Fund**

 Financial year ended **31st December 2015**

 Units **£000**

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

Valuation result

Fund carried forward	11	728069	
Bonus payments in anticipation of a surplus	12	2365	
Transfer to non-technical account	13	212	
Transfer to other funds / parts of funds	14		
Subtotal (11 to 14)	15	730646	
Mathematical reserves	21	727990	
Surplus including contingency and other reserves held towards the capital requirements (deficiency) (15-21)	29	2656	

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	2656	
Total	39	2656	

Distribution of surplus

Bonus paid in anticipation of a surplus	41	2365	
Cash bonuses	42		
Reversionary bonuses	43	79	
Other bonuses	44		
Premium reductions	45		
Total allocated to policyholders (41 to 45)	46	2444	
Net transfer out of fund / part of fund	47	212	
Total distributed surplus (46+47)	48	2656	
Surplus carried forward	49		
Total (48+49)	59	2656	

Percentage of distributed surplus allocated to policyholders

Current year	61	92.02	
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**

 Financial year ended **31st December 2015**

 Units **£000**

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

Valuation result

Fund carried forward	11	57586990	10233939
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	57586990	10233939
Mathematical reserves	21	57574756	10221705
Surplus including contingency and other reserves held towards the capital requirements (deficiency) (15-21)	29	12234	12234

Composition of surplus

Balance brought forward	31	12234	12234
Transfer from non-technical account	32		
Transfer from other funds / parts of fund	33	8483	24239
Surplus arising since the last valuation	34	(8483)	(24239)
Total	39	12234	12234

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	12234	12234
Total (48+49)	59	12234	12234

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 2015**

 Units **£000**

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

Valuation result

Fund carried forward	11		42717742
Bonus payments in anticipation of a surplus	12		
Transfer to non-technical account	13		690000
Transfer to other funds / parts of funds	14		
Subtotal (11 to 14)	15		43407742
Mathematical reserves	21		42717742
Surplus including contingency and other reserves held towards the capital requirements (deficiency) (15-21)	29		690000

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		690000
Total	39		690000

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		690000
Total distributed surplus (46+47)	48		690000
Surplus carried forward	49		
Total (48+49)	59		690000

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 2016**

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	17858	4985		CWP	N	17858
Endowment assurance	25	27416	7854		CWP	N	27416
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	80673	21277		UWP	N	80673
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	31869	11188		UWP	N	31869

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 2016**

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	n/a	n/a	n/a	n/a	n/a	n/a
Endowment assurance	25	26150	5720		CWP	N	26150
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	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
Single premium pension	15	n/a	n/a	n/a	n/a	n/a	n/a
Single premium pension	20	n/a	n/a	n/a	n/a	n/a	n/a

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 2016**

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	16577	2409		CWP	N	16577
Endowment assurance	25	25103	2073		CWP	N	25103
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	81933	10402		UWP	N	81933
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	34886	6773		UWP	N	34886

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 2016**

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	12617	3474		CWP	N	12617
Endowment assurance	20	16799	2317		CWP	N	16799
Endowment assurance	25	27222	2248		CWP	N	27222
Regular premium pension	5	13969	1048		UWP	N	13969
Regular premium pension	10	32880	3793		UWP	N	32880
Regular premium pension	15	54735	9570		UWP	N	54735
Regular premium pension	20	84112	13760		UWP	N	84112
Single premium pension	5	12994	1715		UWP	N	12994
Single premium pension	10	16062	1493		UWP	N	16062
Single premium pension	15	18667	3521		UWP	N	18667
Single premium pension	20	40461	9989		UWP	N	40461

Long-term insurance business: With-profits payouts on maturity (normal retirement)
Form 59A

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

 Original insurer **Irish With-Profits Sub-Fund**

 Date of maturity value/open market option **1st March 2016**

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	5232			CWP	N	5232
Endowment assurance	15	8366			CWP	N	8366
Endowment assurance	20	13454	863		CWP	N	13454
Endowment assurance	25	22408	1986		CWP	N	22408
Regular premium pension	5	n/a	n/a	n/a	n/a	n/a	n/a
Regular premium pension	10	25509	3899		CWP	N	25509
Regular premium pension	15	39222	5591		CWP	N	39222
Regular premium pension	20	57674	7112		CWP	N	57674
Single premium pension	5	n/a	n/a	n/a	n/a	n/a	n/a
Single premium pension	10	12580			CWP	N	12580
Single premium pension	15	16095			CWP	N	16095
Single premium pension	20	23904	2204		CWP	N	23904

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 2016**

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	16298			CWP	N	22637
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 2016**

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	n/a	n/a	n/a	n/a	n/a	n/a
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 2016**

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	17764			CWP	N	20422
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 2016**

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	13170			CWP	N	21039
Endowment assurance	20	15856			CWP	N	21314
With-profits bond	2	10972	532		UWP	Y	10983
With-profits bond	3	11381	757		UWP	Y	11392
With-profits bond	5	12028	1401		UWP	Y	12039
With-profits bond	10	14902	1248		UWP	Y	15038
Single premium pension	2	11017	433		UWP	Y	11017
Single premium pension	3	11693	879		UWP	Y	11693
Single premium pension	5	12994	1715		UWP	Y	12994
Single premium pension	10	16062	1493		UWP	Y	16062

Long-term insurance business: With-profits payouts on surrender
Form 59B

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

 Original insurer **Irish With-Profits Sub-Fund**

 Date of surrender value **1st March 2016**

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	5232			CWP	N	12927
Endowment assurance	15	8366			CWP	N	13849
Endowment assurance	20	13454			CWP	N	16783
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	13658			UWP	Y	13794
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	12580			CWP	N	12580

Long-term insurance capital requirement
Form 60

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

Global business

 Financial year ended **31st December 2015**

 Units **£000**

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

Insurance death risk capital component

Insurance claim risk capital component							
Life protection reinsurance	11	0.0%					
Classes I (other), II and IX	12	0.1%	159852721	152984037	0.50	79926	76398
Classes I (other), II and IX	13	0.15%	4824628	89428		3618	4072
Classes I (other), II and IX	14	0.3%	290160882	23431734		435241	422018
Classes III, VII and VIII	15	0.3%	4162049	3738554	0.90	11216	10792
Total	16		459000280	180243753		530001	513280

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%	25594105	22059798	0.86	220598	226070
Classes III, VII and VIII (investment risk)	33	1%	19258943	19254094	1.00	192541	205264
Classes III, VII and VIII (expenses fixed 5 yrs +)	34	1%	21251453	20348689	0.96	203487	123995
Classes III, VII and VIII (other)	35	25%				24808	28798
Class IV (other)	36	1%	547399	473545	0.87	4735	3646
Class V	37	1%					
Class VI	38	1%	2706	2706	1.00	27	34
Total	39					646196	587807

Insurance market risk capital component

Life protection and permanent health reinsurance	41	0%					
Classes I (other), II and IX	42	3%	25594105	22059798	0.86	661794	678211
Classes III, VII and VIII (investment risk)	43	3%	19258943	19254094	1.00	577623	615792
Classes III, VII and VIII (expenses fixed 5 yrs +)	44	0%	21251453	20348689			
Classes III, VII and VIII (other)	45	0%	27836907	25408684			
Class IV (other)	46	3%	547399	473545	0.87	14206	10939
Class V	47	0%					
Class VI	48	3%	2706	2706	1.00	81	102
Total	49		94491513	87547516		1253704	1305044

Long term insurance capital requirement	51					2453733	2429963
--	-----------	--	--	--	--	---------	---------

Supplementary notes

Name of insurer **Aviva Life & Pensions UK Limited**
Global business
Financial year ended **31st December 2015**

Code**0112 Merger of NPSF1 and NPSF2**

On 1 January 2015 NPSF2 merged with NPSF1 and at the same time NPSF1 was renamed 'Non-Profit Sub Fund' (NPSF).

All current year balances disclosed on the NPSF forms represent the combination of NPSF1 and NPSF2, whereas prior period comparatives reflect only NPSF1. Prior year comparatives for NPSF2 are disclosed on the NPSF2 forms.

0201 Section 148 Waivers**Rate of interest 1706019**

The PRA, on the application of the firm, made a direction under section 138A of the Financial Services and Markets Act 2000 in December 2013. The effect of the direction is to modify the provisions of INSPRU 3.1.35R and IPRU(INS) Appendix 9.3 so that a more appropriate rate of interest will be used for assets taken in combination.

0203 Quota Share Reinsurance

On 31 December 2013, the company entered into a Quota Share reinsurance arrangement with its fully owned insurance subsidiary undertaking Aviva Annuity UK Limited (UKA). Under the terms of the Quota Share Reinsurance 12.5% of the Long Term Fund of UKA was reinsured to the company. On the 1 January 2014, the percentage of the quota share was increased from 12.5% to 22.5%.

During the year, a proportionate share of new business premiums, claims, investment returns and expenses of UKA have been ceded to the company. The same position will apply going forwards.

Included within this reinsurance are index linked liabilities of £1,306.4m which have been included in mathematical reserves of the company and accordingly within index linked liabilities on Form 54. As the assets backing the reinsurance are effectively covered by the deposit with UKA, no index linked assets have been shown for this reinsurance on Form 13 Line 58 and accordingly no Form 56 is presented..

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

	2015	2014
	£'000	£'000
i) Net admissible assets		
Form 13 Line 89 (Long term business)	99,891,527	97,113,615
Form 13 Line 89 (Other than long term business)	1,953,251	1,734,920
Form 14 Lines 11, 12 and 49	(91,728,399)	(89,830,265)
Form 15 Line 69	(480,352)	(376,978)
	<hr/>	<hr/>
	9,636,027	8,641,292
iv) Capital resources requirement of regulated related undertakings	1,226,870	1,565,404
Form 3, Line 79	<hr/>	<hr/>
	10,862,897	10,206,696

0306 Financial Reinsurance – ceded

The impact of the financial reinsurance arrangements included in line 92 is to reduce mathematical reserves by £222.8m.

The contingent liability repayable to the reinsurers under the arrangements totals £377.4m.

The commutation value for those arrangements where it is possible to derive an amount repayable totalled £377.4m at the end of the financial year.

Supplementary notes

Name of insurer **Aviva Life & Pensions UK Limited**
Global business
Financial year ended **31st December 2015**

Code**0310 Calculation of valuation differences as required by instruction 9 to Form 3**

	2015	2014
	£'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)	279,608	310,254
Difference in technical provisions (Form 14 Line 74)	4,997,610	4,954,034
Deferred income reserve (Form 14 Line 74)	44,731	61,733
Financial reinsurance (Form 14 Line 74)	154,608	171,572
IFRS Provision included in PRA Maths Reserves	53,400	139,962
Other (Form 14 Line 74)	15	(25)
Negative valuation differences in respect of assets where valuation in GENPRU and INSPRU is lower than the valuation that the firm uses for external financial reporting purposes.		
FV of loans held at amortised costs (Form 13 Line 98)	(121,190)	(120,194)
IFRS to PRA revaluation of deposit withheld by ceding undertaking (Form 13 Line 98)	(2,840)	(36,202)
Other – Derivative Prudent Valuation	(32,983)	-
Net positive valuation difference included in Form 3, Line 14	5,372,959	5,481,134

0313 Reconciliation of profit and loss account and other reserves

	2015	2014
	£'000	£'000
Profit and loss account and other reserves at the end of the previous financial year (Form 3 Line 12 Column 4)	5,173,705	5,111,153
Profit/(loss) retained for the financial year (Form 16 Line 59)	1,022,573	372,514
Profit/(loss) arising in long-term insurance funds that has not been transferred to the shareholder fund	(1,159,295)	(309,962)
Profit and loss account and other reserves at the end of this financial year (Form 3 Line 12 Column 3)	5,036,983	5,173,705

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.

Supplementary notes

Name of insurer **Aviva Life & Pensions UK Limited**
Global business
Financial year ended **31st December 2015**

Code

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 £483.8m (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 £2395.6m (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 £260m.

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

The total UK Life Group credit risk exposure to any single institution limit for a particular counterparty holding at the end of the financial year was £400m for Tier 1, £300m for Tier 2 and £150m for Tier 3.

Each product 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.

Equities

The maximum of a company's equity held by any fund is limited to 19.99% within the UK and and 10% overseas. Unquoted holdings do not exceed 10% of any fund.

Fixed income securities

Exposure to non-government bonds is limited to holdings which are deemed to be of a suitable quality determined by financial management. The maximum holding across all funds of a single issue is limited to 25% of the issue. Private placements are limited to 5% 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 notes

Name of insurer **Aviva Life & Pensions UK Limited**
Global business
Financial year ended **31st December 2015**

Code**Counterparty credit framework**

Whilst asset and counterparty specific limits exist within investment mandates the counterparty credit framework takes a more holistic approach in aggregating shareholder exposures across all relevant funds and asset classes. The maximum permitted exposure to individual counterparties within the company is determined through a counterparty credit framework which is applied in a consistent manner throughout the Aviva Group. The nature and structure of this framework, along with the approach to calibrating limits is determined centrally within the Aviva Group, with specific limits set for each legal entity. A limit for maximum shareholder exposure (SHE) has been set at £260m.

Breaches

During 2015 fund specific breaches were predominately passive in nature due to cash or market movements with twelve active manager breaches relating to cash monetary limits and one to maximum exposure to outstanding debt of any one issuer neither of which resulting in any financial loss. Two aggregate credit limit breaches occurred with both being subsequently risk accepted following investigation of the nature of the exposures and cause of the breaches.

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.

1316 Tangible lease assets

The value of tangible lease assets included at Form 13 line 80 is £nil.

1318 Other asset adjustments**2015**

	Category 1 £'000	Category 10 £'000
Disclosure of unit-linked credits as liabilities in statutory accounts	-	355,220
Current tax gross up	(12,200)	-
Variation margin gross up on futures	-	1,751,359
Other adjustments	25	52
Other asset adjustments included in Form 13 line 101	(12,175)	2,106,631

2014

	Category 1 £'000	Category 10 £'000
Disclosure of unit-linked credits as liabilities in statutory accounts	-	471,021
Current tax gross up	(11,854)	-
Variation margin gross up on futures	-	1,089,743
Other adjustments	(1)	(145)
Other asset adjustments included in Form 13 line 101	(11,855)	1,560,619

Supplementary notes

Name of insurer **Aviva Life & Pensions UK Limited**
Global business
Financial year ended **31st December 2015**

Code**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 provision for reasonably foreseeable adverse variations. It has been determined that no provision for reasonably foreseeable adverse variations is required.

A review by senior management of asset positions that are valued at marked to market and marked to model has determined a valuation adjustment should be made to a portfolio of OTC derivatives pursuant to GENPRU 1.3.30R to GENPRU 1.3.33R. The adjustment takes into account close-out costs which were not reflected in the valuations based on mid-market inputs.

1402 Contingent liabilities, etc**1502**

The Company has provided guarantees to UKA totalling £250m and £130m to support two proposed infrastructure investments by Aviva Annuity UK Limited. If called upon, the guarantees would be met from, and the purchased infrastructure assets recognised in, the Non-profit funds of the Company. No liability has been recognised in respect of the guarantees.

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.

The Company has indemnified the overdrafts of certain other group companies.

Other than noted above 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.

1405 Other adjustments to Liabilities

	2015	2014
	£'000	£'000
Adjustment to FSA mathematical reserves	4,997,610	4,954,034
Reversal of IFRS Accounting Provision (Included with Mathematical Reserves for PRA)	53,400	139,962
Disclosure of unit-linked credits as liabilities in statutory accounts	355,220	471,021
Deferred Tax – Valuation element	279,608	310,254
Deferred Tax – Inadmissible element	-	(11,888)
Deferred income reserve	44,731	61,733
Financial reinsurance	154,608	171,572
Variation margin gross up on futures	1,751,359	1,089,743
Other liabilities	40	(135)
Other adjustments to liabilities included in Form 14 line 74	<u>7,636,576</u>	<u>7,186,296</u>

Supplementary notes

Name of insurer **Aviva Life & Pensions UK Limited**
Global business
Financial year ended **31st December 2015**

Code**1507 Other adjustments to Liabilities (Other than Long-term Business)**

	2015 £'000	2014 £'000
Current Tax Gross Up	(12,200)	(11,854)
Other Liabilities	64	-
Other adjustments to liabilities included in Form 15 line 83	<u>(12,136)</u>	<u>(11,854)</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 2015. 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, 13, 15, 18 or 26 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 received by the company is £1,488.7m. £189.4m of non cash collateral has been received. In line with local GAAP this has not been reflected on Forms 13,14 and 17. A total of £1,299.3m has been allocated to Form 13 Line 44..

No amounts 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 2015**

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 (NPSF).

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 2015	2,172,963
Investment income and gains	14,377
Premiums less claims and expenses on non-profit business in which the RIEESA has invested, (less increase/plus decrease) in liabilities on that business.	-
Repayment of capital support arrangement from New With Profits Sub Fund	(75,364)
Goldman Sachs Revaluation	(2,058)
Taxation attributable to the RIEESA	(44,826)
Balance carried forward at 31 December 2015	2,065,092
Support arrangement assets	£'000
RIEESA	2,065,092
Support arrangement assets	2,065,092

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.

4004 Business transfer in

On 1 January 2015 the company accepted a transfer of the long term business of one of its subsidiary undertakings, Aviva Life and Pensions Ireland Limited. The transfer was undertaken in accordance with Section 13 of the Assurance Companies Act 1909 (as amended), Section 36 of the Insurance Act 1989 (as amended) and Article 35 of the European Communities (Life Assurance) Framework Regulations 1994 (as amended) and approved by the High Court in Ireland on 2 December 2014. The transfer of £5,002,580 was for £nil consideration in accordance with the Scheme of Transfer.

Supplementary notes

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

Global business

Financial year ended **31st December 2015**

Code

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.

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 2015 are £6m and £47m respectively. There is no variation margin payable

.

Supplementary notesName of insurer **Aviva Life & Pensions UK Limited**

Global business

Financial year ended **31st December 2015****Code****4502 Other income and expenditure**

Other Income comprises the following balances:

	2015 £'000	2014 £'000
Rebates	81,751	80,450
Business Transfer In	2,907,924	-
	<u>2,989,675</u>	<u>80,450</u>

Other Expenditure comprises the following balances:

	2015 £'000	2014 £'000
Custody and Other Management Fees	4,742	4,454
Payment of Distributions to Policyholders	3,2438	33,773
Interest Paid	725	112
Property Expenses	27,020	23,253
Compensation/Misc Inv Expenses	4,263	3,883
	<u>69,188</u>	<u>65,475</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 £1.3m.

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)	6.18%
Policy Loans (Form 13 line 52)	3.50%
Cash balances (Form 13 Line 81)	0.25%
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).

Supplementary notes

Name of insurer **Aviva Life & Pensions UK Limited**
Global business
Financial year ended **31st December 2015**

Code**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.

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
NPSF	UKL	300	9
NPSF	UKP	415	46
WPSF	UKP	390	3
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)
NPSF	UKL GR	435	Miscellaneous business – Hamilton Life	29,700
NPSF	UKL GR	435	Mortgage Protection Guarantee	22,500
NPSF	UKL GR	435	NuLife modelling issue	11,055
NPSF	UKP GR	435	Product rectification project	22,008

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	37
NWPSF / OWPSF	UKP	571	290

Supplementary notesName of insurer **Aviva Life & Pensions UK Limited**

Global business

Financial year ended **31st December 2015****Code****5203 Miscellaneous product codes**

Business classified under the miscellaneous product code where the £10m threshold is exceeded is as follows

Sub-fund	Business Type	Product Code	Description	Reserve (£000)
PMSF	UKP GR	575	AWP Self Employed Retirement Annuity	216,486
PMSF	UKP GR	575	AWP Personal Pension Plan	139,388
PMSF	UKP GR	575	AWP Executive Pension Plan	67,557
PMSF	UKP GR	575	AWP Individual Pension Arrangement	63,084
PMSF	UKP GR	575	AWP COMPACT	23,005
PMSF	UKP GR	575	AWP Additional Voluntary Contributions	29,740
PMSF	UKP GR	575	Additional expense reserve	7,473
WPSF	UKP GR	575	Product Governance	12,500
NWPSF	UKL GR	575	UKIL With Profit Bond and Core Funds Bond	269,982
NWPSF	UKP GR	575	Group Defined Benefit (Red Plan)	208,387
NWPSF	UKP GR	575	Retirement Annuity	293,762
OWPSF	UKL GR	575	UKIL With Profit Bond and Core Funds Bond	47,760
OWPSF	UKP GR	575	Retirement Annuity	50,451

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	31

5303 Use of Miscellaneous product code

Business classified under the miscellaneous product code in Form 53 where the £10m threshold is exceeded is as follows

Sub-fund	Business Type	Product Code	Description of Product	Reserve (£000)
NPSF	UKL GR	795	External fund rebate reserve	50,050

Supplementary notesName of insurer **Aviva Life & Pensions UK Limited**

Global business

Financial year ended **31st December 2015****Code****5701 Non-Profit sub-fund**

Negative and positive mathematical reserves offset each other for certain lines in Form 57, as detailed below.

NPSF

FORM 51 - ADDITIONAL RESERVES - LIFE NET 0%		
Product code	Product description	Net reserve (£000)
325	Level term assurance	(11)
340	Accelerated critical illness (guaranteed premiums)	1
360	Income protection non-profit (guaranteed premiums)	8
440	Additional reserves non-profit OB	142,156
	Total	142,155

FORM 51 - NP ASSURANCE UK LIFE NET 1.8%		
Product code	Product description	Net reserve (£000)
300	Regular premium non-profit WL/EA OB	(72,188)
325	Level term assurance	6,023
330	Decreasing term assurance	(55,932)
340	Accelerated critical illness (guaranteed premiums)	(2,992)
345	Accelerated critical illness (reviewable premiums)	3,345
350	Standalone critical illness (guaranteed premiums)	387
435	Miscellaneous non-profit	1,139
	Total	(120,219)

FORM 51 - INCOME PROTECTION GROSS 2.0%		
Product code	Product description	Net reserve (£000)
360	Income protection non-profit (guaranteed premiums)	(19,549)
365	Income protection non-profit (reviewable premiums)	(1,093)
385	Income protection claims in payment	19,233
420	Group income protection	33,648
425	Group income protection claims in payment	104,899
	Total	137,138

FORM 51 - NP ASSURANCE UK LIFE GROSS 1.55%		
Product code	Product description	Net reserve (£000)
300	Regular premium non-profit WL/EA OB	2,380
325	Level term assurance	11,845
330	Decreasing term assurance	(3,306)
340	Accelerated critical illness (guaranteed premiums)	1,372
350	Standalone critical illness (guaranteed premiums)	3,072
410	Group Life	32
435	Miscellaneous non-profit	10
	Total	15,404

Supplementary notesName of insurer **Aviva Life & Pensions UK Limited**

Global business

Financial year ended **31st December 2015****Code**

FORM 53 - ADDITIONAL RESERVES - LIFE GROSS 1.5%		
Product code	Product description	Net reserve (£000)
700	Life property linked single premium	(3,000)
710	Life property linked whole life regular premium	2,531
715	Life property linked endowment regular premium - sav	1,005
	Total	535

FORM 51 - ADDITIONAL RESERVES - PENS GROSS 1.5%		
Product code	Product description	Net reserve (£000)
725	Individual pensions property linked	(765)
735	Group money purchase pensions property linked	707
750	Income drawdown property linked	(4,532)
	Total	(4,590)

FORM 53 - ADDITIONAL RESERVES - PENS GROSS 0%		
Product code	Product description	Net reserve (£000)
725	Individual pensions property linked	(8,462)
735	Group money purchase pensions property linked	44,850
800	Additional reserves property linked	50,171
	Total	86,559

Supplementary notes

Name of insurer **Aviva Life & Pensions UK Limited**
 Global business
 Financial year ended **31st December 2015**

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 31/12/14 to 31/12/15 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

	FSA Ref.	90:10	91:9	92:8	New business subsidy	Retained in NWPSF	Total
Bonus payments made to policyholders in anticipation of a Reversionary bonus	58.41	272,714	856	855			274,425
	58.43	226,072	3,276	4,639			233,988
Total allocated to policyholders	58.46	498,786	4,133	5,495			508,413
Net transfer out of fund	58.47	55,421	409	478	-22,063	-34,245	0
Total distributed surplus	58.48	554,207	4,542	5,972	-22,063	-34,245	508,413
Percentage of surplus allocated to policyholders		90.00%	91.00%	92.00%			100.00%
Percentage of surplus allocated to policyholders (previous year)		90.00%	91.00%	92.00%			100.00%

Old With-Profits Sub-Fund

	FSA Ref.	90:10	91:9	92:8	New business subsidy	Total
Bonus payments made to policyholders in anticipation of a Reversionary bonus	58.41	57,388	40	56		57,484
	58.43	32,056	273	401		32,730
Total allocated to policyholders	58.46	89,444	313	457		90,214
Net transfer out of fund	58.47	9,938	31	40	-2,938	7,071
Total distributed surplus	58.48	99,382	344	497	-2,938	97,286
Percentage of surplus allocated to policyholders		90.00%	91.00%	92.00%		92.73%
Percentage of surplus allocated to policyholders (previous year)		90.00%	91.00%	92.00%		93.62%

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 2015****1. Introduction**

- (1) The **valuation date** is 31 December 2015.
- (2) The previous valuation was completed with an effective date of 31 December 2014.
- (3) An interim valuation was carried out with an effective date of 30 June 2015 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 5. The table is separated by class of business and by year of unit purchase. Only entry years where MVRs applied are shown. For all other entry years, no MVR applied.

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
1998	N/A	N/A	N/A	01.01.15 -11.03.15	N/A	01.01.15 -11.03.15

- (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 2015 and were based on the change in a RPI index.

Pre 1/1/95 unitised pension products were reviewed with effect from 1st April 2015.

Personal Pension Plans (including AVCs, Jersey Investment Plan) changes were based on the change in a RPI index in January.

Group Money Purchase plans changes were based on the change in an AWEI in April.

- (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.

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 2015****4. Valuation basis (other than for special reserves)****(1) Valuation methodology**

For the Company, 1% of gross mathematical reserves exceed £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.

(2) Valuation interest rates:

A table of all valuation interest rates used is given below.

Product Group	Interest Rate 31 Dec 2015	Interest Rate 31 Dec 2014
<u>Life Assurances</u>		
Conventional business WP	2.05%	2.15%
UWP business	1.55%	1.65%
<u>Pensions and General Annuities</u>		
Deferred Annuity With Profit		
In payment	2.35%	2.45%
In deferment – Single Premium	2.35%	2.45%
In deferment – Regular Premium	2.35%	2.45%
Deferred Annuity Non Profit		
In Payment	2.05%	1.85%
In deferment – Single Premium	2.05%	1.85%
In deferment – Regular Premium	2.05%	1.85%
Non-profit policies	2.05%	1.85%
Regular Premium With Profit policies	2.35%	2.45%
Single Premium With Profit policies	2.35%	2.45%
Group Defined Benefits	2.35%	2.45%
UWP business	1.80%	1.90%
With Profit Annuity	3.20%	3.10%

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 2015**

(3) Risk adjusted yield**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 2015 was:

Deduction from Yield	WPSF
Impact of 25% Spread	0.17%
Impact of 10% Cap	0.16%
Total Deduction	0.33%

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	0.70%
Impact of 10% Cap	0.37%
Total Deduction	1.07%

Fixed interest securities

The allowance for credit risk on bonds is two-fold. For 31 December 2015, yields have been capped at a maximum of 200% of the yield on a representative iBoxx index. Yields have been reduced by a prudent margin varying by the credit-rating of the asset.

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 2015 was:

Deduction from Yield	WPSF
Impact of Cap	0.10%
Impact of prudent deduction	0.51%
Total Deduction	0.61%

For Mortgages, a deduction of 0.33% was used, while for Deposits, the equivalent deduction was 0.10%.

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 2015**(4) Mortality assumptions**

The table below shows the mortality basis for Conventional business written by the fund.

Product	Mortality basis 31 December 2015	Mortality basis 31 December 2014
UKL&P WP Life Assurances		
Whole Life Endowments	104.9% AM00/AF00 sel 87.4% AM00/AF00 sel	104.9% AM00/AF00 sel 87.4% AM00/AF00 sel
UKL&P WP Pensions & General Annuities		
Whole Life Endowments	104.9% AM00/AF00 sel 87.4% AM00/AF00 sel	104.9% AM00/AF00 sel 87.4% AM00/AF00 sel
Pure Endowment	60% AM00/AF00 ult	60% AM00/AF00 ult
Deferred Annuity In deferment Post vesting	60% AM00/AF00 ult 99.5% PCMA00 / 94.5% PCFA00	60% AM00/AF00 ult 99.5% PCMA00 / 94.5% PCFA00
Group Defined Benefits In deferment Post vesting	60% AM00/AF00 ult a(55) ult	60% AM00/AF00 ult a(55) ult
With Profit Annuity	99.5% PCMA00 / 94.5% PCFA00	99.5% PCMA00 / 94.5% PCFA00

Unitised with-profit business

Mortality assumptions are 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 from that date improvements are expected. The allowance for improvements is as follows:

	31 December 2015	31 December 2014
Males	CMI_2013_M [1.75%], applicable from 2001 to 2014 CMI_2013_M[1.75%] plus 0.5% p.a., applicable from 2015	CMI_2013_M [1.75%], applicable from 2001 to 2013 CMI_2013_M[1.75%] plus 0.5% p.a., applicable from 2014
Females	CMI_2013_F [1.5%], applicable from 2001 to 2014 CMI_2013_F[1.5%] plus 0.5% p.a., applicable from 2015	CMI_2013_F [1.5%], applicable from 2001 to 2013 CMI_2013_F[1.5%] plus 0.5% p.a., applicable from 2014

- 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 1/1/2016	Expectation of Life for annuitant aged 75 on 1/1/2016	Expectation of Life from age 65 for annuitant aged 45 on 1/1/2016	Expectation of Life from age 65 for annuitant aged 55 on 1/1/2016
99.5% of PCMA00 plus CMI_2013_M[1.75%] applied from 2001, plus 0.5% p.a. from 2015	24.8	15.2	28.5	26.7
94.5% of PCFA00 plus CMI_2013_F[1.5%] applied from 2001, plus 0.5% p.a. from 2015	27.0	17.1	30.1	28.6

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 2015****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.

MSA was revised during 2015 with charges from UKLS reduced by 10%

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 2014 and 2015 (including loadings).

Product	Product code	Renewal admin (£ per policy)	
		2015	2014
CWP savings endowment	120	43.88	38.44
CWP target cash endowment	125	43.88	38.44
CWP Pensions	155/165	58.40	51.24
Annuity (reversionary)	400	0	0

Assumed future charge inflation

1.46% per annum (RPI as set out by the MSA agreement). This reflects the revision to the MSA during 2015 where charges levied by UKLS will now inflate at 50% of RPI (previously 100% of RPI).

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. The yield on the asset classes backing the liabilities was also reduced for other costs charged directly to the fund. This reduced the upper bound on the interest rates used in the valuation. The adjustment made was 0.175%.

The adjustment reflects the charging structure agreed with the Company's fund managers, Aviva Investors UK.

Tax Relief

Tax relief on expenses on BLAGAB business has been assumed using a rate of 20.00%.

No allowance has been made for tax relief in respect of GRB (Gross Roll Up) business.

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 2015

(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	1.95%	5.33%	3.90%	3.90%
Life UWP single premium - moneyback guarantee	Surrender	1.95%	5.33%	3.90%	3.90%
Life UWP single premium - no-MVR guarantee	Surrender	2.47%	8.06%	5.07%	4.42%
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%

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 2015

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%

(10) Other basis items:**Option take-up rates**

- Guaranteed Annuity Rate Options:

We have assumed that current option take-up is 93%. These include a margin over current experience of 10%.

These rates are assumed to increase by 1% per annum to 95%.

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 BLAGAB 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)).
- 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).

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 2015

- 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))
- Regulatory -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 2015 is zero.

(b)

(i) Product	Conventional pensions endowment with-profits	Conventional deferred annuity with-profits	Deferred annuity non-profit
(ii) Basic Reserve (£m)	537.3	196.4	261.9
(iii) Spread of outstanding durations:			
0-5 years	39%	46%	24%
6-10 years	34%	35%	31%
11-20 years	27%	17%	42%
over 20 years	0%	2%	2%
(iv) Guarantee Reserve (£m)	548.1	32.7	309.8

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.

(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

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 2015

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:

Max([Accumulated Benefit + adjustment], [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)

(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		
Norwich Capital Plan (10/89 onwards)	196,903,772	63.8% with no-MVR date in 2016; 36.2% with no-MVR date in 2017-2020	0	190,296,465	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.	0	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	481,269,668	100% with MBG expired	0	478,830,317	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.	0	Yes but they do not receive the money-back guarantee

(3) Guaranteed Insurability Options

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 2015**

- (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 £10million 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))
- Regulatory -peak (statutory 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 2015 is zero.

The base reserve for the business affected is: £810m

The additional regulatory peak reserve for the GMP guarantee is: £791m

- (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 2016 arising from explicit reserves is £18,000,000.

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 Sub Funds.

- (2) Gross Premium Valuation has been used for all business. All allowances for expenses are explicit.
- (3) The 2015 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 2016 maintenance expenses in 6(1) above is higher than the adjusted Form 43 expense by £2,210,000.

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 2015**

- (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 (2.91%) 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 2015 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 £0.9m 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	11,336,252	11,336,252	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.

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 2015**

- (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.

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 2016 is £1,829m. Expected income, in 2016, from assets currently held in the fund is £391m and £2,518m is held in deposit-style assets. Premium income for 2015 was around £84m and there is no reason to expect it to fall significantly. The fund also holds an additional £4,905m in approved fixed and variable interest securities 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.

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 2015**

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 2015 for the affordability condition is zero.

The amount of provision is £251.4m.

(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 £83.5m.

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 2015 these totalled £14,845,000.
 - (c) There are no deposit-back arrangements under the treaty.
 - (d) The treaty is closed to new business.
 - (e) There is no undischarged obligation for the insurer.
 - (f) The amount of mathematical reserves ceded under the treaty is £104,171,000.
 - (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 Company is not connected with the reinsurer.
 - (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.

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 2015**10. Reversionary (annual, regular) bonus**

(1)

Product	Amount of Gross mathematical reserve (£m)	Regular bonus (2014)	Regular bonus (2015)	Guaranteed bonus (2015)
Conventional Life				
Super-compound series (all business)	1,336.5	0% SA / 0.5% RB	0% SA / 0.5% RB	0.00%
Simple Bonus Whole Life	10.0	16%	16%	0.00%
Conventional Pensions				
Individual & Group Pensions (excl With-Profit Annuity)	3,067.7	0% SA / 0% RB	0% SA / 0% RB	0.00%
Group Defined Benefits	10.6	0.00%	0.00%	0.00%
With-Profits Annuity				
Pre 2013 purchase	149.6	1.50%	1.50%	0.00%
2013 purchase		2.25%	2.25%	
Unitised Life				
Units without regular bonus guarantee	629.9	1.25%	1.75%	0.00%
Units with regular bonus guarantee	223.7	2.50%	2.50%	2.50%
Unitised Pensions				
Units without regular bonus guarantee	2,255.8	1.75%	2.50%	0.00%
Units with regular bonus guarantee	2,711.2	4.00%	4.00%	4.00%
Belgium (in the UKLAP Belgium sub-fund)	78.9	0.00%	0.00%	0.00%

The regular bonus shown for 2015 for unitised business is that declared at the end of 2014 and applied to policies during 2015. The regular bonus shown for 2015 for conventional business is the rate declared at the end of 2015, that is added to policies at their next policy anniversary in 2016.

- (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 2015**

1. Introduction

- (1) The **valuation date** is 31 December 2015.
- (2) The previous valuation was completed with an effective date of 31 December 2014.
- (3) An interim valuation was carried out with an effective date of 30 June 2015 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 0.8%. The exception is for charges on Compact and Everyman which increased by 2.9%.

Defined Benefit Schemes

Deferred Allocation Funding:

The administration fee increased by 0.8%.

- (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) Units are at the most recently available price.

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. Where the instruction, payment and all our requirements are received after 8:00am then units are allocated at the next available unit price.

- (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 a rate which reflects the position of each fund when considered as a standalone entity but with some regard to the corporate tax position. 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 varied by fund in the range 5.2% to 20% during 2015. The rate applied to unrealised gains varied by fund in the range 3.8% to 20% during the year to 31 December 2015.

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 2015**

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 3.8% to 20% during the year to 31 December 2015.

- (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 exceed £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.

Annuities

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.

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 2015

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 2015	Interest rate 31 December 2014
Life with-profit assurances	1.80%	1.80%
Life non-profit business	1.60%	1.30%
Pension accumulating with-profit (excluding Compact)	2.05%	2.00%
Compact pension accumulating with-profit	2.15%	1.85%
Non profit immediate annuity	2.25%	2.05%
With profit immediate annuity	2.10%	2.00%
Pension Deferred Annuity Non Profit and Guaranteed Annuity Options		
In payment	2.35%	2.05%
In deferment	2.55%	2.25%
Pension Deferred Annuity With Profit and Guaranteed Annuity Options		
In payment	2.05%	2.00%
In deferment	2.05%	2.00%

(3) Risk adjusted yield**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 2015 was:

Deduction from Yield	PMSF
Impact of 25% Spread	0.11%
Impact of 10% Cap	0.31%
Total Deduction	0.42%

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 2015**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	0.62%
Impact of 10% Cap	0.00%
Total Deduction	0.62%

Fixed interest securities

The allowance for credit risk on bonds is two-fold. For 31 December 2015, yields have been capped at a maximum of 200% of the yield on a representative iBoxx index. Yields have been reduced by a prudent margin varying by the credit-rating of the asset.

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 2015 was:

Deduction from Yield	PMSF
Impact of Cap	0.00%
Impact of prudent deduction	0.51%
Total Deduction	0.51%

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 2015	Mortality basis 31 December 2014
Life Assurances		
Assurances - Whole Life	104.9% AM00/AF00 sel	104.9% AM00/AF00 sel
Assurances – Endowments	87.4% AM00/AF00 sel	87.4% AM00/AF00 sel
Assurances - Level Term	68.6% TM00/TF00 sel	70.7% TM00/TF00 sel
Assurances - Decreasing Term	71.8% TM00/TF00 sel	75.9% TM00/TF00 sel
Pensions and General Annuities		
Accumulating With Profit : In deferment Post Vesting (incl GAO)	60% AM00/AF00 ult 95.0% PCMA00 / 95.5% PCFA00	60% AM00/AF00 ult 95.0% PCMA00 / 95.5% PCFA00
Deferred Annuity In deferment Post Vesting	60% AM00/AF00 ult 95.0% PCMA00 / 95.5% PCFA00	60% AM00/AF00 ult 95.0% PCMA00 / 95.5% PCFA00
With-Profit and Non-Profit Annuity in Payment (Individual)	95.0% PCMA00 / 95.5% PCFA00	95.0% PCMA00 / 95.5% PCFA00
Non-Profit Annuity in Payment (Group):	95.0% PCMA00 / 95.5% PCFA00	95.0% PCMA00 / 95.5% PCFA00
With-Profit Annuity in Payment (Group):	95.0% PCMA00 / 95.5% PCFA00	95.0% PCMA00 / 95.5% PCFA00

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 2015

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 from that date improvements are expected. The allowance for improvements is as follows:

	31 December 2015	31 December 2014
Males	CMI_2013_M [1.75%], applicable from 2001 to 2014 CMI_2013_M[1.75%] plus 0.5% p.a., applicable from 2015	CMI_2013_M [1.75%], applicable from 2001 to 2013 CMI_2013_M[1.75%] plus 0.5% p.a., applicable from 2014
Females	CMI_2013_F [1.5%], applicable from 2001 to 2014 CMI_2013_F[1.5%] plus 0.5% p.a., applicable from 2015	CMI_2013_F [1.5%], applicable from 2001 to 2013 CMI_2013_F[1.5%] plus 0.5% p.a., applicable from 2014

- 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 1/1/2016	Expectation of Life for annuitant aged 75 on 1/1/2016	Expectation of Life from age 65 for annuitant aged 45 on 1/1/2016	Expectation of Life from age 65 for annuitant aged 55 on 1/1/2016
95% of PCMA00 plus CMI_2013_M[1.75%] applied from 2001, plus 0.5% p.a. from 2015	25.3	15.5	28.9	27.1
95.5% of PCFA00 plus CMI_2013_F[1.5%] applied from 2001, plus 0.5% p.a. from 2015	26.9	17.0	30.0	28.5

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 £1.5m.

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.

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 2015**

(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.

The table below shows the per-policy expenses for 2014 and 2015 (including loadings).

1. PM	Existing Business Admin Fee		
Product Code	Category	2015	2014
120	Conventional endowment with-profits OB saving	43.88	38.44
125	Conventional endowment with-profits OB target cash	43.88	38.44
165	Conventional deferred annuity with-profits	43.88	38.44
700	Life property linked single premium	43.88	38.44
715	Life property linked endowment regular premium - saving	43.88	38.44
720	Life property linked endowment regular premium - target cash	43.88	38.44
725	Individual pension property linked	43.88	38.44
735	Group money purchase pensions property linked	31.44	30.95

Assumed future charge inflation:

1.46% per annum (50% of RPI as set out by the MSA agreement). This reflects the revision to the MSA during 2015 where charges levied by UKLS will now inflate at 50% of RPI (previously 100% of RPI).

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. The yield on the asset classes backing the liabilities was also reduced for other costs charged directly to the fund. A reserve is held for investment expenses assumed at 0.096%.

Tax Relief:

Tax relief on expenses on BLAGAB business has been assumed using a rate of 20.00%.

No allowance has been made for tax relief in respect of GRB (Gross Roll Up) 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.

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 2015**

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 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 93%. These include a margin of 10%.

These rates are assumed to increase by 1% per annum to 95%.

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.

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 2015

- 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 past normal retirement age, we are assuming that the Guarantee will be taken immediately.

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))
- Regulatory-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 2015 is zero.

(b)

(i) Product Name	Personal Pension Plan	Products with GAO excluding Personal Pension Plan
(ii) Basic Reserve (£m)	71.3	326.2
(iii) Spread of durations until benefits are first available:		
0-5 years	94.6%	75.8%
6-10 years	4.9%	14.1%
11-20 years	0.5%	9.1%
over 20 years	0.0%	1.1%
(iv) guarantee reserve (£m)	68.1	184.2
(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.

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 2015**

Unit-Linked:Pension Assured Fund/British Rail Assured Fund

The basic reserve held in respect of units invested in these funds is £771m. 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 £731m. 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 closed to new business and additional contributions other than regular contributions, automatic and ad-hoc increases under existing policies.

The distribution of duration until benefits are first available is shown below:

Durations	0-4	5-9	10-14	15-19	20-24	25-29	30+
Proportion	18%	27%	40%	12%	3%	0%	0%

(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 £10 million 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 2016 arising from explicit reserves is £8,400,000.

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 2015 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 2016 maintenance expenses in 6(1) above exceeds the adjusted Form 43 expense by £2,560,000. The difference is due to margins in the valuation basis and changes in business volumes between 2015 and 2016.

(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).

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 2015**

- (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 2015 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 £0.8m 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	1,282,584	1,282,584	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

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 2015**

- 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 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.

An estimate of the PM fund's non-linked claims amounts for 2016 is £198m. Expected income, in 2016, from assets currently held in the fund is £47m and £59m is held in deposit-style assets. The fund also holds an additional £949m in approved fixed and variable interest securities some of which we expect could be sold at short notice without altering prices. Underlying premium income for 2015 was £13m. after excluding a one off amendment of £26m in relation to prior year corrections for the Treaty 50 contract. Accordingly no additional reserve is considered necessary.

8. Other Special Reserves

(1) Unpaid transfer of funds in respect of Guaranteed Annuity Options to UKA

A reserve of £27.3m is held in respect of outstanding transfers from PM Fund to UKA Funds to fund the full cost of providing guaranteed annuity options.

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).

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 2015**10. Reversionary (annual, regular) bonus**

(1)

Product	Amount of mathematical reserve (£m)	Regular bonus (2014)	Regular bonus (2015)	Guaranteed bonus (2015)
Life				
Endowment / Whole Life	18.3	1.0% SA / 1.5% RB	1.0% SA / 1.5% RB	0.00%
Pensions (excl With-Profit Annuity)				
Personal Pension Plan (Series 1 & 2)	18.7	1.5% SA / 3.0% RB	1.5% SA / 3.0% RB	0.2% gteed interest per month
Personal Pension Plan (Series 3)	120.7	1.5% SA / 3.0% RB	1.5% SA / 3.0% RB	0.22% gteed interest per month
Self Employed Retirement Annuities	216.5	1.5% SA / 3.0% RB	1.5% SA / 3.0% RB	3.25% gteed interest rate in prem basis
IPA & AVC	93.0	0% of benefit secured	0% of benefit secured	3.25% gteed interest rate in prem basis
Executive Pension Plan	67.6	0% of benefit secured	0% of benefit secured	3.25% gteed interest on Higher rate fund money only
Compact	23.0	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)	123.6	0% of account balance	0% of account balance	0.00%
With-Profit Annuity				
Annuityants from defined benefit schemes (excluding Air France)	231.4	1.00%	0.00%	0.00%
Annuityants from Air France	18.4	5.00%	5.00%	5.00%
Annuityants on 1999 series rates	2.6	2.50%	2.50%	0.00%
Other annuityants:				
retiring before 1984	2.0	5.00%	5.00%	0.00%
retiring between 1984 and 1992	39.0	2.00%	3.00%	0.00%
retiring between 1993 and 1997	24.1	0.00%	0.00%	0.00%
retiring between 1998 and 2002	44.1	0.00%	0.00%	0.00%
retiring 2003 and later	27.2	0.50%	0.00%	0.00%

The regular bonus shown for 2015 for conventional business is the rate declared at the end of 2015, that is added to policies at their next policy anniversary in 2016.

- (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 2015****1. Introduction**

- (1) The valuation date is 31 December 2015.
- (2) The date of the previous valuation was 31 December 2014.
- (3) An interim valuation was carried out with an effective date of 30 June 2015 for the purposes of Rule 9.3 (5).

Throughout the text below, NWL refers to National Westminster Life Assurance Ltd and RSA refers to Royal Scottish Assurance Plc. With profit business was transferred from the long-term funds of these companies in 2011.

2. Product range

There have been no significant changes to the product range (i.e. excluding updating of policy fees) during 2015. 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 2015. No market value adjustments were applied to ex-RSA business during 2015. 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

The level of applicable MVA depends on the year of entry and the level of guaranteed regular bonus.

Market Value Adjustments	Years of entry		
	Regular premium life	Regular premium pensions	Single premium pensions
Pre 1 February 2015	N/A	N/A	1998 Q2 -2001 Q3
1 February 2015	N/A	N/A	1998 Q3 – 2001 Q3
1 August 2015	N/A	N/A	1998 Q2-2001 Q3

- (2) Not applicable
- (3) The fund does not have any non-profit deposit administration benefits.
- (4) 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 1.05% to 2.50% 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.
- (10) Not applicable.

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 2015****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 exceed £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 2015	31 Dec 2014
515	Life sterling reserves	0.0%	0.0%
525	Pensions sterling reserves	0.0%	0.0%

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 2015**(3) Adjustment to yield for credit risk**

As Valuation interest rates have been set to zero, there is no explicit deduction for credit risk.

(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-15	31-Dec-14
	UWP life		
	Flexible Mortgage Plan		
515	Male non-smoker	57.2% AMC00 (2)	57.2% AMC00 (2)
	Male smoker	114.4% AMC00 (2)	114.4% AMC00 (2)
	Female non-smoker	57.2% AFC00 (2)	57.2% AFC00 (2)
	Female smoker	114.4% AFC00 (2)	114.4% AFC00 (2)
	Mortgage Endowment Plan		
515	Male non-smoker	78.0% AMC00 (2)	78.0% AMC00 (2)
	Male smoker	135.2% AMC00 (2)	135.2% AMC00 (2)
	Female non-smoker	78.0% AFC00 (2)	78.0% AFC00 (2)
	Female smoker	135.2% AFC00 (2)	135.2% AFC00 (2)
	UWP pensions (ex-RSA)		
525	Male	83.20% AMC00 (2)	83.20% AMC00 (2)
	Female	83.20% AFC00 (2)	83.20% AFC00 (2)
	UWP pensions (ex-NWL)		
525	Male non-smoker	78.0% AMC00 (2)	78.0% AMC00 (2)
	Male smoker	135.20% AMC00 (2)	135.20% AMC00 (2)
	Female non-smoker	72.80% AFC00 (2)	72.80% AFC00 (2)
	Female smoker	135.20% AFC00 (2)	135.20% 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 2015**(6) Expense assumptions**

The expense assumptions used in the valuation are as follows:

Product codes	Product	31 Dec 2015	31 Dec 2014
	UWP life		
515	Flexible Mortgage Plan	5.79	80.27
515	Mortgage Endowment Plan	19.06	29.53
	UWP pensions (ex-RSA)		
525	Executive Pension Plan (regular premium) pre Oct 1997	39.3	135.46
525	Executive Pension Plan (single premium/paid up) pre Oct 1997	39.3	101.59
525	Personal Pension Plan (regular premium) pre Oct 1997	16.31	87.29
525	Personal Pension Plan (single premium/paid up) pre Oct 1997	16.31	65.46
	UWP pensions (ex-NWL)		
525	Personal Pension Plan (regular premium)	16.31	32.13
525	Personal Pension Plan (single premium/paid up)	16.31	24.07
525	Top Up Pension Plan (regular premium)	16.31	32.13
525	Top Up Pension Plan (single premium/paid up)	16.31	24.07

The assumed rate of tax relief for life business is 20% (2014: 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 (before tax relief) are 0.16%.

The ex-NWL investment expenses (before tax relief) are 0.11%.

(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 2015	31 Dec 2014
All	Expense inflation	1.46%	2.99%
	UWP life		
515	Life unit growth rate	2.90%	2.60%
	Pensions unit growth rate	3.50%	3.30%

(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 2015	31 Dec 2014
515	UWP life	3.92%	3.92%
525	UWP pensions	5.75%	5.70%

Product codes	Ex-NWL product	31 Dec 2015	31 Dec 2014
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 2015**

(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*	N/A*	6.0%

* The surrender rates for policy year 1-15 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 were no changes in valuation methodology in 2015 arising from changes in INSPRU valuation rules during the year.

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 2015**

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.
- (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 £107,463.

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 any of 9.2 (a), (b) and (c).

10. Reversionary (annual, regular) bonus

WPSF5 does not have sufficient with-profits liabilities to require disclosure for section 10.

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 2015**

1. Introduction

- (1) The **valuation date** is 31 December 2015.
- (2) The previous valuation was completed with an effective date of 31 December 2014.
- (3) An interim valuation was carried out with an effective date of 30 June 2015 for the purposes of rule 9.3A.

2. Product Range

There have been no changes made to with-profits products. The following relates to changes to non-profits products.

In 2015, we've launched the following contracts:

- Life and critical illness contract featuring included FIB option, escalation (RPI, 3% and 5%) plus the option to choose a rundown rate for decreasing cover.
- Standalone critical illness contract: Same features as the life & critical illness contract.
- Income Protection contract: Allowed a 2 year aggregated claims as well as full term, increased % of salary calculation and increased deferred periods.
- Direct life only contract: Decreasing or increasing cover (via CPI) only. Stripped back proposition with no selectable options.
- Direct SACI: Decreasing or increasing cover (VIA CPI) only. Stripped back proposition with no selectable options

The mortgage repayment guarantee has not been included on the new contracts.

As of 1 January 2015, we have changed the parent life product names as below which now offers fixed one year term and sum assured of 15,000.

- Free Parent Life Cover
- Post Office Free Parent Life Cover

For our currently marketed contracts offering critical illness we made enhancements to the cover, in addition to incorporating the ABI changes.

There haven't been any significant changes to the Bond & IPP and Group Pensions.

There haven't been any significant changes to the BPA product.

The FTRP product was withdrawn from new business in April 2015.

New propositional features were added to the individual pension annuity product in April 2015. We now offer guarantee periods for the customer to select up to 30 years (previously the maximum was 10 years). We also offer value protection as an additional feature to the product.

A review of mortality charges was carried out in 2015 on the unitised whole of life product which had attaching life cover. As a result, most charges decreased, this depended on age, smoker status and sex for the JV FPP.

The funds are open to new business.

3. Discretionary charges and benefits

- (1) The tables below shows the period during which a market value reduction (MVR) applied during 2015. The table is separated by class of business and by year of unit purchase. Only entry years where MVRs applied are shown. For all other entry years, no MVR applied.

Ex-CGNU With-Profits fund:

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 2015**

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)
2000	N/A	N/A	01.01.15 - 21.04.15	N/A	N/A	N/A

Product	UKIL UWP Life £	UKIL UWP Life €	UKIL UWP Life \$
2007	01.01.15 - 21.04.15	N/A	N/A

Ex-CU With-Profits fund:

Product	UWP Life	UWP Pensions	UWP Sterling Group Plan Pensions business	UWP Group Defined Benefits
1999	01.01.15 - 27.04.2015	01.01.15 - 27.04.2015	N/A	N/A
2000	01.01.15 - 27.04.2015	01.01.15 - 27.04.2015	N/A	N/A
2007	01.01.15 - 27.04.2015	N/A	N/A	01.01.15 - 27.04.2015

RBS JV Bonds:

No periods during which a market value reduction (MVR) applied during 2015.

Overseas Business:

Product	French Business	German Business	Irish Life	Irish Pensions
1998	N/A	N/A	N/A	01.01.15 - 21.04.2015
1999	N/A	N/A	01.01.15 - 21.04.2015	01.01.15 - 21.04.2015
2000	01.01.15 - 21.04.2015	01.01.15 - 21.04.2015	N/A	01.01.15 - 21.04.2015
2001	N/A	N/A		01.01.15 - 21.04.2015

Note that the shaded areas mean that no business was sold in those years for the specific product.

Swedish business:

MVRs used are the same as for ex-CGNU implicitly charged pensions.

- (2) For non-profit business transferred to New With-Profit Sub-Fund (NWPSF) from 1 May 2014, details on the charges to premiums on reviewable protection policies are shown in the Non-Profit (NP) Sub-Fund's Appendix 9.4.

- (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), ex-CGU products, ex-CU Sterling Pensions and ex-CU Prime Series

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 2015**

The monthly administration charge increase is linked to inflation of +2.8%, except for Irish products where there was a charge increase linked to inflation of +1.3%.

Ex-GA products

The monthly administration charge increased by 0.8% on Life and Pensions products.

Ex-CU products

Sterling Group Plan: The increase applied was 0.8%.

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) Units are at the most recently available price.

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. Where the instruction, payment and all our requirements are received after 8:00am then units are allocated at the next available unit price.

- (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 a rate which reflects the position of each fund when considered as a standalone entity but with some regard to the corporate tax position. 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 varied by fund in the range 5.2% to 20% during 2015. The rate applied to unrealised gains varied by fund in the range 3.8% to 20% during the year to 31 December 2015.

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 3.8% to 20% during the year to 31 December 2015.

- (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.

For non-profit business transferred to New With-Profit Sub-Fund (NWPSF) from 1 May 2014, details are shown in the Non-Profit (NP) Sub-Fund's Appendix 9.4 unless stated below.

Reserves may not be adjusted for minor changes requested late in the valuation process. Adjustments will be made for material changes.

(1) Valuation methodology

£10m is less than 1% of gross mathematical reserves, therefore £10m has been used as the materiality limit for this section.

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 2015**

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 charges on the basis of the charges made to the Company under the Management Services Agreement with Aviva Life Services UK Ltd assuming 1.46% per annum future charge inflation.

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.
- (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

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 2015**

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.

- 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.

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 2015**

Provision is made for future charges on the basis of the charges made to the Company under the Management Services Agreement with Aviva Life Services UK Ltd assuming 1.46% per annum future charge inflation.

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.

(2) Valuation interest rates:

A table of all valuation interest rates used is given below.

Product Group	31 December 2015	31 December 2014
Life Assurances		
AI Conventional With-Profit business	2.80%	2.70%
AI Conventional Non-Profit business	1.30%	1.05%
AI Unithised With Profit business	1.30%	1.15%
Pensions and General Annuities		
Immediate Annuities (currently in payment)	1.95%	1.75%
With-Profit Deferred Annuity		
In payment	2.75%	2.70%
In deferment	2.75%	2.70%
Non-Profit Deferred Annuity		
In payment	1.30%	1.05%
In deferment	1.30%	1.05%
Pure Endowment WP	2.75%	2.70%
In-payment rate for valuing Guaranteed Annuity Options	2.75%	2.70%
Other Non-Profit Conventional business	1.30%	1.05%
AI Unithised With-Profit business	1.45%	1.35%
With Profit Annuity	3.20%	3.20%

For non-profit business transferred to New With-Profit Sub-Fund (NWPSF) from 1 May 2014, the above valuation interest rates will be used rather than those shown in the Non-Profit (NP) Sub-Fund's Appendix 9.4.

(3) Risk adjusted yield**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%.

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 2015**

For the purposes of the valuation the average deduction from the yield on equities held at 31 December 2015 was:

Deduction from Yield	NWPSF	OWPSF
Impact of 25% Spread	0.18%	0.20%
Impact of 10% Cap	0.20%	0.22%
Total Deduction	0.38%	0.42%

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 2015 was:

Deduction from Yield	NWPSF	OWPSF
Impact of 25% Spread	0.38%	0.38%
Impact of 10% Cap	0.00%	0.00%
Total Deduction	0.38%	0.38%

Fixed interest securities

The allowance for credit risk on bonds is two-fold. For 31 December 2015, yields have been capped at a maximum of 200% of the yield on a representative iBoxx index. Yields have been reduced by a prudent margin varying by the credit-rating of the asset.

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 2015 was:

Deduction from Yield	NWPSF	OWPSF
Impact of Cap	0.23%	0.12%
Impact of prudent deduction	0.62%	0.53%
Total Deduction	0.85%	0.65%

For Mortgages, a deduction of 1.90% was used, while for Deposits, the equivalent deduction was 0.10%.

For non-profit business transferred to New With-Profit Sub-Fund (NWPSF) from 1 May 2014, the above NWPSF credit risk yield deductions will be used rather than those shown in the Non-Profit (NP) Sub-Fund's Appendix 9.4.

(4) Mortality assumptions

The table below shows the mortality basis for business written by the fund.

Product	Mortality basis 31 December 2015	Mortality basis 31 December 2014
Life Assurances		
Conventional Life – Whole Life	104.9% AM00 sel / 104.9% AF00 sel	104.9% AM00 sel / 104.9% AF00 sel
Conventional Life – Endowments and Low Cost Endowments	87.4% AM00 sel / 87.4% AF00 sel	87.4% AM00 sel / 87.4% AF00 sel
Decreasing Term Assurance on Low Cost Endowment (ex-CGNU)	87.4% AM00 sel / 87.4% AF00 sel	87.4% AM00 sel / 87.4% AF00 sel
Decreasing Term Assurance on Low Cost Whole Life (ex-CGNU)	104.9% AM00 sel / 104.9% AF00 sel	104.9% AM00 sel / 104.9% AF00 sel
Decreasing Term Assurance on Low Cost Endowment (ex-CULAC)	87.4% AM00 sel / 87.4% AF00 sel	87.4% AM00 sel / 87.4% AF00 sel
Unitised Life – Mortgage Endowments	87.4% AM00 sel / 87.4% AF00 sel	84.0% AM00 sel / 84.0% AF00 sel
Unitised Life – Whole Life	104.9% AM00 sel / 104.9% AF00 sel	104.9% AM00 sel / 104.9% AF00 sel

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 2015

Unitised With Profits – Bonds	87.4% AM00 sel / 87.4% AF00 sel	105.0% AM00 sel / 105.0% 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 66.6% TMN00 sel / 80.1% TFN00 sel Duration 2 to 4 57.2% TMN00 sel / 69.7% TFN00 sel Duration 5+ 57.2% TMN00 sel / 69.7% TFN00 sel Smokers All durations 67.6% TMS00 sel / 82.2% TFS00 sel	Non-smokers Duration 0 and 1 68.6% TMN00 sel / 82.2% TFN00 sel Duration 2 to 4 59.3% TMN00 sel / 71.8% TFN00 sel Duration 5+ 59.3% TMN00 sel / 71.8% TFN00 sel Smokers All durations 69.7% TMS00 sel / 84.2% TFS00 sel
Term assurance (Heritage)	68.6% TM00 sel / 68.6% TF00 sel	70.7% TM00 sel / 70.7% TF00 sel
Mortgage Protection (Scale)	Non-smokers Duration 0 and 1 68.6% TMN00 sel / 79.0% TFN00 sel Duration 2 to 4 63.4% TMN00 sel / 71.8% TFN00 sel Duration 5+ 63.4% TMN00 sel / 71.8% TFN00 sel Smokers All durations 64.5% TMS00 sel / 72.8% TFS00 sel	Non-smokers Duration 0 and 1 72.8% TMN00 sel / 83.2% TFN00 sel Duration 2 to 4 66.6% TMN00 sel / 75.9% TFN00 sel Duration 5+ 66.6% TMN00 sel / 75.9% TFN00 sel Smokers All durations 67.6% TMS00 sel / 77.0% TFS00 sel
Mortgage Protection (Heritage)	71.8% TM00 sel / 71.8% TF00 sel	75.9% TM00 sel / 75.9% TF00 sel
Other term	1x premium	1x premium
Mortgage Protection with Critical Illness	Non-smokers Duration 0 and 1 106.0% CIM11A Males 130.5% CIM11A Females Duration 2 to 4 111.8% CIM11A Males 136.3% CIM11A Females Duration 5+ 111.8% CIM11A Males 130.5% CIM11A Females Smokers All durations 95.5% CIM11A Males 123.5% CIM11A Females	Non-smokers Duration 0 and 1 108.3% CIM11A Males 132.8% CIM11A Females Duration 2 to 4 114.2% CIM11A Males 138.6% CIM11A Females Duration 5+ 114.2% CIM11A Males 132.8% CIM11A Females Smokers All durations 97.9% CIM11A Males 125.8% CIM11A Females
Term assurance with Critical Illness	Non-smokers Duration 0 and 1 110.7% CIM11A Males 129.3% CIM11A Females Duration 2 to 4 115.3% CIM11A Males 134.0% CIM11A Females Duration 5+ 115.3% CIM11A Males 129.3% CIM11A Females Smokers All durations 116.5% CIM11A Males 173.6% CIM11A Females	Non-smokers Duration 0 and 1 109.5% CIM11A Males 128.2% CIM11A Females Duration 2 to 4 114.2% CIM11A Males 132.8% CIM11A Females Duration 5+ 114.2% CIM11A Males 128.2% CIM11A Females Smokers All durations 115.3% CIM11A Males 172.4% CIM11A Females
General Annuities		
Immediate Annuities – Individual	99.5% PCMA00 / 94.5% PCFA00	99.5% PCMA00 / 94.5% PCFA00

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 2015**

Immediate Annuities – Group; GAOs in payment	99.5% PCMA00 / 94.5% PCFA00 (assume all business pre 1/1/03)	99.5% PCMA00 / 94.5% PCFA00 (assume all business pre 1/1/03)
Individual deferred annuity In deferment Post vesting	60% AM00 ult / 60% AF00 ult 99.5% PCMA00 / 94.5% PCFA00	60% AM00 ult / 60% AF00 ult 99.5% PCMA00 / 94.5% PCFA00
Group deferred annuity In deferment Post vesting	60% AM00 ult / 60% AF00 ult 99.5% PCMA00 / 94.5% PCFA00	60% AM00 ult / 60% AF00 ult 99.5% PCMA00 / 94.5% PCFA00
Pensions Business		
Immediate Annuities With profit Annuity	99.5% PCMA00 / 94.5% PCFA00	99.5% PCMA00 / 94.5% PCFA00
GAOs in payment	99.5% PCMA00 / 94.5% PCFA00	99.5% PCMA00 / 94.5% 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 Smokers All durations 74.2% TMS00 sel / 89.0% TFS00 sel	Non-smokers Duration 0 and 1 72.1% TMN00 sel / 86.9% TFN00 sel Duration 2+ 62.5% TMN00 sel / 75.3% TFN00 sel Smokers All durations 74.2% TMS00 sel / 89.0% TFS00 sel
Term assurance (Heritage)	74.2% TM00 sel / 74.2% TF00 sel	74.2% TM00 sel / 74.2% TF00 sel
Deferred Annuity Reversionary Annuity In deferment Post vesting	60% AM00 ult / 60% AF00 ult 99.5% PCMA00 / 94.5% PCFA00	60% AM00 ult / 60% AF00 ult 99.5% PCMA00 / 94.5% PCFA00
Widows Death in Service In deferment Post vesting	AM92/AF92 99.5% PCMA00 / 94.5% PCFA00	AM92/AF92 99.5% PCMA00 / 94.5% 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; from that date improvements are expected. The allowance for improvements is as follows:

	31 December 2015	31 December 2014
Males	CMI_2013_M [1.75%], applicable from 2001 to 2014 CMI_2013_M[1.75%] plus 0.5% p.a., applicable from 2015	CMI_2013_M [1.75%], applicable from 2001 to 2013 CMI_2013_M[1.75%] plus 0.5% p.a., applicable from 2014
Females	CMI_2013_F [1.5%], applicable from 2001 to 2014 CMI_2013_F[1.5%] plus 0.5% p.a., applicable from 2015	CMI_2013_F [1.5%], applicable from 2001 to 2013 CMI_2013_F[1.5%] plus 0.5% p.a., applicable from 2014

- 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 9.4Name of insurer **Aviva Life & Pensions UK Ltd – New/Old/Stakeholder With-Profits Sub-Funds**

Global business

Financial year ended **31 December 2015**

Table Description	Expectation of Life for annuitant aged 65 on 1/1/2016	Expectation of Life for annuitant aged 75 on 1/1/2016	Expectation of Life from age 65 for annuitant aged 45 on	Expectation of Life from age 65 for annuitant aged 55 on
99.5% of PCMA00 plus CMI_2013_M[1.75%] applied from 2001, plus 0.5% p.a. from 2015	24.8	15.2	28.5	26.7
94.5% of PCFA00 plus CMI_2013_F[1.5%] applied from 2001, plus 0.5% p.a. from 2015	27.0	17.1	30.1	28.6

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 £1.1m for New With-Profits Sub-Fund (NWPSF) and £0.1m 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

These rates were also used in the previous financial year.

(6) Expense assumptions:

For ex-CGNU and ex-CULAC business, 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 and for non profit business transferred to NWPSF are detailed in Appendix 9.4 for non profit funds.

Expense levels are assumed the same for premium-paying and paid-up policies.

The table below shows the per-policy expenses for 2014 and 2015 (including loadings) for ex-CGNU and ex-CULAC business. Expenses for non profit business transferred to NWPSF are detailed in Appendix 9.4 for non profit funds.

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 2015**

Product	Product code	Renewal admin (£ per policy)	
		2015	2014
CWP savings endowment	120	43.88	38.44
CWP target cash endowment	125	43.88	38.44
CWP Pensions	155/165	58.40	51.25
Term assurance	325/330	26.03	25.62
Critical illness	340/345/350/355	16.92	16.64
Income protection	360/365	23.73	25.62
Annuity	400	21.76	21.40
UWP bond	500	58.42	57.49
UWP savings endowment	510	26.03	25.62
UWP target cash endowment	515	39.05	38.44
UWP regular premium pension	525/545	47.58	45.60
UWP single premium pension	525/545	47.58	45.60
UWP group regular premium pension	535	78.10	74.84
UWP group single premium pension	535	78.10	74.84

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 charge inflation:

1.46% per annum (50% of RPI, as set by the MSA agreement). This reflects the revision to the MSA during 2015 where charges levied by UKLS will now inflate at 50% of RPI (previously 100% of RPI).

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. The yield on the asset classes backing the liabilities was also reduced for other costs charged directly to the fund. This reduced the upper bound on the interest rates used in the valuation. The adjustment made was 0.175%.

The adjustments reflect the charging structure agreed with our fund managers, Aviva Investors UK.

Tax relief

Tax relief on expenses on BLAGAB business has been assumed using a rate of 20.00%.

No allowance has been made for tax relief in respect of GRB (Gross Roll Up) business.

(7) Unit Linked policies: basis for non-unit reserves.

	31 December 2015		31 December 2014	
	Life	Pensions	Life	Pensions
Assumed Fund Growth (before annual management charge)	2.90%	3.50%	2.60%	3.30%
Discount rate	1.80%	2.30%	1.70%	2.10%
Policy fee inflation	2.91%	2.91%	2.99%	2.99%

Assumed future charge inflation:

1.46% per annum (50% of RPI, as set by the MSA agreement). This reflects the revision to the MSA during 2015 where charges levied by UKLS will now inflate at 50% of RPI (previously 100% of RPI).

(8) Bonus Assumptions:**Conventional with-profit business:**

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 2015**

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-gteed) 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 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 non profit 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%
Life CWP endowment - target cash	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 2015**

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	1.95%	5.33%	3.90%	3.90%
Life UWP single premium - moneyback guarantee	Surrender	1.95%	5.33%	3.90%	3.90%
Life UWP single premium - no-MVR guarantee	Surrender	2.47%	8.06%	5.07%	4.42%
Life UWP single premium - RPI/CPI guarantee	Surrender	1.43%	4.81%	4.55%	4.55%
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 93% for ex-CGNU business and 93% for ex-CULAC business. These include a margin over current experience of 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.

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 2015**

- (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))
- Regulatory-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 2015 is zero.

(b)

NWPSF: Ex-CGNU business

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 2015**

(i) Product name	Group conventional pensions endowment with- profits	Group conventional pensions endowment with- profits	Group conventional pensions endowment with- profits
Category description	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)	10.5	2.0	1.3
(iii) Spread of o/s durations:			
% with o/s dur'n of 1 year	15.9%	31.6%	11.1%
% with o/s dur'n of 2 to 5 years	34.7%	25.4%	31.3%
% with o/s dur'n of 6 to 10 years	27.9%	11.4%	25.3%
% with o/s dur'n of 11 to 20 years	21.1%	29.5%	31.1%
% with o/s dur'n of over 20 years	0.4%	2.1%	1.2%
(iv) guarantee reserve (£m)	9.2	0.6	0.0
(v) guaranteed annuity rate	11.11%	7.51%	4.98%
(vi) increments allowed?	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
(viii) retirement ages	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

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 2015**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)	0.003	6.9	0.8	0.5
(iii) Spread of o/s durations:				
% with o/s dur'n of 1 year	0.0%	12.6%	6.8%	17.3%
% with o/s dur'n of 2 to 5 years	0.0%	33.3%	7.1%	15.2%
% with o/s dur'n of 6 to 10 years	100.0%	34.3%	25.6%	34.8%
% with o/s dur'n of 11 to 20 years	0.0%	19.8%	59.1%	32.6%
% with o/s dur'n of over 20 years	0.0%	0.0%	1.5%	0.1%
(iv) guarantee reserve (£m)	0.001	6.1	0.3	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

Note – Some products with GAO's continued to accept increments but the GAO was repriced to a level which effectively removed it or the increment above a stated amount did not get the GAO.

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)	53.2	3.2
(iii) Spread of O/S durations:		
Less than 1 year	7.2%	8.5%
2-5 years	25.8%	21.4%
6-10 years	32.5%	27.6%
11-20 years	32.4%	38.0%
over 20 years	2.1%	4.5%
(iv) Guarantee Reserve (£m)	53.6	3.1
(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

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 2015**

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)	63.4	4.7	8.9
(iii) Spread of O/S durations:			
Less than 1 year	8.0%	3.9%	12.7%
2-5 years	31.2%	12.3%	47.0%
6-10 years	31.3%	75.2%	32.1%
11-20 years	28.6%	8.4%	8.2%
over 20 years	0.9%	0.1%	0.0%
(iv) Guarantee Reserve (£m)	50.1	4.7	6.8
(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

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)	14.0	0.4
(iii) Spread of O/S durations:		
Less than 1 year	2.9%	8.5%
2-5 years	19.9%	21.4%
6-10 years	39.5%	27.6%
11-20 years	34.6%	38.0%
over 20 years	3.0%	4.5%
(iv) Guarantee Reserve (£m)	14.2	0.4
(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%

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 2015**

(i) Product Name	With-Profits Pensionmaker and Retirementmaker	Non-Profit Pensionmaker and Retirementmaker	With-Profits Sterling Transfer Bonds
(ii) Basic Reserve (£m)	16.3	0.6	1.7
(iii) Spread of O/S durations:			
Less than 1 year	10.1%	3.9%	21.2%
2-5 years	37.2%	12.3%	34.1%
6-10 years	26.3%	75.2%	29.6%
11-20 years	24.9%	8.4%	15.1%
over 20 years	1.5%	0.1%	0.0%
(iv) Guarantee Reserve (£m)	12.7	0.6	1.3
(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 could 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)
- 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:

Max([Accumulated Benefit + adjustment], [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

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 2015**

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 9.4Name of insurer **Aviva Life & Pensions UK Ltd – New/Old/Stakeholder With-Profits Sub-Funds**

Global business

Financial year ended **31 December 2015**

(b)

NWPSF (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	261,709,545	N/A; policy has no contractual exit date	0	260,674,513	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)	286,513,503	N/A; policy has no contractual exit date	0	286,413,646	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)	498,364,851	6% with duration 2 years; 44% with duration 3 years; 50% with duration 4 years	0	498,304,153	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	546,690,558	70% with duration less than 1 year; 1% with duration 1 year; 29% with duration 4 years	0	545,920,401	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	270,563,647	100% with guarantee expired	0	270,547,092	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	501,784,226	100% with guarantee expired	0	501,699,877	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)	41,620,722	100% with guarantee expired	0	41,618,115	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)	1,053,950,649	24% with guarantee expired; 15% with duration less than 1 year; 19% with duration 1 year; 15% with duration 2 years; 14% with duration 3 years; 13% with duration 4 years	0	1,060,506,090	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)	989,161,889	100% are past 5th anniversary	0	916,495,515	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)	779,400,952	100% are past 5th anniversary	0	726,892,401	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)	178,058,674	63% with guarantee expired; 24% with duration less than 1 year; 13% with duration 1 year	0	178,428,605	None	The amount paid from the specified policy 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 2015OWPSF (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	21,571,346	N/A; policy has no contractual exit date	0	21,462,772	None	None	None	Same as NWPSF	0	No (RW gtee)
Portfolio Bond (16/3/1993 to 30/9/1998)	21,619,116	N/A; policy has no contractual exit date	0	21,603,743	None	None	None	Same as NWPSF	0	No (RW gtee)
Portfolio Bond (1/10/1998 to 1/10/2000)	47,782,625	5% with duration 2 years; 42% with duration 3 years; 53% with duration 4 years	0	47,774,455	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	57,072,121	71% with duration less than 1 year; 29% with duration 4 years	0	56,971,184	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	22,655,256	100% with guarantee expired	0	22,653,673	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	39,798,748	100% with guarantee expired	0	39,784,407	None	Same as NWPSF	None	Same as NWPSF	0	No
Portfolio Bond (contracts issued 7/7/2003 to 8/2/2004)	3,465,032	100% with guarantee expired	0	3,464,842	None	Same as NWPSF	None	Same as NWPSF	0	No
Portfolio Bond (contracts issued 9/2/2004 to 29/1/2006)	130,164,127	18% with guarantee expired; 16% with duration less than 1 year; 20% with duration 1 year; 17% with duration 2 years; 15% with duration 3 years; 14% with duration 4 years	0	131,142,944	None	Same as NWPSF	None	Same as NWPSF	0	No
Portfolio Bond (contracts issued 30/1/2006 to 27/4/2008)	115,710,210	100% are past 5th anniversary	0	106,970,306	None	None	Same as NWPSF	Same as NWPSF	0	No
Portfolio Bond 2008 (contracts issued 28/4/2008 to 31/10/2009)	103,772,931	100% are past 5th anniversary	0	96,781,708	None	None	Same as NWPSF	Same as NWPSF	0	No
Portfolio Bond (contracts issued from 1/11/2009)	23,707,529	63% with guarantee expired; 24% with duration less than 1 year; 13% with duration 1 year	0	23,756,783	None	Same as NWPSF	None	Same as NWPSF	0	No

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 2015**

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)	5,974,235	32% with duration 2 years, 36% with duration 3 years, 32% with duration 4 years	0	5,974,235	No-MVR guarantee applies at 10th anniversary and every 5 years thereafter.	0	No (RW gtee)
Irish Bonds (OWPSF)	2,283,960	21% with duration 2 years; 51% with duration 3 years; 28% with duration 4 years	0	2,283,960	Same as NWPSF	0	No (RW gtee)

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 2015**

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		
UKIL Bond (pre February 2004)	30,768,499	100% with guarantee expired	0	30,761,607	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
UKIL Bond (from February 2004)	73,540,881	64% with guarantee expired; 4% with duration less than 1 year; 18% with duration 1 year; 7% with duration 2 years; 6% with duration 3 years; 1% with duration 4 years	0	73,513,791	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
UKIL Bond (from 30/01/2006)	175,773,402	100% are past 5th anniversary	0	174,938,156	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

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		
UKIL Bond (pre February 2004)	8,190,435	100% with guarantee expired	0	8,189,527	None	Same as NWPSF	None	Same as NWPSF	0	No
UKIL Bond (from February 2004)	17,452,287	76% with guarantee expired; 5% with duration less than 1 year; 10% with duration 1 year; 4% with duration 2 years; 4% with duration 3 years; 1% with duration 4 years	0	17,448,562	None	Same as NWPSF	None	Same as NWPSF	0	No
UKIL Bond (from 30/01/2006)	23,931,882	100% are past 5th anniversary	0	23,828,335	None	None	Same as NWPSF	Same as NWPSF	0	No

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 2015**

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 (£)	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?
Joint Venture Bond / Joint Venture Bond Income Fund; all contracts issued 28/1/02 to 25/1/04 inclusive (implicit charged)	383,942,467	100% with guarantee expired	0	383,855,721	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)	97,543,870	100% with guarantee expired	0	97,535,174	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 2015****Unit-linked:**Guaranteed Fund shortfall reserve:

The below section refers to the non profit business transferred to NWPSF.

(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 £1,088m

(iii) Spread of outstanding durations:

Year	Proportion with Guarantee
2016	59%
2017	21%
2018	7%
2019	7%
2020	6%

(iv) The Guarantee reserves are £4.3m in the NP funds

(v) The Guaranteed amount totals £939.4m

(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-CGNU

No reserve is necessary.

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.

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.

Non-profit business transferred to NWPSF: 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 sum assured (net of reinsurance ceded) under conversion and renewal options is under £1bn for ex-CGNU and ex-CULAC and is therefore not included here in accordance with rule 9.3(b).

The table below, together with the comments that follow, gives details for certain protection policies with conversion and renewal options in the non profit business transferred to NWPSF.

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 2015**

Product name	In-force premiums	Sum Assured	Guarantee Reserve
Level Term Assurance	£2.3m	£1,406.6m	£0.3m
Decreasing Term Assurance	£4.6m	£1,070.3m	£2.5m

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**(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-2015 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 £74.1m for NWPSF and £9.0m for OWPSF. The reserves for the guarantee are £45.6m in NWPSF and £6.7m in OWPSF.

(b) 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) +
 $\max[\text{UWP fund value} - \min\{\text{Market value of annuity}, \text{Guaranteed value of annuity}\}, 0]$.

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:

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 2015**

(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.

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 = £122.2m for NWPSF and £2.9m for OWPSF

Reserve for the guarantee = £81.4m for NWPSF and £5.0m for OWPSF.

6. Expense reserves

- (1) The tables below show the aggregate amount of expense loadings for 2016 and implicit allowances that can be used to offset non-attributable expenses.

NWPSF including non-profit business transferred to NWPSF:

Homogeneous risk group	Implicit allowances	Explicit allowances (investment)	Explicit allowances (other)	Non-attributable expenses	Total
	£'000	£'000	£'000	£'000	£'000
Unit-Linked business (not 100% reinsured out)	182	-	1,171	-	1,353
Unitised Life	-	2,308	606	426	3,340
Unitised individual pensions	-	2,893	1,404	(4,281)	16
Unitised employer sponsored pension	-	11,770	11,780	26,059	49,609
All expenses attributable	(113)	23,728	49,784	-	73,399
Total	69	40,698	64,745	22,205	127,717

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 2015**OWPSF:

Homogeneous risk group	Implicit allowances	Explicit allowances (investment)	Explicit allowances (other)	Non-attributable expenses	Total
	£'000	£'000	£'000	£'000	£'000
Unit-Linked business (not 100% reinsured out)	24	-	156	-	180
All expenses attributable	-	3,603	6,586.36	-	10,190
Total	24	3,603	6,742	-	10,370

- (2) The implicit allowance has been calculated as the surplus expected to emerge in 2016 on the valuation basis. This emerges due to the constraint that sterling reserves cannot be negative.
- (3) The 2015 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 2016 maintenance expenses in 6(1) above is higher than the adjusted Form 43 expense by £24.6m in NWPSF and £1.8m in OWPSF. For the business transferred to NWPSF, actual expenses in Form 43 only allow for expenses incurred since the date of the transfer.
- (4) In determining the requirement for a new business expense overrun reserve, a prudent assessment of the projected value of 2015 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 2015 new business.
- (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 expenses incurred over the last twelve months and expected future expenses levels.
- (c) Charge inflation has been allowed for in the valuation at 50% of RPI as dictated by the Management Services Agreement. The parameter used for RPI inflation (2.91%) 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 2015 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

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 2015**

- 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 £46.7m in NWPSF (including non profit business transferred to NWPSF) and £1.0m in OWPSF is held to cover the cost of closure.

- (6) For NWPSF and OWPSF, no reserve is necessary to meet the non-attributable expenses as these are covered by the future valuation surplus.

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) The mathematical reserves (other than reserves in respect of property linked benefits) and matching assets, analysed by currency, are as follows.

NWPSF (including non profit business transferred to NWPSF)

Currency	Mathematical Reserves (£000)	Matching Assets (£000)	Matched %
Sterling	14,236,804	12,365,597	87%
Euro	67,621	67,621	100%
Dollar	40,443	40,443	100%
Total	14,344,868	12,473,660	87%

OWPSF

Currency	Mathematical Reserves (£000)	Matching Assets (£000)	Matched %
Sterling	2,200,163	2,098,677	95%
Euro	17,212	17,212	100%
Dollar	16,124	16,124	100%
Total	2,233,498	2,132,012	95%

- (2) No such grouping of liabilities has been needed.

- (3) The fund does not hold a reserve for currency mismatching.

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.

- (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.

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 2015**

- (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

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 2016 is £1,498m for NWPSF and £222m for OWPSF. Expected income, in 2016, from assets currently held in the NWPSF is £369m, £598m is held in deposit-style assets, £6,252m is held in approved fixed and variable interest securities and the expected premium income is £604m. For OWPSF, the respective figures are £75m investment income, £155m deposit style assets, £921m in approved fixed and variable interest securities and £41m 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.

The amounts of the provisions are £299.2m in NWPSF and £79.9 in OWPSF.

(2) Pensions Review Reserve

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 2015**

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 £8.9m (NWPSF £7.9m, OWPSF £1.0m).

(3) Product Governance Provision

A reserve has been made to provide for estimated future rectification costs arising from known product governance issues.

The amounts of the provisions are £37.3m in NWPSF and £5.3m in OWPSF.

(4) System migration costs

A provision of £13.6m in NWPSF and £2.2m in OWPSF is held to cover costs to be charged as a result of migration of policies onto a new policy administration system.

9. Reinsurance

The reinsurance for the business transferred from non-profit sub fund is listed in Appendix 9.4 of the non-profit sub-fund.

(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 2015 was £11,500,000.

(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 2015.

(j) The mathematical reserves ceded under the treaties total £29,600,000 for NWPSF and £3,700,000 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.

(b) This item covers a group of similar treaties.

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 2015**

- (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 2015 was £5,500,000.
- (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 2015.
- (j) The mathematical reserves ceded under the treaty total £18,500,000 for NWPSF and £2,500,000 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 2015****10. Reversionary (annual, regular) bonus**

(1)

Ex-CGNU business

Product	NWPSF Amount of mathematical reserve (£m)	OWPSF Amount of mathematical reserve (£m)	Regular bonus (2014)	Regular bonus (2015)	Guaranteed bonus (2015)
Conventional Life					
Series 6 (super-compound)	928.1	173.0	0% SA / 1% RB	0.5% SA / 1% RB	0.00%
Series 5 (simple)	29.8	3.7	3.5% Simple	3.5% Simple	0.00%
Conventional Pensions					
Retirement Annuities	298.7	51.0	0% SA / 0% RB	0% SA / 0% RB	0.00%
Group Pensions, Individual Pension Arrangements, Money Purchase Schemes (1974)	53.4	26.4	0% SA / 0% RB	0% SA / 0% RB	0.00%
With Profits Annuity	13.3	0.5	1.00%	1.00%	0.00%
Unitised Life - direct written (UK)					
<u>Implicitly-charged business:</u>					
Loyalty fund units	158.5	12.4	2.50%	2.50%	0.50%
Units bought post 31/1/1994 on policies written pre 1/10/1998 (excluding Distribution Bonds)	393.2	32.6	2.00%	2.00%	0.00%
Units bought on policies written post 1/10/1998 (excluding Distribution Bonds)	1,605.9	169.3	2.00%	2.00%	0.00%
Units bought on Distribution Bond policies written post 1/10/1998	257.4	16.6	1.75%	1.75%	0.00%
<u>Explicitly-charged business:</u>					
Excluding distribution bonds	2,928.4	364.2	3.00%	3.00%	0.00%
Distribution Bonds	113.8	12.7	2.75%	2.75%	0.00%
<u>NUL(RBS) products:</u>					
Life excluding Distribution Bonds (Implicit charge)	276.0	43.0	2.00%	2.00%	0.00%
Life excluding Distribution Bonds (Explicit charge)	81.7	13.2	3.00%	3.00%	0.00%
Distribution Bonds (Implicit charge)	58.3	6.7	1.75%	1.75%	0.00%
<u>UKIL products:</u>					
Sterling Bond	218.5	30.4	3.25%	3.50%	0.00%
Dollar Bond	40.4	16.1	3.25%	3.50%	0.00%
Euro Bond	21.1	3.1	3.25%	3.50%	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)	123.3	34.4	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	241.2	63.0	2.75%	3.00%	0.00%
Units bought on policies sold after 1/10/1998	226.0	60.4	2.75%	3.00%	0.00%
<u>Explicitly-charged business (excl Stakeholder)</u>					
All units purchased	509.2	108.7	3.75%	4.00%	0.00%
UNISURE funds 1000 and 1001**	63.8	19.8	3.35%	3.60%	0.00%
<u>Stakeholder Pensions</u>					
All units purchased	687.2	91.5	3.50%	3.75%	0.00%
Overseas business					
France Valeur Plus*	35.3	8.0	2.00%	2.00%	0.00%
Ireland - Life policies	6.0	2.3	2.00%	2.00%	0.00%
Swedish Personal Investment Plans	9.4	0.9	2.75%	2.75%	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

Ex-CULAC business

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 2015**

Product	NWPSF Amount of mathematical reserve (£m)	OWPSF Amount of mathematical reserve (£m)	Regular bonus (2014)	Regular bonus (2015)	Guaranteed bonus (2015)
Conventional Life					
New Series	528.0	126.5	0.5% SA / 2% RB	0.5% SA / 2% RB	0.0
Conventional Pensions					
Red Plan Deferred Annuity	35.8	0.3	0.5% of Annuity Purchased	0.5% of Annuity Purchased	0.0
All other Conventional Pensions business	238.2	60.1	0% SA / 0% RB	0% SA / 0% RB	0.0
Unitised Life - direct written					
All units purchased	454.1	42.4	2.50%	2.50%	0.00%
Unitised Pensions - direct written					
Sterling Group Plan (Deposit Admin)	40.7	13.1	2.75%	2.75%	0.00%
Units purchased pre 1/1/1993	12.9	2.8	4.00% g'teed	4.00% g'teed	4.00%
Units purchased after 31/12/1992	228.4	59.0	2.75%	2.75%	0.00%
Pensions Explicit pre 1/1/1993	77.9	31.1	5.00% g'teed	5.00% g'teed	5.00%
Pensions Explicit after 31/12/1992	194.4	70.6	3.75%	3.75%	0.00%
Sterling Group Plan (UWP) (non g'teed RB)	16.9	3.1	2.75%	2.75%	0.00%
Red Plan	203.6	7.9	2.75%	2.75%	0.00%

The regular bonus shown for 2015 for unitised business is that declared at the end of 2014 and applied to policies during 2015. The regular bonus shown for 2015 for conventional business is the rate declared at the end of 2015, which is added to policies in force at that date.

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 £9.0m 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 **Ireland Branch of Aviva Life & Pensions UK Ltd – With Profits Sub-Fund (IWPSF)**

Global business

Financial year ended **31 December 2015**

1. Introduction

- (1) The **valuation date** is 31 December 2015.
- (2) The previous valuation was completed with an effective date of 31 December 2014. At that time, Aviva Life & Pensions Ireland was regulated in Ireland and was governed by Irish solvency rules. The Irish With Profit Sub Fund (IWPSF) was then transferred into Aviva Life & Pensions UK Limited under a section 13 transfer, effective 1 January 2015. As part of the portfolio transfer, a number of changes were made to the calculation of provisions in order to comply with UK regulations and to move our processes in line with the UK.
- (3) An interim valuation was carried out with an effective date of 30 June 2015 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 with-profit business.

3. Discretionary charges and benefits

- (1) The tables below show the periods during which a market value reduction (MVR) applied during 2015. The tables are separated by class of business and by year of unit purchase. Only entry years where MVRs applied are shown. For all other entry years, no MVR applied.

1 January to 15 January

Product	Life net	Life gross Series 1	Life gross Series 2	Pension & PRSA
1999	3%	0%	0%	2%
2000	2%	0%	0%	3%
2006	1%	1%	11%	2%
2007	1%	1%	17%	6%
2008	1%	1%	0%	0%

16 January to 30 June

Product	Life net	Life gross Series 1	Life gross Series 2	Pension & PRSA
2006	0%	0%	7%	0%
2007	0%	0%	13%	1%

1 July to 31 December

Product	Life net	Life gross Series 1	Life gross Series 2	Pension & PRSA
2006	0%	0%	2%	0%
2007	0%	0%	9%	0%

- (2) There have been no changes to premiums on reviewable protection policies.
- (3) The fund does not have any non-profit deposit administration benefits. No non-profit business is written in IWPSF.
- (4) Service charges:**
- Although changes to policy fees were investigated, no increases were proposed in 2015 because of negative CPI changes and competitor analysis.
- (5) There have been no changes to benefit charges on linked policies.

Valuation report – IPRU (INS) Appendix 9.4

Name of insurer **Ireland Branch of Aviva Life & Pensions UK Ltd – With Profits Sub-Fund (IWPSF)**

Global business

Financial year ended **31 December 2015**

- (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 the Ireland branch of Aviva Life & Pensions UK Ltd (UKL).
- (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 exceed £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 Irish Non-Profit Sub-fund (INPSF) 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.

(2) Valuation interest rates:

A table of all valuation interest rates used is given below.

Fund	Product Class	31/12/2015
With Profit	Life	-0.05%
With Profit	Pensions	0.20%

(3) Risk adjusted yield

Valuation report – IPRU (INS) Appendix 9.4

Name of insurer **Ireland Branch of Aviva Life & Pensions UK Ltd – With Profits Sub-Fund (IWPSF)**

Global business

Financial year ended **31 December 2015**

WP liabilities are backed by fixed interest assets and derivatives (swaps/swaptions).

The adjustment, for credit risk and investment expenses, to underlying asset yields when deriving valuation interest rates, were determined by looking at the spread of gross redemption yields on assets backing with-profit liabilities over the equivalent German bond yields.

The adjustment took account of:

- (a) Market margins of gross yield over the yields of risk-free investments of a similar term in the same currency, where available. Historically, Aviva Ireland has used German bond yields as a reference point for risk free rates.
- (b) 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. As the MV weighted credit spread using German bonds as a proxy for risk free rates, was more onerous than the equivalent spread over Euro risk free swap rates, the adjustment focused on the spread over German bonds.
- (c) The need to take a prudent view of the above.

The adjustment made is expressed as a gap between the asset and liability yields for all businesses and was set to 30bps for the end of the financial year. This gap is assumed to include an allowance for default risk on bonds, hence the manual haircut reserves have been released.

Type of Asset	Deduction from yield
WP Life	0.30%
WP Pension	0.30%

The credit spread on bonds is made up of a liquidity premium, a level of expected default and a level of unexpected default. If we assumed that there was zero liquidity premium, this would imply total default risk across the portfolio of 0.22%. The 0.30% adjustment includes a 0.08% adjustment for investment expenses.

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

Mortality assumptions are set based on an analysis of experience over the past five years. The assumptions continue to be based on the 00 series table. The percentage of each table used is broadly set in line with the experience reports. All experience assumptions are set with reference to Select "00" tables and reserve assumptions use Ultimate "00" tables. Mortality valuation assumptions incorporate a 10% prudence margin on the best estimate experience assumption. The mortality bases used at the end of the financial year and at the end of the previous financial year were as follows:

The 2015 experience investigation resulted in a small number of changes to the mortality assumptions for a number of product categories. The assumptions used for 2015 are in the table below.

Assurances	31 December 2015
-------------------	-------------------------

With profit Pensions	55% AMC00 Ultimate
With profit Life	90% AMC00 Ultimate

Unitised with-profit business

Mortality assumptions are shown in the Non-Profit Sub-fund Appendix 9.4.

Notes on tables:

Valuation report – IPRU (INS) Appendix 9.4

Name of insurer **Ireland Branch of Aviva Life & Pensions UK Ltd – With Profits Sub-Fund (IWPSF)**

Global business

Financial year ended **31 December 2015**

- 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:

The longevity basis for immediate and GAO annuities was updated following a review of assumptions for YE 2015. The longevity valuation assumptions incorporate a 5% margin on the base mortality assumption, plus an additional 0.5% margin on future mortality improvements.

Pensions and General Annuities 31 December 2015

Immediate Annuities -Male Base	88% PNMA00
Improvements	CMI13(2.25M) from 2001
Immediate Annuities –Female_Base	95%PNFA00
Improvements	CMI13(2F) from 2001

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.

	Expectation of Life for annuitant		Expectation of Life from age 65 for annuitant	
	aged 65	aged 75	aged 45	aged 55
88% PNMA00 CMI 2013 M 2.25	25.9	16.0	29.5	27.8
95% PNFA00 CMI 2013 F 2.0	26.8	16.9	29.9	28.4

(5) Morbidity assumptions:

There are no liabilities within the With Profits Sub-Fund that require morbidity assumptions.

(6) Expense assumptions:

Details of the expense bases used at 31 December 2015 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. For other UK sub funds, the expense assumptions 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.

Although most of the Ireland branch's expenses (staff costs) are incurred within Aviva Life Services Ireland, these costs are recharged back to the branch. Unlike UKL, this charge is not expressed as a per policy cost but rather as an overall amount. In addition, most non-staff costs would be incurred directly within the branch.

As a result, the Ireland branch would not be able to use a straight per policy cost agreed within a Management Service Agreement but instead has to derive its own per policy costs based on expected

Valuation report – IPRU (INS) Appendix 9.4

Name of insurer **Ireland Branch of Aviva Life & Pensions UK Ltd – With Profits Sub-Fund (IWPSF)**

Global business

Financial year ended **31 December 2015**

expenses and policy count over the next year. These expenses include regular policy specific expenses as well as audit fees, regulatory fees and ongoing project costs. A review of expenses was conducted in Q4 2015 and this resulted in a number of changes.

No zillmer adjustment was used at the end of 2015 - valuations were carried out on a Gross Premium basis

The expense assumptions are the same for both premium-paying and non-premium paying contracts.

The table below shows the per-policy valuation expenses for 2015 (including loadings).

Product	Product code	Renewal (€ per policy)
		2015
With Profit Life AP	100, 120	193.10
With Profit Life SP	100,120	173.80
With Profit Pensions AP	155, 165	241.60
With profit Pensions SP	155,165	217.40

Reserves use the best estimate per policy expense assumptions plus a 10% prudence margin.

Assumed future expense inflation

A margin of 50 bps over the best estimate inflation was used as the valuation inflation rate assumption and this looks reasonable relative to the Standard Formula 1:200 stress of 1%.

Based on the latest available best –estimate inflation rates, the valuation inflation rate was set as 2.35%. This represents a 50bp margin over an average best estimate inflation rate of 1.85%

Investment expenses

The gap between weighted average asset and liability yields, when setting the valuation interest rate basis, includes an allowance for investment expenses of 0.08%.

The adjustment reflects the charging structure agreed with the Company's fund managers, Aviva Investors UK

Where the Ireland branch directly owns the underlying assets of a fund, the Investment Management expense is based on the underlying asset class. The exceptions are the Safe Haven fund and the fixed rate deposit funds that are managed at no explicit cost and the SRI and geared funds that attract a higher cost than would otherwise be commensurate with the underlying assets. The charges for each asset class are as in the table below.

Asset Class	Fee Scale
Irish Equity	13 basis points
Non Irish Equity	15 basis points
Property	17 basis points
Bonds	8 basis points
Cash	2 basis points

The calculated charge per fund is a weighted average charge depending on the proportion of each asset class in that fund, ignoring the complication of cash balances or overdrafts on proportion of other assets in the fund. Where the Ireland branch does not directly own the underlying assets of a fund but rather units in another fund, including unit trusts managed by Aviva Investors, the charge per fund varies according to the charges set by the relevant fund manager. The CPPI fund has two layers of IMC. The first is charged by Aviva Investors and the second is charged by BNP Paribas. Both charges are set amounts.

Tax Relief

Valuation report – IPRU (INS) Appendix 9.4

Name of insurer **Ireland Branch of Aviva Life & Pensions UK Ltd – With Profits Sub-Fund (IWPSF)**

Global business

Financial year ended **31 December 2015**

As a branch of UKLAP, based in Ireland, it is subject to Irish tax. The branch is not subject to UK tax as a branch election is in place. Indications are that there will be no I-E losses carried forward into 2016. Consideration will be given to changing the OBB tax assumptions in 2016

Taxation of life insurance business sold prior to 01/01/2001 in the Republic of Ireland is broadly similar to the UK but with numerous differences of detail.

Life business sold after 31/12/2000 and any other business whenever sold (e.g pension) will receive tax-free growth up until a chargeable event occurs (e.g maturity of a policy, surrender, partial encashment, 8 year anniversary). When a chargeable event occurs, an exit tax is withheld by the life company and paid over to Revenue.

Life Business – In 2008 Aviva Life & Pensions Ireland moved to a non-tax paying position due to significant losses carried forward. Because of this, projections were amended so that income, unit growth and expenses are all projected gross of tax, tax on shareholder profit is then assumed at 12.5%. The value of tax losses carried forward is compared to the reduction in reserves as a result of using a gross of tax valuation basis. A calculation is also carried out to check if a non policy specific reserve is required to take account of Prophet projecting on a gross basis whereas a move back to a tax paying situation is expected in the future. The amount of this reserve at Year End 2015 was €0.17m.

Pensions and gross roll up business is taxed on its shareholder profits under Schedule D Case 1. Shareholder profits are taxed at the corporation tax rate, currently 12.5%. Income, unit growth and expenses are all projected gross of tax. Tax on shareholder profit for business in the Non Profit fund is then assumed at 12.5%. Gross Roll Up exit tax is now allowed within the model.

Allowance for taxation is included within the unit pricing of unit-linked funds as described in section in the INPSF Appendix 9.4.

(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.

(9) **Persistency assumptions:**

Assumptions are based on the annual persistency experience analysis in Aviva Life & Pensions Ireland that was completed in Q3 2015. The table below shows the best estimate experience assumptions that were used for the end of the financial year. Where there are changes from the previous year, these figures are in brackets.

Lapse Rates (%)	Years in Force			
	1-5	6-10	11-15	16-20
Product Class				
OB With Profit SP	3.5	3.5	3.5	3.5
Pensions WP RP	3	4	4	4
Pensions WP SP (1)	0	0	0	0

Valuation report – IPRU (INS) Appendix 9.4

Name of insurer **Ireland Branch of Aviva Life & Pensions UK Ltd – With Profits Sub-Fund (IWPSF)**

Global business

Financial year ended **31 December 2015**

Celebration Bond (2)	3	23	10	10
----------------------	---	----	----	----

Note (1) – These assumptions are zero purely to combat a modelling error where assuming lapses eliminates future transfers. The effect is not material.

Note (2) – From year-end 2009 a shock lapse rate of 75% was introduced at the tenth policy anniversary.

We also allow for the following paid up (PUP) rates for the end of the financial year.

PUP Rates (%)	Years In Force			
Product Class	1-5	6-10	11-15	16-20
Pensions WP RP	2	2	2	2

For some product groups, we have lapse on paid-up policy assumptions. For UWP business, the unit linked assumptions are as described in section in the INPSF Appendix 9.4.

(10) Other basis items:**Option take-up rates**

For deferred annuities with a guaranteed cash option (GAO) and assurances with a guaranteed annuity option, the reserve take up assumption is 76% compared to 75% at the end of the previous financial year. It increased by 1% in order to eliminate some WP manual reserves that are now reserved for by increasing the GAO take up rate assumption.

This is deemed reasonable based on:

->The rate used in the reserve calculation is equivalent to the best estimate experience rate (61%) of the tranche with the highest take up, plus a 15% margin for prudence.

->Policyholders can take tax free cash at maturity to the amount of 25% of the maturity value or up to one and a half times final salary. This would normally be of greater value to the policyholder than the GAO.

To ensure that the 75% seems reasonable, it is tested by comparing this approach with the UK approach of rates starting at current levels and increasing to 95% over 20 years. It was found to give similar results.

Taxation

The existing methodology as was used for Half Year 2015 was used at the end of the financial year. As a branch of UKLAP, based in Ireland, it is subject to Irish tax.

Parameter	YE 2015	Comments
Corporation Tax (current year)	12.5%	Compares with UK corporation tax rates of 23% (2013/14), 21% (2014/15), 20% (2015/16)
Corporation Tax (future profits)	12.5%	
Policyholder tax	20%	For OBB business – tax relief on expenses, and tax on taxable income/gains

Valuation report – IPRU (INS) Appendix 9.4

Name of insurer **Ireland Branch of Aviva Life & Pensions UK Ltd – With Profits Sub-Fund (IWPSF)**

Global business

Financial year ended **31 December 2015**

Allowance for taxation is included within the unit pricing of unit-linked funds as described in the INPSF Appendix 9.4.

- (11) We allow for Equity and Fixed Interest Futures in addition to bonds and interest rate swaps/swaptions in the matching assets used to hypothecate against reserves.
- (12) At the end of the previous financial year, Aviva Life & Pensions Ireland was regulated in Ireland and was governed by Irish solvency rules. At the end of the financial year, the Company is governed by UK solvency rules. As part of the portfolio transfer, a number of changes were made to the calculation of provisions in order to comply with UK regulations and to move our processes in line with the UK

During the reporting period, the fund has made changes to valuation methodology in respect of the following changes in INSPRU valuation rules (mainly impacting the NP reporting) in order to comply with UK regulations:

- (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.

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 reserve for the guaranteed annuity at the maturity date is calculated using 97.5% of the swap curve provided by Aviva Group, and further reduced by the 30bps yield gap discussed in the Valuation interest rates section.

(b)

€m	With- Profit
Base Reserve	386.2
Additional Reserve for GAOs	295.5

Valuation report – IPRU (INS) Appendix 9.4

Name of insurer **Ireland Branch of Aviva Life & Pensions UK Ltd – With Profits Sub-Fund (IWPSF)**

Global business

Financial year ended **31 December 2015**

The IWPSF has a range of guaranteed rates; the most expensive of which (most of the liabilities) are approximately triple current market annuity rates.

The additional reserve required if the reserves were to allow for 100% if all GAOs being exercised would be c. €98.5m for the With Profit fund.

Policyholders can increase their exposure to GAO options through policy terms. For executive pensions, the least onerous of the three different GAO rates is applicable to any increments. For personal pensions, the GAO rate applied to increments is the rate that was applicable when the original policy was taken out. Most of the interest rate risk in the WP GAO liability is directly hedged with swaps and swaptions.

The vast majority of policyholders with GAOs are in the WPF and associated losses would fall there. In extreme economic conditions, the liability of the WPF could “burn through” to the shareholder.

The WP fund has an additional support fund called the segregated sub fund (ISSA). This was set up at the time of demutualisation to support the With Profit fund in times of difficulty. If it was not used, the fund would eventually revert to shareholders.

(2) Guaranteed surrender and unit-linked maturity values:

For With Profits contacts, the maturity benefit is projected as being the Asset Share, subject to a minimum of the guaranteed benefits.

For most With Profits Pensions contracts, the surrender value is set to be a fixed percentage of the Asset Share (currently 100%) except where guarantees exceed Asset Shares.

For Whole of Life contacts, a prospective formula is used allowing for Terminal Bonus when calculating the surrender benefits.

For Celebration bonds issued between 1997 and 1998, a return of premium is guaranteed at the 10th anniversary. For celebration bonds issued between 1999 and 2002, there is no MVA at the 10th and every subsequent 5th anniversary. For celebration bonds issued between 2003 and 2008, there is a return of premium guaranteed at the 10th and every subsequent 5th anniversary. The products also have a guarantee that the interest rate will be a minimum of 4%.

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.

(a) Methodology:

In the cases above the overall reserve for a policy has been calculated as:

Max([Accumulated Benefit (asset share) + adjustment (currently 0%)], [guaranteed benefit])

For Whole of Life contracts, the reserve is calculated as [Prospective reserve for future benefits allowing for terminal bonus] 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.

(3) Guaranteed Insurability Options

Valuation report – IPRU (INS) Appendix 9.4

Name of insurer **Ireland Branch of Aviva Life & Pensions UK Ltd – With Profits Sub-Fund (IWPSF)**

Global business

Financial year ended **31 December 2015**

(a) n/a to IWPSF

(4) Other guarantees and options

(a) Time Value of Options and Guarantees

A manual reserve is also held in respect of GAO time value issue. It is required because the prophet model does not calculate a reserve for the time value of the guaranteed annuity options in the WP fund. The prophet model calculates the reserve reflecting only the intrinsic value.

A manual reserve for guaranteed annuity rates on flotation increments is held. However, at the end of the financial year, the part of the reserve related to the flotation increments was released while the 4% guarantee reserve was retained. The reserve for the flotation increments was instead allowed for by increasing the take up rate.

(b) n/a

6. Expense reserves

- (1) Expense levels of €35.2m were used, €33.7m of these related to the BAU cost base and €1.5m were attributable to project costs, i.e. expected expense base for 2016. €2.4m expenses allocated to the IWPSF.

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 Sub Funds.

- (2) Gross Premium Valuation has been used for all business. All allowances for expenses are explicit. A level of prudence of 10% for the regulatory assumptions was used at the end of the financial year for Aviva Group Reporting. We assume that the valuation expenses for immediate annuities, non-linked protection and with-profit business are covered within the policy level reserves.
- (3) The 2015 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. The figure for the IWPSF was €3.75m at the end of the financial year.
- (4) No reserve is deemed necessary to cover the costs of transacting new business in the year following the valuation date. The Irish WP fund is closed to new business.
- (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. See taxation section above. ALPI moved to a non tax paying position in 2008 due to significant investment losses carried forward. As an Excess E business, income, unit growth and expenses are all projected gross of tax. Tax on shareholder profit is then assumed at 12.5%. The value of tax losses carried forward is compared to the reduction in reserves as a result of using a gross of tax valuation basis. A calculation is carried out to check if a non-policy specific reserve is required to take account of prophet projecting on a gross basis whereas a move

Valuation report – IPRU (INS) Appendix 9.4

Name of insurer **Ireland Branch of Aviva Life & Pensions UK Ltd – With Profits Sub-Fund (IWPSF)**

Global business

Financial year ended **31 December 2015**

back to a tax paying position is expected in the future. The amount of the reserve relating to WP at the end of the financial year was -€0.017m

(b) Our expense provision exceeds expected future expenses levels.

(c) For reserves, the valuation inflation rate assumption was set as the best estimate inflation assumption plus a margin of 50bps and this looks reasonable relative to the Standard Formula 1:200 stress of 1%. We would expect the SF stress to be considerably higher than the PRA margin.

(d) An assessment of the cost of closure of the Company to new business at the end of 2015 was not required as the IWPSF is closed to new business.

(6) The IWPSF does not hold any reserves for non-attributable expenses.

7. Mismatching Reserves

(1) The mismatch/resilience reserve for Solvency 1 is no longer required following the portfolio transfer when Ireland became a branch of UKLAP at 01/01/2015.

(2) All the liabilities are denominated in euro.

(3) Since all the assets and liabilities are denominated in euro, there is no currency mismatch.

(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) Some interest rate swap assets were hypothecated to cover GAO liabilities, supporting a higher valuation interest rate for applicable reserves. In order to allow for the risk that interest rates change prior to vesting, a hedge is in place consisting of a portfolio of at-the-money receiver swaps and out of the money payer swaptions. If interest rates (on the swap rate curve) fall, then the swaps will gain in value in our favour, i.e. they will become an asset. Likewise, if interest rates rise, then the swaps will become a liability. These changes in swap values should match corresponding changes in GAO reserves.

8. Other Special Reserves

Specific Policy Reserves:

Reserves are held in respect of specific policies where the policy is not modelled or where the data does not run through the model. This is reviewed at each valuation.

Unit Linked adjustment reserve:

A manual reserve is held to ensure unit linked liabilities are consistent with the corresponding assets. Modelled unit reserves are adjusted to ensure that total unit liabilities equal total unit linked assets. This reserve was €3.5m at YE. There are also adjustments to remove UWP liabilities which should sit within IWPSF.

Modelling Issues reserve:

Reserves are held for specific modelling issues. This is where the prophet model doesn't accurately model the policy benefits. Examples include corrections for modelling of policy fees, maturity bonuses and WP Aviva Investor fees..

Product Governance reserve:

A reserve is also held for product governance issues. This includes the aggregation of a number of provisions held separately. These include (1) Product Rectification, (2) Fund Governance, (3) Irish Property

Valuation report – IPRU (INS) Appendix 9.4

Name of insurer **Ireland Branch of Aviva Life & Pensions UK Ltd – With Profits Sub-Fund (IWPSF)**

Global business

Financial year ended **31 December 2015**

Fund Issue 1 & 2, (4) SSgA, (5) Unit Encashment, (6) Miscellaneous Business Issues and (7) Lifestyle switching. This reserve amounted to €12.899m at the end of the financial year for WP.

9. Reinsurance

- (1) The IWPSF 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 IWPSF has no reinsurance treaties where it is the cedant and where the reserves or premiums exceed £10m.
- (3) A manual adjustment of €0.81m is made to recognise the reinsurance on WP Min Cost Whole of Life business. The reinsurance is held with Swiss Re.

10. Reversionary (annual, regular) bonus

Bonus Series	Amount of Gross Mathematical Reserves (€m)	Regular Bonus (2014)	Regular Bonus (2015)	Guaranteed bonus (2015)
Pensions (old – Series 7)	€393.99m	0.00% SA / 0.00% RB	0.00% SA / 0.00% RB	0.00%
Pensions (new – Series 8)	€382.40m	0.00% SA / 0.00% RB	0.00% SA / 0.00% RB	0.00%
Life (old – Series 7)	€10.45m	0.00% SA/ 0.00% RB	0.00% SA / 0.00% RB	0.00%
Life (new – Series 8)	€12.09m	0.00% SA/ 0.00% RB	0.00% SA / 0.00% RB	0.00%
Unitised With Profit	€98.33m	0.00%	0.00%	0.00%

The regular bonus shown for 2015 for unitised business is that declared at the end of 2014 and applied to policies during 2015. The regular bonus shown for 2015 for conventional business is the rate declared at the end of 2015, that is added to policies at their next policy anniversary in 2016.

The figures for bonus awarded on Unitised with-profit business were shown previously in the bonus paragraph 8 above.

- (1) 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).
- (2) The figures above do not represent a weighted average

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 2015**

1. Introduction

- (1) The valuation date is 31 December 2015.
- (2) The previous valuation was completed with an effective date of 31 December 2014.
- (3) An interim valuation was carried out with an effective date of 30 June 2015 for the purposes of Rule 9.3A.

The Irish Non Profit Sub Fund (INPSF) was transferred into Aviva Life & Pensions UK Limited under a section 13 transfer, effective 1 January 2015. A separate Appendix 9.4 has been produced for this business.

2. Product Range

A new Protection platform has been launched and there have been changes to the product range including introduction of a Family Income Benefit option, an increasing cover option and a new stand alone critical illness product.

There haven't been any significant changes to the Bond & IPP and Group Pensions.

The Fixed Term Retirement Plan product was withdrawn from new business in April 2015.

3. Discretionary charges and benefits

- (1) Details of any market value reductions have been included in the with-profits fund abstract.
- (2) During 2015, ex-RSA and ex-NWL level and decreasing term assurance policies with accelerated critical illness cover were not reviewed and premiums are unchanged.

For other business, which includes that transferred to New With Profits Sub fund in 2015, products with reviewable premium anniversaries in the year 2015 were split into two cohorts; pre and post 18th August.

For those review anniversaries prior to 18th August 2015

There were nearly 17,650 policies with eligible review anniversaries. Approx. 12,500 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 (23.0)% to 12.1%.

For decreasing sum assured products, the range of changes to the RCI element was (18.0)% to 9.4%.

The range of changes to MPP elements was (18.6)% to 0.15%.

For those review anniversaries post 17th August 2015

There were nearly 9,400 policies with eligible review anniversaries. Approx. 6,900 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 (22.3)% to 5.7%.

For decreasing sum assured products, the range of changes to the RCI element was (17.5)% to 4.4%.

The range of changes to MPP elements was (18.6)% to (9.8)%.

- (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 1.05% to 2.50% 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.

For other business, where service charges have been increased in 2015 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) A review of mortality charges was carried out in 2015 on the unitised whole of life product which had attaching life cover. As a result, most charges decreased, this depended on age, smoker status and sex for the JV FPP.

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 2015**

Changes have been made to charges on pensions business following the introduction of new statutory regulations published by the Department of Work and Pensions.

- (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, other than Property, where Life and Pension funds invest in the same pool, although taxation is applied separately. Managed funds invest through the internal linked funds to ensure assets are managed efficiently.

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 2015

- (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 a rate which reflects the position of each fund when considered as a standalone entity but with some regard to the corporate tax position. 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 varied by fund in the range 5.2% to 20% during 2015. The rate applied to unrealised gains varied by fund in the range 3.8% to 20% during the year to 31 December 2015.

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 3.8% to 20% during the year to 31 December 2015.

(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 some smaller blocks of business reserves are run off in a pre-determined manner.

Individual Income Protection 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 Income Protection contracts have been valued on an unexpired premium basis, plus claims reserve.

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 2015

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.

The valuation methodology for Reinsurance Accepted from Aviva Annuity UK Limited is detailed in that company's valuation report.

Reserves may not be adjusted for minor changes requested late in the valuation process. Adjustments will be made for material changes.

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.

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 funds, 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

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 2015**

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.

Reserves may not be adjusted for minor changes requested late in the valuation process. Adjustments will be made for material changes.

(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 2015	31 December 2014
Life Assurances		
Conventional business	1.8%	1.7%
PHI		
Standalone critical illness	2.3%	2.1%
Income Protection		
Active lives	2.0%	1.8%
Disabled lives	2.0%	1.8%
Disabled lives (index-linked)	0.0%	(0.9)%
Pensions and General Annuities		
Immediate Annuity	2.3%	2.1%
Deferred Annuity/WDIS		
Post vesting	2.3%	2.1%
In deferment	2.3%	2.1%
Other	2.3%	2.1%
Sterling Reserves – Life		
Discount rate	1.8%	1.7%
Sterling Reserves – Pensions		
Discount rate	2.3%	2.1%
Reassurance Accepted from Aviva		
Annuity UK Limited		
Non Linked annuities	3.6%	3.5%
Index Linked annuities	3.2%	2.8%
Annuities reassured from Aviva		
Ireland	n/a	0.95%

Valuation interest rates in respect of business written in New With Profit Sub Fund are not covered here.

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 2015**(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:

- (a) The historic experience of bad debts for each of the major fixed interest asset classes,
- (b) Market margins of gross yield over the yields of risk-free investments of a similar term in the same currency, where available,
- (c) 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,
- (d) 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%

For other fixed interest securities, the following deductions are made depending on the credit rating of the asset:

Credit rating	Deduction from yield
AAA	0.11%
AA	0.32%
A	0.62%
BBB	1.00%
BB	3.37%
B	6.52%
CCC-C	n/a

The funds invest in loans secured by PFI obligations. The deductions to yield for credit risk are 0.10%.

The yield on all assets is further reduced by 2.5% to allow for risk, as required by INSPRU 3.1.28R.

For Reassurance accepted from Aviva Annuity UK Limited, the adjustment for credit risk is as described in the valuation report for that company.

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 2015**(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 2015	31 December 2014
Non-Linked Life		
Over 50s Plan	modified ELT15	modified ELT15
Level Term Assurances post June 2001	57.2% TMC00 (5) (Male Non-Smoker) 130% TMC00 (5) (Male Smoker) 62.4% TFC00 (5) (Female Non-Smoker) 135.2% TFC00 (5) (Female Smoker)	57.2% TMC00 (5) (Male Non-Smoker) 130% TMC00 (5) (Male Smoker) 62.4% TFC00 (5) (Female Non-Smoker) 135.2% TFC00 (5) (Female Smoker)
Level Term Assurances post June 2001 (limited underwriting)	83.2% TMC00 (5) (Male Non-Smoker) 187.2% TMC00 (5) (Male Smoker) 93.6% TFC00 (5) (Female Non-Smoker) 192.4% TFC00 (5) (Female Smoker)	83.2% TMC00 (5) (Male Non-Smoker) 187.2% TMC00 (5) (Male Smoker) 93.6% TFC00 (5) (Female Non-Smoker) 192.4% TFC00 (5) (Female Smoker)
Decreasing Term Assurances post June 2001	62.4% TMC00 (5) (Male Non-Smoker) 135.2% TMC00 (5) (Male Smoker) 72.8% TFC00 (5) (Female Non-Smoker) 145.6% TFC00 (5) (Female Smoker)	62.4% TMC00 (5) (Male Non-Smoker) 135.2% TMC00 (5) (Male Smoker) 72.8% TFC00 (5) (Female Non-Smoker) 145.6% TFC00 (5) (Female Smoker)
Decreasing Term Assurances post June 2001 (limited underwriting)	88.4% TMC00 (5) (Male Non-Smoker) 187.2% TMC00 (5) (Male Smoker) 93.6% TFC00 (5) (Female Non-Smoker) 197.6% TFC00 (5) (Female Smoker)	88.4% TMC00 (5) (Male Non-Smoker) 187.2% TMC00 (5) (Male Smoker) 93.6% TFC00 (5) (Female Non-Smoker) 197.6% TFC00 (5) (Female Smoker)
Unit-Linked Life		
Capital Investment Bond	88.4% AMC00/AFC00 (2)	88.4% AMC00/AFC00 (2)
Lifetime Security Plan	49.3% AM80/AF80 (2) (Non-Smoker) 98.7% AM80/AF80 (2) (Smoker)	49.3% AM80/AF80 (2) (Non-Smoker) 98.7% AM80/AF80 (2) (Smoker)
Mortgage Savings Plan and Flexible Mortgage Plan	57.2% AMC00/AFC00 (2) (Non-Smoker) 114.4% AMC00/AFC00 (2) (Smoker)	57.2% AMC00/AFC00 (2) (Non-Smoker) 114.4% AMC00/AFC00 (2) (Smoker)
Flexible Investment Bond	67.6% AMCUnchanged00 / AFC00 (2) 98.8% AMC00 / AFC00 (2)	67.6% AMCUnchanged00 / AFC00 (2) 98.8% AMC00 / AFC00 (2)
Unit-Linked Pensions (ex-RSA)		
	83.2% AMC00 /AFC00	83.2% AMC00 /AFC00
Unit-Linked Pensions (ex-NWL)		
	78% AMC00 (2) (Male Non-Smoker) 135.2% AMC00 (2) (Male Smoker) 72.8% AFC00 (2) (Female Non-Smoker) 135.2% AFC00 (2)(Female Smoker)	78% AMC00 (2) (Male Non-Smoker) 135.2% AMC00 (2) (Male Smoker) 72.8% AFC00 (2) (Female Non-Smoker) 135.2% AFC00 (2)(Female Smoker)
Bonds		
Guaranteed Capital Bond and Guaranteed Income Bond	98.8% AMC00/AFC00 (2)	98.8% AMC00/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.

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 2015

For 2014, a factor of 1.1 was applied to these rates in the first 24 months of the policy. For 2015, 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 2015	31 December 2014
Whole life (Fifty Plus plan)	modified ELT15	modified ELT15
Whole life (other current products)	74.4% AM00/AF00 Sel	74.4% AM00/AF00 Sel
Whole Life (other)	91% AM00/AF00 Sel	91% AM00/AF00 Sel
Endowments	87.4% Axx00 sel	87.4% Axx00 sel
Level Term Assurance (Current Range)	Duration 0 and 1 66.6% TMN00 (Male Non-Smoker) 67.6% TMS00 (Male Smoker) 80.1% TFN00 (Female Non-Smoker) 82.2% TFS00 (Female Smoker) Duration 2, 3 and 4 57.2% TMN00 (Male Non-Smoker) 67.6% TMS00 (Male Smoker) 69.7% TFN00 (Female Non-Smoker) 82.2% TFS00 (Female Smoker) Duration 5+ 57.2% TMN00 (Male Non-Smoker) 67.6% TMS00 (Male Smoker) 69.7% TFN00 (Female Non-Smoker) 82.2% TFS00 (Female Smoker)	Duration 0 and 1 68.6% TMN00 (Male Non-Smoker) 69.7% TMS00 (Male Smoker) 82.2% TFN00 (Female Non-Smoker) 84.2% TFS00 (Female Smoker) Duration 2, 3 and 4 59.3% TMN00 (Male Non-Smoker) 69.7% TMS00 (Male Smoker) 71.8% TFN00 (Female Non-Smoker) 84.2% TFS00 (Female Smoker) Duration 5+ 59.3% TMN00 (Male Non-Smoker) 69.7% TMS00 (Male Smoker) 71.8% TFN00 (Female Non-Smoker) 84.2% TFS00 (Female Smoker)
Level Term assurance (Heritage)	68.6% TMx00/TFx00	70.7% TMx00/TFx00
Mortgage Protection (Current)	Duration 0 and 1 68.6% TMN00 (Male Non-Smoker) 64.5% TMS00 (Male Smoker) 79.0% TFN00 (Female Non-Smoker) 72.8% TFS00 (Female Smoker) Duration 2, 3 and 4 63.4% TMN00 (Male Non-Smoker) 64.5% TMS00 (Male Smoker) 71.8% TFN00 (Female Non-Smoker) 72.8% TFS00 (Female Smoker) Duration 5+ 63.4% TMN00 (Male Non-Smoker) 64.5% TMS00 (Male Smoker) 71.8% TFN00 (Female Non-Smoker) 72.8% TFS00 (Female Smoker)	Duration 0 and 1 72.8% TMN00 (Male Non-Smoker) 67.6% TMS00 (Male Smoker) 83.2% TFN00 (Female Non-Smoker) 77.0% TFS00 (Female Smoker) Duration 2, 3 and 4 66.6% TMN00 (Male Non-Smoker) 67.6% TMS00 (Male Smoker) 75.9% TFN00 (Female Non-Smoker) 77.0% TFS00 (Female Smoker) Duration 5+ 66.6% TMN00 (Male Non-Smoker) 67.6% TMS00 (Male Smoker) 75.9% TFN00 (Female Non-Smoker) 77.0% TFS00 (Female Smoker)
Mortgage Protection (Heritage)	71.8% TMx00/TFx00	75.9% TMx00/TFx00
Term assurance with Critical Illness	Duration 0 and 1 110.7% CIM11A (Male Non-Smoker) 116.5% CIM11A (Male Smoker) 129.3% CIM11A (Female Non-Smoker) 173.6% CIM11A (Female Smoker) Duration 2, 3 and 4 115.3% CIM11A (Male Non-Smoker)	Duration 0 and 1 109.5% CIM11A (Male Non-Smoker) 115.3% CIM11A (Male Smoker) 128.2% CIM11A (Female Non-Smoker) 172.4% CIM11A (Female Smoker) Duration 2, 3 and 4 114.2% CIM11A (Male Non-Smoker)

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 2015

	116.5% CIM11A (Male Smoker)	115.3% CIM11A (Male Smoker)
	134.0% CIM11A (Female Non-Smoker)	132.8% CIM11A (Female Non-Smoker)
	173.6% CIM11A (Female Smoker)	172.4% CIM11A (Female Smoker)
	Duration 5+	Duration 5+
	115.3% CIM11A (Male Non-Smoker)	114.2% CIM11A (Male Non-Smoker)
	116.5% CIM11A (Male Smoker)	115.3% CIM11A (Male Smoker)
	129.3% CIM11A (Female Non-Smoker)	128.2% CIM11A (Female Non-Smoker)
	173.6% CIM11A (Female Smoker)	172.4% CIM11A (Female Smoker)
Mortgage Protection with Critical Illness	Duration 0 and 1	Duration 0 and 1
	106.0% CIM11A (Male Non-Smoker)	114.2% CIM11A (Male Non-Smoker)
	95.5% CIM11A (Male Smoker)	97.9% CIM11A (Male Smoker)
	130.5% CIM11A (Female Non-Smoker)	132.8% CIM11A (Female Non-Smoker)
	123.5% CIM11A (Female Smoker)	125.8% CIM11A (Female Smoker)
	Duration 2, 3 and 4	Duration 2, 3 and 4
	111.8% CIM11A (Male Non-Smoker)	114.2% CIM11A (Male Non-Smoker)
	95.5% CIM11A (Male Smoker)	97.9% CIM11A (Male Smoker)
	136.3% CIM11A (Female Non-Smoker)	138.6% CIM11A (Female Non-Smoker)
	123.5% CIM11A (Female Smoker)	125.8% CIM11A (Female Smoker)
	Duration 5+	Duration 5+
	111.8% CIM11A (Male Non-Smoker)	108.3% CIM11A (Male Non-Smoker)
	95.5% CIM11A (Male Smoker)	97.9% CIM11A (Male Smoker)
	130.5% CIM11A (Female Non-Smoker)	132.8% CIM11A (Female Non-Smoker)
	123.5% CIM11A (Female Smoker)	125.8% CIM11A (Female Smoker)

Unitised Life

Flexible Whole Life	91% AM00/AF00 Sel	91% AM00/AF00 Sel
Bonds	87.4% AM00/AF00 Sel	93.6% AM00/AF00 Sel
Mortgage Endowment	87.4% AM00/AF00 Sel	87.4% AM00/AF00 Sel
Heritage NU Bonds	87.4% AM00/AF00 Sel	105% AM00/AF00 Sel
Heritage NU Mortgage Endowment	87.4% AM00/AF00 Sel	87.4% AM00/AF00 Sel

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 0.0205 for males and 0.0183 for females. The product is not available to lives aged less than 50.

For 2015, the ex-RSA and ex-NWL accelerated critical illness rates 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 2015

	Table	M/F	Smoker	YE14	YE15
Ex-JV New Term Accelerated	CIM1.1a tables	M	N	134%	134%
			S	128%	128%
		F	N	146%	146%
			S	146%	146%
Ex-JV Legacy Term Accelerated	CIM1.1a tables	M	N	117%	117%
			S	93%	93%
		F	N	134%	134%
			S	151%	151%
Ex-JV Legacy UL Accelerated	CIM1.1a tables	M	N	99%	99%
			S	99%	99%
		F	N	99%	99%
			S	99%	99%

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 0.4% for males and 0.9% 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.

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 2015**

Annuitant mortality bases

Pensions and General Annuities	31 December 2015	31 December 2014
Immediate Annuities	99.5% PCMA00 (Base year:2000) 94.5% PCFA00 (Base year:2000)	99.5% PCMA00 (Base year:2000) 94.5% PCFA00 (Base year:2000)
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	60% AM00/AF00	60% AM00/AF00
Deferred & Reversionary Annuity Including retirement Annuity		
In deferment	60% AM00/AF00	60% AM00/AF00
In deferment – WDIS	85% AM00/AF00	110% AM00/AF00
Post vesting	99.5% PCMA00 (Base year:2000) 94.5% PCFA00 (Base year:2000)	99.5% PCMA00 (Base year:2000) 94.5% PCFA00 (Base year:2000)
Variable Annuity In deferment	RMV92 (C=2010)	RMV92 (C=2010)
Unitised Pensions (excluding ex-Hamilton Life Assurance Business)	78% AM00/AF00 ult	106% AM00/AF00 ult
Unitised Pensions (ex-Hamilton Life Assurance Business)		
Linked – non smoker	76.5% A67/70 Select	76.5% A67/70 Select
Linked – smoker	102% A67/70 Select	102% A67/70 Select
Other		
Standalone Critical Illness	103.5% Reassurer Rates	103.5% Reassurer Rates

For non-JV annuitant business in 2015, 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
Male 99.5% PCMA00	24.8	15.2	28.5	26.7
Female 94.5% PCFA00	27.0	17.1	30.1	28.6

For Reassurance Accepted from Aviva Annuity UK Limited full details of the Mortality basis are detailed in that company's valuation report.

Mortality improvement

The end-2015 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_2013" Model from base year 2001 using [1.75%] p.a. long-term improvements for Males and [1.5%] p.a. for Females; with an increase of 0.5% pa (both males and females) to the long term rate.

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 2015**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 2015	31 December 2014
Standalone Critical Illness	Modified Reassurer rates (see below)	Modified Reassurer rates (see below)
Critical Illness rider benefits	1 periodic premium	1 periodic premium

Rates for the modified tables for 31 December 2015 were as follows:

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:

	Female	Male
CI guarantee loading (for each year from valuation date)	0.9%	0.4%
	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, IP Solutions, SIP, ISIS, MPP and PHI rates			
	Annual rates per mille:			
	31 December 2015	31 December 2015	31 December 2014	31 December 2014
	Male	Female	Male	Female
25	0.52	0.90	0.52	0.90
35	0.48	0.83	0.48	0.83
45	0.93	1.60	0.93	1.60
55	2.21	3.81	2.21	3.81

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 2015**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
Non-smoker status

Deferred period 6 months
Location – South England

Age	31 December 2015: Safeguard, IP Solutions, SIP, ISIS MPP and PHI rates			
	Annual rates per mille:			
	Recovery 2 years	Recovery 2 years	Recovery 5 years	Recovery 5 years
	Male	Female	Male	Female
25	420.98	420.98	103.18	103.18
35	357.74	357.74	79.78	79.78
45	272.89	272.89	58.49	58.49
55	175.66	175.66	40.63	40.63

Age	31 December 2014: Safeguard, IP Solutions, SIP, ISIS MPP and PHI rates			
	Annual rates per mille:			
	Recovery 2 years	Recovery 2 years	Recovery 5 years	Recovery 5 years
	Male	Female	Male	Female
25	390.05	390.05	93.79	93.79
35	330.36	330.36	72.52	72.52
45	250.96	250.96	53.17	53.17
55	160.83	160.83	36.94	36.94

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.

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 2015****(6) Expense assumptions:**

Details of the expense bases used at 31 December 2015 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, 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 2015 - valuations were carried out on a Gross Premium basis

The expense assumptions are the same for both premium-paying and non-premium paying contracts.

Per policy expenses in the year after the valuation date

Category	31/12/2015 Expense (£)	31/12/2014 Expense (£)
Term assurance	14.06	15.77
Critical illness	14.06	15.77
Income protection	17.00	12.65
Income protection claims in payment	17.00	12.65
Annuity	18.04	20.28
UWP bond	23.87	26.48
UWP savings endowment	35.82	39.74
UWP target cash endowment	35.82	39.74
UWP regular premium pension	47.75	52.98
UWP single premium pension	47.75	52.98
UWP group regular premium pension	71.63	79.46
UWP group single premium pension	71.63	79.46
UL bond	19.06	21.44
UL savings endowment	11.30	12.46
UL target cash endowment	16.95	18.69
UL regular premium pension	16.31	18.34
UL single premium pension	16.31	18.34
UL group regular premium pension	15.80	17.76
UL group single premium pension	15.80	17.76

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 2015**Per policy expenses in the year after the valuation date for ex-RSA and ex-NWL business**

Product Code	Category	31/12/2015 Expense (£)	31/12/2014 Expense (£)
325, 330 340, 345	Term Assurance (post June 2001)	5.79	19.91
700	Capital Investment Bond (pre Oct 1997)	19.06	39.71
700	Capital Investment Bond (post Sep 1997)		38.01
515, 720	Mortgage Savings Plan		69.46
515, 720	Flexible Mortgage Plan	5.79	80.27
700	Flexible Investment Bond (pre June 2001)	19.06	22.38
700	Flexible Investment Bond (post June 2001)		19.91
515, 720	Mortgage Endowment Plan		29.53
525, 725	Executive Pension Plan (regular premium) pre Oct 1997	39.30	135.46
525, 725	Executive Pension Plan (single premium/paid up) pre Oct 1997		101.59
525, 725	Executive Pension Plan (regular premium) post Sep 1997		125.41
525, 725	Executive Pension Plan (single premium/paid up) post Sep 1997		94.06
525, 725 755	Personal Pension Plan (regular premium) pre Oct 1997	16.31	87.29
525, 725 755	Personal Pension Plan (single premium/paid up) pre Oct 1997		65.46
525, 725	Personal Pension Plan (regular premium) post Sep 1997		78.44
525, 725	Personal Pension Plan (single premium/paid up) post Sep 1997		58.83
525, 725	Executive Pension Plan (regular premium)	39.30	96.00
525, 725	Executive Pension Plan (single premium/paid up)		72.07
525, 725	Personal Pension Plan (regular premium)	16.31	32.13
525, 725	Personal Pension Plan (single premium/paid up)		24.07
525, 725	Top Up Pension Plan (regular premium)		32.13
525, 725	Top Up Pension Plan (single premium/paid up)		24.07
525, 725	Grouped Personal Pension Plan (regular premium)	20.70	64.14
400	Ex-RSA pension annuity*	7.45	20.63
400	Ex-NWL pension annuity*		22.64

* These figures are shown gross of reinsurance. These products are 100% reinsured. The net expense reserve for 2015 and 2014 is zero as there is no reassurer 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.

For Reassurance Accepted from Aviva Annuity UK Limited, the expenses follow the expenses of that fund, details of which are included in the Aviva Annuity UK Limited valuation report.

Expenses as % of Claim

Income protection claims in payment	2015	2014
- Group	11.3%	10.5%
- Individual (Mortgage Payment Protection)	17.0%	14.5%
- Individual (other)	17.0%	14.5%

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 2015****Investment expenses**

For ex-RSA business, valuation interest rates were reduced to allow for investment expenses (before tax relief) by 0.16%.

For ex-NWL business, valuation interest rates were reduced to allow for investment expenses (before tax relief) by 0.11%.

For other business:

For non-unit liabilities, the yield on assets backing the liabilities was reduced for investment expenses of 0.059%. This reduced the upper bound on the interest rates used in the valuation.

Custody fees are 0.02% for non profit funds, 0.025% for unit-linked funds.

In the calculation of sterling reserves on unitised business, explicit allowance was made for investment expenses of 0.136% of the unit fund for unit linked investments and 0.165% 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

The unit growth and inflation rates are as follows:

	31 December 2015	31 December 2014
Inflation assumption for expenses	1.46%	2.99%
Linked business		
Unit Growth Rate for gross business	3.50%	3.30%
Unit Growth Rate for net business	2.90%	2.60%
Future increases in policy charges	2.91%	2.99%

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 2015 resulting in the per policy charges inflating at half RPI. Ex-JV business is also covered.

(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	14.1%	11.9%	11.9%	11.9%
Decreasing Term	lapse 2	8.4%	7.1%	7.1%	7.1%
Level term	lapse 1	13.8%	9.1%	9.1%	9.1%
Level term	lapse 2	8.3%	5.5%	5.5%	5.5%
UL cash endowment	surrender	N/A*	N/A*	N/A*	6.0%
UL accelerated critical illness	surrender	5.3%	5.3%	5.3%	5.3%

* The surrender rates for policy year 1-15 are no longer applicable as those products to new business in 2000.

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 2015

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	10.1%	9.8%	7.9%	7.9%
Accelerated critical illness	lapse 2	6.1%	5.9%	4.7%	4.7%
Decreasing Term	lapse 1	10.1%	9.8%	7.9%	7.9%
Decreasing Term	lapse 2	6.1%	5.9%	4.7%	4.7%
Level term	lapse 1	9.0%	4.7%	4.4%	4.4%
Level term	lapse 2	5.4%	2.8%	2.6%	2.6%
UL bond	surrender	2.4%	5.2%	5.5%	5.5%
UL individual pension, regular premium	surrender	3.3%	3.3%	3.3%	5.3%
UL individual pension, single premium	surrender	3.3%	3.3%	3.3%	5.3%
UWP individual pension, regular premium	surrender	3.3%	3.3%	3.3%	5.3%
UWP individual pension, single premium	surrender	3.3%	3.3%	3.3%	5.3%
UL group pension, regular premium	surrender	2.9%	2.9%	2.9%	5.3%
UL group pension, single premium	surrender	2.9%	2.9%	2.9%	5.3%
UWP group pension, regular premium	surrender	2.9%	2.9%	2.9%	5.3%
UWP group pension, single premium	surrender	2.9%	2.9%	2.9%	5.3%

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 29.1%.

(10) Option take-up rates

For deferred annuities with a guaranteed cash option (GAO) and assurances with a guaranteed annuity option, other than for the Pensionvestor contract, it is assumed that policyholders will choose to exercise the more valuable annuity option on 100% of the available benefit.

For the Pensionvestor contracts this percentage is assumed to vary linearly, from 85% on policies maturing within 1 year, to 95% on policies maturing after 10 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.

Other considerations

We have considered potential changes to the GAO take-up rate assumptions to reflect the increase in flexibility announced in this year's budget. However in light of the considerable value to customers of the options it is likely to remain in most customers' best interests to take the GAO. This will be reviewed again once adequate, complete, and reliable experience data becomes available.

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 2015**

(11) Derivatives

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.

As a result of the Quota share arrangement with Aviva Annuity UK Limited, Aviva Life and Pensions UK Limited shares in any movement in the derivatives of that fund. Details of the derivatives in Aviva Annuity UK Limited are outlined in that company's valuation report.

(12) Changes in INSPRU valuation rules

There were no changes in valuation methodology in 2015 arising from changes in INSPRU valuation rules during the year.

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 £25m.

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	
55-59	0	1	0	0	0	0	1
60-64	143	90	161	0	0	0	394
65-69	85	70	8	1	0	0	164
70-75	18	30	1	0	0	0	49
Total	246	191	170	1	0	0	608

The guarantee reserve is £27m.

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.

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 2015**Guaranteed Fund shortfall reserve**

For policies invested in the Unit-Linked Guaranteed Fund, whenever the unit value at the guarantee date is less than the money-back guarantee, the New With Profits Sub Fund is liable to pay out the shortfall that will arise. Details of the guarantee reserves are included in the valuation report for that 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 in the NP funds.

Product name	In-force premiums	Sum Assured	Guarantee Reserve
Level Term Assurance	£8.3m	£2,191.6m	£0.2m
Decreasing Term Assurance	£6.6m	£1,772.8m	£3.1m

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.

As a result of the Quota share arrangement with Aviva Annuity UK Limited, Aviva Life and Pensions UK Limited will share in the impact of any options exercised in that fund. Details of the options in Aviva Annuity UK Limited are outlined in that company's valuation report.

Some Mortgage Protection policies include a guarantee that the policy will make up any shortfall between the sum assured on the policy schedule and the amount owed to the mortgage provider in the event of a claim, if certain eligibility conditions are met. Reserves are held to meet the potential shortfall.

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 2015****6. Expense reserves**

- (1) The aggregate amount for expense loadings, grossed up for taxation where appropriate, expected to arise during 2016 is shown in the table below. This section excludes Reassurance Accepted from Aviva Annuity UK Limited.

Homogenous risk Group	Implicit allowances	Explicit allowance (investment)	Explicit allowance (other)	Non attributable expenses	Total
Unitised Life	£0.0m	£9.1m	£3.4m	£21.3m	£33.8m
Unitised individual pensions	£0.0m	£22.6m	£12.6m	£59.8m	£95.0m
Unitised employer sponsored pension	£0.0m	£14.8m	£9.3m	£41.0m	£65.1m
All expenses attributable	£0.5m	£0.0m	£12.4m	£0.0m	£12.8m
Total	£0.5m	£46.5m	£37.6m	£122.0m	£206.6m

- (2) Non-attributable expenses on unit linked business are allowed for implicitly, through expected future valuation surplus. In 2016, the valuation surplus on unit linked business of £171.2m covers the expected amount of non-attributable expenses, £122.0m.

Investment expenses on conventional business are reserved for implicitly, through a margin in the valuation interest rate. The expected expense over 2016 is £0.5m.

- (3) The total amount of maintenance expenses shown at line 14 of Form 43 (combined for the non-profit sub-funds, but excluding Reassurance Accepted from Aviva Annuity UK Limited) is £152.1m. However, this reduces to £151.8m when the contribution from RIEESA in 2015 is removed, which does not contribute to the expected 2016 expense loadings above.
- (4) In determining the requirement for a new business expense overrun reserve, a prudent assessment of the projected value of 2016 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 2016 new business.
- (5) In addition to per policy expense reserves, explicit expense reserves of £53.3m are held in accordance with INS Pru 1.2.50R. These reserves include appropriate allowance for expected redundancy and other costs 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) There is also £28.7 million of Euro-denominated reserves directly written in to the non profit sub funds. Other than these, 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 £28.7 million 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

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 2015**

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 £22.0m 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 £36.7m 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 £189.5m 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 £18.2m.

Closed Fund Expense Reserve

The reserve for expenses associated with ceasing to write new business is discussed in section 6(5) above.

Other special reserves for the Reassurance Accepted from Aviva Annuity UK Limited are detailed in the valuation report for that fund.

Unit Linked Management Charges: A £91m provision is held to allow for the future value of rebates of unit-linked management charges to policyholders where the model does not make full allowance for these.

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.

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 2015

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 Europe SA (UK Branch)	Yes	No	Term and Gteed Integrated CI	9,377	71,220	Closed	
B	Swiss Re Europe SA (UK Branch)	Yes	No	MP and Gteed Integrated CI	52,333	(10,970)	Open	25% up to £50k
C	Hannover Re (Ireland)	No	No	Term and Gteed Integrated CI	6,016	13,801	Closed	
D	Hannover Life Reassurance (UK) Limited	Yes	No	Term and Gteed Integrated CI	6,110	12,591	Closed	
E	Munich Reinsurance Company, UK Life Branch.	Yes	No	Term and Gteed Integrated CI	78,397	236,596	Open	10% up to £500k
F	Munich Reinsurance Company, UK Life Branch.	Yes	No	Term Assurance, Mortgage Protection, Low Cost Endowment.	-	5,109	Closed	
G	SCOR Global Life Reinsurance Ireland Ltd	No	No	Term and Gteed Integrated CI	6,021	14,115	Closed	
H	RGA Americas Reinsurance Company Limited	No	No	Term and Gteed Integrated CI	59,540	129,388	Closed	
I	RGA Americas Reinsurance Company Limited	No	No	MP and Gteed Integrated CI	43,511	(1,567)	Open	10% up to £500k
J	RGA Americas Reinsurance Company Limited	No	No	Term with Rev Integrated CI	1,640	229,633	Closed	
K	Swiss Re Life & Health Limited	Yes	No	Term and Gteed Integrated CI	24,392	495,536	Open	
L	Swiss Re Life & Health Limited	Yes	No	MP and Gteed Integrated CI	9,390	(197)	Closed	
M	XL Re Limited (UK Branch)	Yes	No	Term and Gteed Integrated CI	34,990	126,739	Closed	Life: 10% up to £500k, CI: 25% up to £50k
N	Swiss Re Life & Health Limited	Yes	No	2008 Existing Business	3,442	222,752	Open	
O	Swiss Re Life & Health Limited	Yes	No	Future SH Transfer	721	8,161	Open	
P	Swiss Re Life & Health Limited	Yes	No	Deferred annuity	(216)	643,479	Closed	
Q	Invesco Pensions Limited	Yes	No	Unit-linked External Funds	5,769	273,937	Open	
R	Deutsche Asset Management Life & Pensions Ltd	Yes	No	Unit-linked External Funds	(16,533)	105,597	Closed	
S	Blackrock/Merrill Lynch	Yes	No	Unit-linked External Funds	234,241	3,121,915	Open	
T	PartnerRe Ltd	Yes	No	Term Assurance	17,257	89,896	Open	
U	Aviva Annuity UK Ltd	Yes	Yes	Immediate Annuities	11,682	122,309	Open	
V	Swiss Re Europe SA (UK Branch)	Yes	No	Standalone Gteed CI	-	15,907	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 2015

Ref	Name of Reinsurer	A	C	Class of business	Reinsurance Premiums £'000s	Reserve £'000s	Open/ Closed to NB	% retained for new business
W	Swiss Re Europe SA (UK Branch)	Yes	No	MP with Rev Integrated CI	9,610	20,585	Open	
X	Scottish Widows	Yes	No	Annuities	1,193	84,369	Open	
Y	Peak Re Ltd	No	Yes	Flexible Investment Bonds	-	38,289	Closed	
Z	Hannover Life Reassurance (UK) Limited	No	No	Pension Annuities	-	51,778	Closed	
AA	Swiss Re Europe SA (UK Branch)	Yes	No	Life assurance, Accident and sickness	-	3,323	Open	
AB	BAILLIE GIFFORD	No	No	Unit-linked External Funds	(1,923)	49,209	Open	
AC	RGA Americas Reinsurance Company Limited	Yes	No	MP with Rev Integrated CI	5,481	19,320	Closed	
AD	Swiss Re Europe S.A (UK Branch)	Yes	No	Permanent Health	5,483	9,576	Open	
AE	Swiss Re Europe S.A (UK Branch)	Yes	No	Integrated Guaranteed CI	18,309	332	Open	
AF	Swiss Re Europe S.A (UK Branch)	Yes	No	MP with Rev Integrated CI	2,854	80,305	Open	
AG	Swiss Re Life & Health Limited	Yes	No	Unit-linked, Unitised with-Profit and Conventional	28,860	67,811	Closed	
AH	Munich Re Company (UK Life branch)	Yes	No	Immediate annuities	115,078	132,000	Closed	
AI	Swiss Re Europe SA (UK branch)	Yes	No	Immediate annuities	64,588	72,600	Closed	
AJ	SCOR Global Life SE (UK branch)	Yes	No	Immediate annuities	53,327	59,400	Closed	
AK	Schroder	Yes	No	Unit-linked External Funds	(15,127)	298,169	Open	

An indication of the cover given under each treaty is provided below:

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 2015

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	Quota Share - death and CI benefits
W	Quota Share - death and CI benefits
X	100% of annuity
Y	100% of unit and non-unit reserve for series 2 funds
Z	100% of annuity
AA	Surplus Reinsurance
AB	Unit-linked External Funds
AC	RGA UK 5% of SA, RGA US 45% of SA
AD	Quota Share & Surplus Reinsurance
AE	90% of SA
AF	25% of SA
AG	Financing Arrangement (Financial Reinsurance)
AH	Longevity swap
AI	Longevity swap
AJ	Longevity swap
AK	Unit-linked External Funds

There are no significant undischarged obligations to the reinsurers as at 31/12/2015.

There are no deposit back arrangements in any of these treaties.

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 2015**

Financing Treaties (table reference N, O and AG)

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 AG 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.

Valuation report – IPRU (INS) Appendix 9.4

Name of insurer **Irish Branch of Aviva Life & Pensions UK Limited – Non-Profit**
Sub-funds (INPSF)

Global business

Financial year ended **31 December 2015**

1. Introduction

- (1) The valuation date is 31 December 2015.
- (2) The previous valuation was completed with an effective date of 31 December 2014. At that time, Aviva Life & Pensions Ireland was regulated in Ireland and was governed by Irish solvency rules. The Irish Non Profit Sub Fund (INPSF) was then transferred into Aviva Life & Pensions UK Limited under a section 13 transfer, effective 1 January 2015. As part of the portfolio transfer, a number of changes were made to the calculation of provisions in order to comply with UK regulations and to move our processes in line with the UK.
- (3) An interim valuation was carried out with an effective date of 30 June 2015 for the purposes of Rule 9.3A.

2. Product Range

Annuity business written in the INPSF during 2014 was reinsured with ALPUK. Following the section 13 transfer on 01/01/2015, the cedent (INPSF) and the reinsurer (ALPUK) became the same entity, and so the reinsurance treaty collapsed.

The significant changes to products during the financial year were as follows:

Bullet commission option introduced on protection products. This option involves paying initial commission over 5 separate periods with the clawback only applying to commission paid in that period.

In April 2015, the Investment Bond product was launched as a replacement for Spectrum Bond.

The personal Income Protection rates were re-priced for occupation classes 1 and 2 in June 2015.

3. Discretionary charges and benefits

- (1) Details of any market value reductions have been included in the with-profits fund abstract.
- (2) For reviewable whole of life policies there were 839 policies with eligible review anniversaries. 478 of these were 'no change'. Of the remainder, the range of recommended premium increases was 1% to 962%.
- (3) For non-profit deposit administrations in forms 51 to 54 the rates credited in 2015 were as follows:

Date declared	Life Interest rate - Terms remaining (years)					Pension Interest rate - Terms remaining (years)				
	00 to 04	05 to 09	10 to 14	15 to 19	Other	00 to 04	05 to 09	10 to 14	15 to 19	Other
01/01/2015	0.01%	1.00%	4.00%	7.00%	9.00%	0.01%	1.00%	4.00%	7.00%	10.00%
01/02/2015	0.01%	2.00%	5.00%	7.00%	9.00%	0.01%	1.00%	4.00%	7.00%	9.00%
01/03/2015	0.01%	1.00%	4.00%	5.00%	7.00%	0.01%	1.00%	3.00%	5.00%	8.00%
01/04/2015	0.01%	1.00%	4.00%	5.00%	7.00%	0.01%	1.00%	3.00%	5.00%	8.00%
01/05/2015	0.01%	2.00%	5.00%	7.00%	9.00%	0.01%	2.00%	5.00%	7.00%	9.00%
01/06/2015	0.01%	4.00%	8.00%	10.00%	12.00%	0.01%	4.00%	7.00%	10.00%	13.00%
01/07/2015	0.01%	4.00%	9.00%	12.00%	14.00%	0.01%	3.00%	8.00%	11.00%	15.00%
01/08/2015	0.01%	3.00%	7.00%	10.00%	12.00%	0.01%	3.00%	7.00%	10.00%	13.00%
01/09/2015	0.01%	3.00%	9.00%	11.00%	14.00%	0.01%	4.00%	8.00%	11.00%	14.00%
01/10/2015	0.01%	3.00%	7.00%	10.00%	12.00%	0.01%	2.00%	7.00%	10.00%	13.00%
01/11/2015	0.01%	3.00%	7.00%	10.00%	12.00%	0.01%	2.00%	6.00%	10.00%	13.00%
01/12/2015	0.01%	2.00%	6.00%	9.00%	12.00%	0.01%	1.00%	6.00%	9.00%	13.00%

- (4) There have been no discretionary changes to service charges on unit linked policies or on deposit administration policies during 2015.
- (5) There have been no discretionary changes to benefit charges on unit linked policies or on deposit administration policies during 2015.

Valuation report – IPRU (INS) Appendix 9.4

Name of insurer **Irish Branch of Aviva Life & Pensions UK Limited – Non-Profit**
Sub-funds (INPSF)

Global business

Financial year ended **31 December 2015**

- (6) There have been no discretionary changes to unit management charges on accumulating with-profit policies during 2015

(7) Allocation and creation of units

The Company operates one pool of assets for each of the main asset classes such as Cash and Property. Internal Linked funds then invest in the same pools where applicable.

The INPSF funds are typically structured with an investing fund that holds the assets of the fund and a higher level range of share class funds available to policyholders that hold a proportion of the underlying investing funds.

Asset units are created and cancelled at either the asset offer price or the asset bid price depending on 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 investing fund will be in a net inflow or outflow position. This includes sales and purchases by Managed funds

The prices used for a transaction will depend on the date and time of the request. In exceptional circumstances, The company may delay cancelling units if we believe this will ensure fairness between customers remaining in the fund and customers leaving the fund.

Allowance for tax is applied differently depending on the type of business.

(8) Pension policies and post 1 January 2001 non-pension policies

Exit tax was introduced as the taxation system for all Irish Life assurance policies on 1st January 2001.

Under this system, tax is not applied to the unit linked funds. Instead a tax liability –levied on any profit that the policy has achieved – may arise as and when:

- a withdrawal is made from the policy
- the policy is surrendered.
- the value of the policy is paid out on death
- the policy, at any time during its lifetime, is assigned or transferred to another party
- the policy is assigned into a trust after the inception date or the trust attaching to the policy is revoked.

OR

On the expiration of 8,16,24 or any other multiples of 8 years that has occurred since the policy commenced.

All tax deductions will be made automatically from the policy, at the prevailing rate for life assurance policies.

(9) Pre 1 January 2001 non- pension policies

Under the previous Irish tax regime for non pension policies, the income and gains accruing to policyholders' funds were effectively taxed within the fund on an annual basis at the standard rate of income tax. The policyholder was not liable to any further tax on maturity or encashment of a policy.

These funds are referred to as "net" unit linked funds. The tax charge is taken into account in the pricing of the funds with each fund being treated on a standalone basis.

The basis for allowing for tax in the pricing of net unit linked funds is intended to ensure fairness between policyholders, shareholders, different net unit linked funds and different generations of policyholders. It also aims to avoid excessive unit price volatility.

Valuation report – IPRU (INS) Appendix 9.4

Name of insurer **Irish Branch of Aviva Life & Pensions UK Limited – Non-Profit**
Sub-funds (INPSF)

Global business

Financial year ended **31 December 2015**

Net funds are currently classified as either tax paying or non tax paying. Tax paying funds are taxed at a rate of 20% and non tax paying funds are taxed at a rate of 0%. Each fund is considered in isolation.

The criteria for deciding on whether a fund is tax paying or non-tax paying is based on unrelieved tax losses in the fund. If a fund has large tax losses as a percentage of the fund value then the fund will be considered as a non-tax paying fund as it is expected that the tax losses are so large that the fund will not be paying any tax in the near future.

The tax assets and tax liabilities within net funds are reviewed regularly (currently monthly) to ensure that the value of assets and tax liabilities reflected within unit prices are appropriate and that the net tax funds are taxed at an appropriate rate.

The company may apply discretion to the tax position of net funds in exceptional circumstances.

(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 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)

At YE14, Aviva Life & Pensions Ireland was regulated in Ireland and was governed by Irish solvency rules. At the end of the financial year, the INPSF is governed by UK solvency rules. As part of the portfolio transfer, a number of changes were made to the calculation of provisions in order to comply with UK regulations and to move our processes in line with the UK. The Pillar 1 valuation basis allows for the valuation methodology included in the Prudential Sourcebook for Insurers (INSPRU). 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 and an Outstanding Claims reserve (consisting of 'Incurred but not reported' and 'reported but not paid' reserves).

Individual Income Protection 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. Claims handling costs are not explicitly added to claims but instead are included within the per policy expense assumptions.

For other waiver of premium benefits, the reserve is based on outstanding waiver of premium and is valued using the discounted cash flow approach.

Valuation report – IPRU (INS) Appendix 9.4

Name of insurer **Irish Branch of Aviva Life & Pensions UK Limited – Non-Profit**
Sub-funds (INPSF)

Global business

Financial year ended **31 December 2015**

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 expenses upon closing to new business (closed fund portfolio reserve). 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.

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 and regular increase benefits.

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.

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. Explicit allowance is made for commission where appropriate.

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 funds, but other policy benefits, charges and expenses arise in the company's Non Profit funds.

(2) Valuation interest rates:

For Pillar 1 reserves, the rates of interest used depend on the actual yield on the assets backing the liabilities in the fund. The actual yield on the assets is adjusted to allow for investment expenses, credit risk allowances and a further risk margin of 2.5% as required by INSPRU 3.1.28R

Regulatory changes were introduced in 2009 (INSPRU 3.1.45R) allowing reference to forward rates rather than the long-term gilt yield, though we have not moved to this approach for the Ireland branch business (INPSF). Our approach is broadly consistent with that adopted in the UK, and is still consistent with the regulations and remains sufficiently prudent.

Liquidity risk of the funds (described in INSPRU 4.1) is managed so as not to be material, so we have not reduced any market values or yields to allow for liquidity risk.

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 after deduction for investment expenses.

Product	31 December 2015
Life Assurances	
Term / MCWL - Life	1.55%
Term - Pensions	1.55%

Valuation report – IPRU (INS) Appendix 9.4

Name of insurer **Irish Branch of Aviva Life & Pensions UK Limited – Non-Profit**
Sub-funds (INPSF)

Global business

Financial year ended **31 December 2015**

Guaranteed Bonds - Life	1.55%
Guaranteed Bonds – Pensions	1.55%
PHI	
In Force	1.55%
In Payment	1.55%
Pensions and General Annuities	
Annuity (pre 01/01/2014)	0.85%
Annuity (post 01/01/2014)	0.85%
Deposit Admin –Life	1.55%
Deposit Admin - Pensions	1.55%
Sterling Reserves – Life	
Discount rate	1.50%
Sterling Reserves – Pensions	
Discount rate	1.50%

(3) Adjustment to yield for credit risk

The adjustment, for credit risk and investment expenses, to underlying asset yields when deriving valuation interest rates, were determined by looking at the spread of gross redemption yields on assets backing non-profit liabilities over the equivalent German bond yields.

The adjustment took account of:

- (a) Market margins of gross yield over the yields of risk-free investments of a similar term in the same currency, where available. Historically, Aviva Ireland has used German bond yields as a reference point for risk free rates.
- (b) 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. As the MV weighted credit spread using German bonds as a proxy for risk free rates, was more onerous than the equivalent spread over Euro risk free swap rates, the adjustment focused on the spread over German bonds.
- (c) The need to take a prudent view of the above.

The adjustment made is expressed as a gap between the asset and liability yields for all businesses and was set to 30bps at the end of the financial year. This gap is assumed to include an allowance for default risk on bonds, hence the manual haircut reserves have been released.

Type of Asset	Deduction from yield
Annuity Business	0.30%
All other Business	0.30%

The credit spread on bonds is made up of a liquidity premium, a level of expected default and a level of unexpected default. If we assumed that there was zero liquidity premium, this would imply total default risk across the portfolio of 0.22%. The 0.30% adjustment includes a 0.08% adjustment for investment expenses.

The yield on all assets is further reduced by 2.5% to allow for risk, as required by INSPRU 3.1.28R.

Valuation report – IPRU (INS) Appendix 9.4

Name of insurer **Irish Branch of Aviva Life & Pensions UK Limited – Non-Profit**
Sub-funds (INPSF)

Global business

Financial year ended **31 December 2015**

(4) Mortality assumptions

Mortality assumptions are set based on an analysis of experience over the past five years. The assumptions continue to be based on the 00 series table. The percentage of each table used is broadly set in line with the experience reports. All experience assumptions are set with reference to Select “00” tables and reserve assumptions use Ultimate “00” tables. Mortality valuation assumptions incorporate a 10% prudence margin on the best estimate experience assumption. 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 2015**

Term Assurances- Smokers	72% TMS00 Select (5)
	<u>77% TFS00 Select (5)</u>
Term Assurance - Non Smokers	72% TMN00 Select (5)
	<u>88% TFN00 Select (5)</u>
UL RP Life	61% AMS/N00 Select (2)
	<u>72% AFS/N00 Select (2)</u>
UL SP Life –Smokers	44% AMS00 Ultimate
	<u>44% AFS00 Ultimate</u>
UL SP Life –Non Smoker	154% AMN00 Ultimate
	<u>105% AFN00 Ultimate</u>
UL RP Pension	55% AMS/N00 Ultimate
	<u>55% AFS/N00 Ultimate</u>
UL SP Pension	44% AMS/N00 Ultimate
	<u>44% AFS/N00 Ultimate</u>
NL RP Life	55% AMS/N00 Select (2)
	<u>55% AFS/N00 Select (2)</u>
NL RP Pensions Smokers	83% TMS00 Select (5)
	<u>88% TFS00 Select (5)</u>
NL RP Pensions – Non Smokers	83% TMN00 Select (5)
	<u>88% TFN00 Select (5)</u>

Valuation report – IPRU (INS) Appendix 9.4

Name of insurer **Irish Branch of Aviva Life & Pensions UK Limited – Non-Profit**
Sub-funds (INPSF)

Global business

Financial year ended **31 December 2015**

Annuitant mortality bases

The longevity basis for immediate and GAO annuities was updated following a review of assumptions at the end of the financial year. The longevity valuation assumptions incorporate a 5% margin on the best estimate mortality assumption, plus an additional 0.5% margin on future mortality improvements.

Pensions and General Annuities 31 December 2015

Immediate Annuities -Male Base	88% PNMA00
Improvements	CMI13(2.25M) from 2001
Immediate Annuities -Female Base	95%PNFA00
Improvements	CMI13(2F) from 2001

For annuitant business in 2015, 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
88% PNMA00 CMI_2013_M_2.25	25.9	16.0	29.5	27.8
95% PNFA00 CMI_2013_F_2.0	26.8	16.9	29.9	28.4

Mortality improvement

The end-2015 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_2013” Model from base year 2001 using [2.25%] p.a. long-term improvements for Males and [2.0%] p.a. for Females; with a constant addition of 0.5% p.a. (both Males and Females) from year 2014 onwards.

The end-2014 annuitant mortality basis was derived as above, but based on the “CMI_MC” medium cohort projection model with a minimum annual improvement of 1.75% from base year 2001, for both males and females.

An additional reserve of €17m was held for annuitant mortality at the end of the financial year. This additional reserve is an additional prudence allowance to allow for the risk that Irish mortality differs from UK experience on which the tables used in the model have been based.

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:

There have been no changes to morbidity assumptions since the end of the previous financial year.

Valuation report – IPRU (INS) Appendix 9.4

Name of insurer **Irish Branch of Aviva Life & Pensions UK Limited – Non-Profit**
Sub-funds (INPSF)

Global business

Financial year ended **31 December 2015**

The critical illness assumptions are based on IC94 experience rates. IC94 contains separate rates for males and females as well as for accelerated and stand-alone critical illness.

Standalone Critical Illness

Ex – Hibernian Business

The valuation assumption uses 135% of IC94 with an increase in rates by the factor of 1.5% every future year.

Ex – Norwich Union Business

The valuation assumption uses 135% if IC94 with the following adjustments

- Smoker adjustment:
 Multiply by 0.8 for non-smokers, 1 for unknown and 1.35 for smokers
 An increase by the factor of $1.015^{(\text{no of years since 1996})}$

There is also a PTD rate included in the CI calculation of $(1.35/1.1)$ times the rate in PTD_SRE table. The Following adjustments are applied to that rate

- Smoker adjustment:
 Multiply by 0.8 for non-smokers, 1 for unknown and 1.35 for smokers.
 An increase by the factor of $1.015^{(\text{no of years since 1996})}$

Occupation adjustment by the factor of 2.5 for certain occupation subclasses.

Income Protection - Claims inception rates

Claim inception and recovery rate assumptions are based on pricing assumptions derived in conjunction with advice from Swiss Re.

The claim inception rate assumptions for Old PHI products are:

Product	% of CIDA table
Old PHI	125%

For new PHI product groups, these have been based on CIDA rates, adjusted by factors dependent on deferment period and occupational class, reflecting our own experience. Further margins have been taken for prudence.

Income Protection - Recovery rates

Claim inception and recovery rate assumptions are based on pricing assumptions derived in conjunction with advice from Swiss Re

For PHI policies, these have been based on CIDA rates, adjusted by factors dependent on the whether the policy is In Force or In Payment and duration, reflecting our own experience. Further margins have been taken for prudence.

Recovery Rates	% of CIDA table
----------------	-----------------

Valuation report – IPRU (INS) Appendix 9.4

Name of insurer **Irish Branch of Aviva Life & Pensions UK Limited – Non-Profit**
Sub-funds (INPSF)

Global business

Financial year ended **31 December 2015**

Product	<2.5 months	>2.5 months
In Force	100	80
In Payment (excl Tara Mines)	50	40
Tara Mines	0	0

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.

(6) Expense assumptions:

Details of the expense bases used at 31 December 2015 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. For other UK sub funds, the expense assumptions 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.

Although most of the Ireland branch's expenses (staff costs) are incurred within Aviva Life Services Ireland, these costs are recharged back to the branch. Unlike UKL, this charge is not expressed as a per policy cost but rather as an overall amount. In addition, most non-staff costs would be incurred directly within the branch.

As a result, the Ireland branch would not be able to use a straight per policy cost agreed within a Management Service Agreement but instead has to derive its own per policy costs based on expected expenses and policy count over the next year. These expenses include regular policy specific expenses as well as audit fees, regulatory fees and ongoing project costs. A review of expenses was conducted in Q4 2015 and this resulted in a number of changes.

No zillmer adjustment was used at the end of 2015 - valuations were carried out on a Gross Premium basis

The expense assumptions are the same for both premium-paying and non-premium paying contracts.

Per policy expenses in the year after the valuation date

Category	31/12/2015 Expense (€)
Protection	51.40
Income protection	39.90
Group Risk	31.50
UL Savings AP	48.20
UL Savings SP	43.40
Tracker Bonds	48.60
Personal Pensions AP	67.40
Personal Pensions SP	60.70
Executive Pensions AP	71.20
Executive Pensions SP	64.00
Individual PRSA AP	61.70
Individual PRSA SP	55.60
Annuities	56.60
Buy Out Bonds	48.40
ARFs/AMRFs	83.30
Investment Only	61.2
Group Pension AP	49.60
Group Pension SP	44.60

Valuation report – IPRU (INS) Appendix 9.4

Name of insurer **Irish Branch of Aviva Life & Pensions UK Limited – Non-Profit**
Sub-funds (INPSF)

Global business

Financial year ended **31 December 2015**

Other Pensions AP	58.90
Other Pensions SP	53.90

All figures are gross of tax relief as the Ireland branch is considered to be an Excess E business. The above valuation expense assumptions are based on the best estimate assumptions plus a 10% prudence margin. For non-linked business, total best estimate expenses (fixed and variable) +10% is used. For linked business, variable best estimate expenses +10% is used, where variable represents 50% of the best estimate expense. For non-hybrid 100:0 UWP business, we follow the same approach as for the linked business.

* In the table above, 2014 expenses have been adjusted for inflation to be comparable with 2015 expenses.

Expenses as % of Claim

Claims handling costs are not explicitly added to claims but instead are included within the per policy assumptions above.

Investment expenses

The gap between weighted average asset and liability yields, when setting the valuation interest rate basis, includes an allowance for investment expenses of 0.08%.

Where the Ireland branch directly owns the underlying assets of a fund, the Investment Management expense is based on the underlying asset class. The exceptions are the Safe Haven fund and the fixed rate deposit funds that are managed at no explicit cost and the SRI and geared funds that attract a higher cost than would otherwise be commensurate with the underlying assets. The charges for each asset class are as in the table below.

Asset Class	Fee Scale
Irish Equity	13 basis points
Non Irish Equity	15 basis points
Property	17 basis points
Bonds	8 basis points
Cash	2 basis points

The calculated charge per fund is a weighted average charge depending on the proportion of each asset class in that fund, ignoring the complication of cash balances or overdrafts on proportion of other assets in the fund. Where the Ireland branch does not directly own the underlying assets of a fund but rather units in another fund, including unit trusts managed by Aviva Investors, the charge per fund varies according to the charges set by the relevant fund manager. The CPPI fund has two layers of IMC. The first is charged by Aviva Investors and the second is charged by BNP Paribas. Both charges are set amounts.

As regards initial expenses, new business contribution is calculated using actual initial expenses incurred by the company during the year.

Valuation report – IPRU (INS) Appendix 9.4

Name of insurer **Irish Branch of Aviva Life & Pensions UK Limited – Non-Profit**
Sub-funds (INPSF)

Global business

Financial year ended **31 December 2015**

(7) Unit Growth and Inflation

The unit growth and inflation rates are as follows:

	31 December 2015
Inflation assumption for expenses	2.35%
Linked business	
Unit Growth Rate for gross business	1.50%
Future increases in policy charges	0.00%

A margin of 50 bps over the best estimate inflation rate was used for the valuation expense inflation assumption and is consistent with the Standard Formula 1:200 stress of 1%. We would expect the SF stress to be considerably higher than the PRA margin.

The unit growth rate is set equal to the unit linked valuation discount rate of 1.50%. The unit linked valuation discount rate is based on the actual yields of assets backing the non-unit reserves i.e. bonds. As the majority of the assets are equities, there is a large level of prudence. This is more prudent than the UK approach which is based on the yield (net of prudent default allowance) on the unit linked assets.

(8) There are no with-profit contracts in the non-profit sub-funds.

(9) Lapse and surrender best estimate assumptions for the end of the financial year are provided below. Simple arithmetic averages were used to group years together.

Lapse Rates (%)	Years in Force			
Product Class	1-5	6-10	11-15	16-20
OB Non Profit RP Level Term Assurances(1)	11.2	6.8	6	6
OB Non Profit RP Dec. Term Assurances	10.2	7	7	7
OB Non Profit RP Endowments Assurances	4	6	6	6
OB Linked RP Protection	6	11.2	12	12
OB Linked RP Savings	10.4	12	12	12
OB Linked SP(2)	6.2	15	15	15
Pensions Linked RP- Horizon	7	7.4	7	7
Pensions Lined RP-Group	6.8	6	6	6
Pensions Linked RP-Individual	4.4	6.6	7	7
Pensions Linked SP (excl ARFs)	14	14	14	14
ARFs	4.9	11.8	11	11
Investment Only	9.4	23	25	25
Lifespan and Century	5.2	4	4	4

Valuation report – IPRU (INS) Appendix 9.4

Name of insurer **Irish Branch of Aviva Life & Pensions UK Limited – Non-Profit**
Sub-funds (INPSF)

Global business

Financial year ended **31 December 2015**

Celebration Bond (3)	3	10	10	10
Income Protection (4)	14.6	7.2	6	6

Note (1) - A lapse rate of 6% is used for policy years 8+. The 7% remains appropriate for policy year 7.

Note (2) – Assume that 60% of policies invested in the Guaranteed Fund lapse at the end of the guarantee period (month 61). Assume 10% of Portfolio Bond and Spectrum Bond policies (other than those in Guaranteed fund) lapse after 5 years (the point when the surrender penalty is eliminated).

Note (3) – From year end 2009 a shock lapse of 75% was introduced at the tenth policy anniversary.

Note (4) – The assumed Income Protection lapse rate for policy years 10+ is 6%

The valuation lapse assumptions are based on the best estimate assumptions above +/- a 35% prudence margin.

For some pension product groups we have a paid-up assumption. The assumptions for YE 2015 are below.

PUP Rates (%)			Years in Force			
Product Class			1-5	6-10	11-15	16-20
Pensions	Linked	RP-Horizon	8	8	8	8
Pensions	Linked	RP- Group	8	8	8	8
Pensions	Linked	RP- Individual	14	8.8	8	8

For UL and UWP Bonds, allowance is made for partial withdrawals at the actual amount or for some policies, at the minimum amount deemed appropriate for tax.

For some product groups we have a lapse on paid-up policies assumption:

Lapse Rate on Paid Up policies(5)	All Durations
Product Class	
OB Linked RP Protection	20
OB Linked RP Savings	18
Pensions Linked RP - Horizon	8
Pensions Linked RP - Group	18
Pensions Linked RP - Individual	7

In addition to the above assumption changes, there was a methodology change to the way lapses were modelled in the calculation of reserves for protection business.

For non-linked business, the model applies a +/-35% margin to the best estimate lapse assumption depending on which is the most prudent. For unit linked business, the model applies a +35% margin to the best estimate lapse assumption which is the most prudent.

(10) Option take-up rates

Valuation report – IPRU (INS) Appendix 9.4

Name of insurer **Irish Branch of Aviva Life & Pensions UK Limited – Non-Profit**
Sub-funds (INPSF)

Global business

Financial year ended **31 December 2015**

For deferred annuities with a guaranteed cash option (GAO) and assurances with a guaranteed annuity option, the reserve take up assumption is 76% compared to 75% at the end of the previous financial year.

This is deemed reasonable based on:

->The rate used in the reserve calculation is equivalent to the MCEV experience rate (61%) of the tranche with the highest take up, plus a 15% margin for prudence.

->Policyholders can take tax free cash at maturity to the amount of 25% of the maturity value or up to one and a half times final salary. This would normally be of greater value to the policyholder than the GAO.

As mentioned above, policyholder can take tax free cash at maturity to the amount of 25% of the maturity value or up to one and a half times salary. This would normally be of greater value to the policyholder than the GAO. Additionally, not all policyholders must purchase an annuity on maturity but instead can invest the maturity value in a single premium bond that is used for income into the future on a draw-down basis.

Were either of the above two to adversely change, we would expect an increase in the take up rate.

Taxation

As a branch of UKLAP based in Ireland, it is subject to Irish tax. The branch is not subject to UK tax as a branch election is in place. Indications are that there will be no I-E losses carried forward into 2016. Consideration will be given to changing the OBB tax assumption in 2016.

Parameter	YE 2015	Comments
Corporation Tax (current year)	12.5%	Compares with UK corporation tax rates of 23% (2013/14), 21% (2014/15), 20% (2015/16)
Corporation Tax (future profits)	12.5%	
Policyholder tax	20%	For OBB business – tax relief on expenses, and tax on taxable income/gains

Taxation of life insurance business sold prior to 01/01/2001 in the Republic of Ireland is broadly similar to the UK but with numerous differences of detail.

Life business sold after 31/12/2000 and any other business whenever sold (e.g pension) will receive tax-free growth up until a chargeable event occurs (e.g maturity of a policy, surrender, partial encashment, 8 year anniversary). When a chargeable event occurs, an exit tax is withheld by the life company and paid over to Revenue.

Life Business – In 2008 Aviva Life & Pensions Ireland moved to a non-tax paying position due to significant losses carried forward. Because of this, projections were amended so that income, unit growth and expenses are all projected gross of tax, tax on shareholder profit is then assumed at 12.5%. The value of tax losses carried forward is compared to the reduction in reserves as a result of using a gross of tax valuation basis. A calculation is also carried out to check if a non policy specific reserve is required to take account of Prophet projecting on a gross basis whereas a move back to a tax paying situation is expected in the future. The amount of this reserve at Year End 2015 was €0.17m.

Pensions and gross roll up business is taxed on its shareholder profits under Schedule D Case 1. Shareholder profits are taxed at the corporation tax rate, currently 12.5%. Income, unit growth and expenses are all projected gross of tax. Tax on shareholder profit for business in the Non Profit fund is then assumed at 12.5%. Gross Roll Up exit tax is now allowed within the model.

Valuation report – IPRU (INS) Appendix 9.4

Name of insurer **Irish Branch of Aviva Life & Pensions UK Limited – Non-Profit**
Sub-funds (INPSF)

Global business

Financial year ended **31 December 2015**

Allowance for taxation is included within the unit pricing of unit-linked funds as described in section 3(9) above.

(11) Derivatives

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 GAO liabilities, supporting a higher valuation interest rate for applicable reserves. In order to allow for the risk that interest rates change prior to vesting, a hedge is in place consisting of a portfolio of at-the-money receiver swaps and out of the money payer swaptions. If interest rates (on the swap rate curve) fall, then the swaps will gain in value in our favour, i.e. they will become an asset. Likewise, if interest rates rise, then the swaps will become a liability. These changes in swap values should match corresponding changes in GAO reserves.

(12) Changes in INSPRU valuation rules

- (4) There were no changes in valuation methodology in 2015 arising from changes in INSPRU valuation rules during the year. The previous valuation was completed with an effective date of 31 December 2014. At that time, Aviva Life & Pensions Ireland was regulated in Ireland and was governed by Irish solvency rules. The Irish Non Profit Sub Fund (INPSF) was then transferred into Aviva Life & Pensions UK Limited under a section13 transfer, effective 1 January 2015. As part of the portfolio transfer, a number of changes were made to the calculation of provisions in order to comply with UK regulations and to move our processes in line with the UK.

The Pillar 1 valuation basis allows for the valuation methodology included in the Prudential Sourcebook for Insurers (INSPRU). On 01/01/2015, Aviva Life & Pensions Ireland became a branch of UKLAP which required that assumptions are set and approved allowing for the new regulatory framework. The UK & Ireland FTC approved the restated 31 December 2014 assumptions.

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.

The amount of reserve held for the base contracts and additional reserves for GAOs as at the end of the financial year was:

€m	Non-Profit
Base Reserve	4.5
Additional Reserve for GAOs	5.4

(2) Guaranteed surrender and unit-linked maturity values:

A reserve of €12.7m is held which allows for the cost of the interest rate guarantee on certain unit linked products where the interest rate is guaranteed at 4%.

(3) Guaranteed Insurability Options

- (a) There is no specific reserve for guaranteed insurability options where options are not material.

Convertible term option

The €10m reserve for convertible term assurance business covers the cost of future option when converted.

(4) Other guarantees and options

Valuation report – IPRU (INS) Appendix 9.4

Name of insurer **Irish Branch of Aviva Life & Pensions UK Limited – Non-Profit**
Sub-funds (INPSF)

Global business

Financial year ended **31 December 2015**

When contracts provide other options with a specific premium, a reserve is generally held of all option premiums paid.

6. Expense reserves

- (1) The aggregate amount for expense loadings, expected to arise during 2016 for existing business is shown in the table below. The expense allowance for the end of the financial year are split between a per-policy amount, and the investment expenses expressed as a percentage of the reserves.

Expense levels of €35.2m were used, €33.7m of these related to the BAU cost base and €1.5m were attributable to project costs, i.e expected expense base for 2016. The total expenses which relate to existing business amounted to c. €19m and are broken down in the table below. Revised allocation between initial and renewal rate used based on expense analysis completed in Q4 2015. Expense assumptions have made allowance for expected expenses to be incurred in 2016 as well as the expected average policy count over the same period.

Homogenous Risk Group	Implicit Allowance	Explicit Allowance (investment)	Explicit Allowance (other)	Non-Attributable Expenses	Total
Unit Linked	€0.00m	€0.73m	€5.84m	€5.84m	€12.41m
Non Linked	€0.89m	€0.00m	€6.50m	€0.00m	€7.39m
Total	€0.89m	€0.73m	€12.34m	€5.84m	€19.80m

- (2) Non-attributable expenses on unit linked business are allowed for implicitly, through expected future valuation surplus. In 2015, the valuation surplus of €4.74m on unit linked business covers a large portion of the expected amount of non-attributable expenses, €5.84m.

Investment expenses on conventional business are reserved for implicitly, through a margin in the valuation interest rate. The expected expense over 2016 is €0.89m.

- (3) The total contribution of maintenance expenses shown at line 14 of Form 43 from INPSF is €35.67m.
- (4) In determining the requirement for a new business expense overrun reserve, a prudent assessment of the projected value of 2016 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 2016 new business.
- (5) In addition to per policy expense reserves, explicit expense reserves of €21.1m are held in accordance with INSPRU 1.2.50R. These reserves include appropriate allowance for expected redundancy and other costs associated with ceasing to transact new business immediately, and for expense overruns in respect of business in force at the valuation date. The transition to closed fund is assumed to incur once-off expenses of €15m and the sale of the remaining block of business on final closure is assumed to incur a cost of €5m
- (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. The closed fund portfolio reserve includes an amount of €1.1m against the non attributable expenses on unit linked business where the valuation surplus is insufficient to cover all the non-attributable expenses.

7. Mismatching Reserves

- (1) The mismatching reserve is no longer required following the portfolio transfer when Ireland became a branch of UKLAP at 01/01/2015.
- (2) All the liabilities are denominated in euro.
- (3) Since all the assets and liabilities are denominated in euro, there is no currency mismatch.

Valuation report – IPRU (INS) Appendix 9.4

Name of insurer **Irish Branch of Aviva Life & Pensions UK Limited – Non-Profit**
Sub-funds (INPSF)

Global business

Financial year ended **31 December 2015**

- (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.

No further reserve is required to be 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, because the impact is immaterial.

8. Other Special Reserves

As part of the Section 13 transfer, a number of changes were made to the calculation of provisions. These changes were made in order to comply with UK regulations, to align the valuation methodology with ALPUK, or on materiality grounds. A summary of the more material changes is shown below.

Resilience Reserve – no longer required under UK regulations

Haircut Manual Reserve – release from manual reserves and incorporated into valuation interest rate.

Closed fund portfolio Reserve – significantly reduced due to the exclusion of protection business, whose expenses are now reserved for fully at individual policy level.

Government Premium levy – released to align with ALPUK approach.

Other manual reserves which were considered immaterial were removed.

Additional Longevity Reserve:

This reserve is held for PRA purposes only to allow for additional prudence in the mortality improvement assumptions that are not allowed for in the model. The reserve was €17m at the end of the financial year.

Reinsurance Counterparty reserve:

This reserve is required under UK PRA regulations but wasn't required under Irish regulations. Allowances are made in PRA Peak 1 in respect of reinsurance counterparty risk. For each reinsurer, we determine the current credit rating and exposure. A weighted average default rate is then calculated across all reinsurers, and multiplied by the exposure at each future time period to determine the allowance required. Reinsurance default probabilities from the YE 14 calibration paper were used and the same methodology adopted by UK Life for YE 14 was used. No allowance was made for the cost of re-broking with another reinsurer on default. This is because it does not form part of the risk calibration methodology. The reinsurance reserve at risk in each future year is projected and the present value of the cost of each year is calculated. The reserve held at YE 2015 was €5m.

Specific Policy Reserves:

Reserves are held in respect of specific policies where the policy is not modelled or where the data does not run through the model. This is reviewed at each valuation.

Modelling Issues reserve:

Reserves are held for specific modelling issues. This is where the prophet model doesn't accurately model the policy benefits. Examples include corrections for modelling of policy fees and maturity bonuses.

NuLife reserve:

Valuation report – IPRU (INS) Appendix 9.4

Name of insurer **Irish Branch of Aviva Life & Pensions UK Limited – Non-Profit**
Sub-funds (INPSF)

Global business

Financial year ended **31 December 2015**

A specific reserve is held in respect of NuLife business. This business has reviewable premiums and the prophet model currently assumes all policyholders will accept a new premium irrespective of the size of the increase. This reserve estimates the change in reserve should suitable lapse be incorporated into the model at the review dates. This reserve was €15m at the end of the financial year.

Convertible Term Assurance reserve:

A reserve is also held for Convertible Term Assurance business. This covers the build up of conversion option loadings on convertible policies. This reserve was €10m at the end of the financial year.

Product Governance reserve:

A reserve is also held for product governance issues. This includes the aggregation of a number of provisions held separately by Aviva Life & Pensions Ireland at the end of the previous financial year. These include (1) Product Rectification, (2) Fund Governance, (3) Irish Property Fund Issue 1 & 2, (4) SSgA, (5) Unit Encashment, (6) Miscellaneous Business Issues and (7) Lifestyle switching. This reserve amounted to €50.6m at the end of the financial year.

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) The table below includes premiums and reserves in respect of business reinsured.

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 Europe SA (UK Branch)	Yes	No	Term and Gteed Integrated CI	9,253	39,769	Open	10% up to €317k
B	Swiss Re Europe SA (UK Branch)	Yes	No	Term and Gteed Integrated CI	7,127	47,822	Closed	10% up to €317k
C	Swiss Re Europe SA (UK Branch)	Yes	No	Converted Term and CI	5,078	9,163	Open	10% up to €317k
D	Swiss Re Europe SA (UK Branch)	Yes	No	Income Protection	1,330	0	Open	10% up to €5k
F	Munich Reinsurance	Yes	No	Group Risk Life	3	1	Closed	10% retained
G	Munich Reinsurance	Yes	No	Group Risk PHI	3	810	Closed	10% retained
H	Munich Reinsurance	Yes	No	Group Protection	6	1,898	Closed	10% retained
I	Munich Reinsurance	Yes	No	Group Protection	76	22,837	Closed	10% retained
J	Munich Reinsurance	Yes	No	Hibernian OT	487	47,289	Closed	10% retained
K	Munich Reinsurance	Yes	No	Group IP	19	5,700	Closed	10% retained
L	Munich Reinsurance	Yes	No	Hibernian Risk	957	62,637	Closed	10% retained
M	Scor	Yes	No	Term and Gteed Integrated CI	735	992	Closed	10% retained

Valuation report – IPRU (INS) Appendix 9.4

Name of insurer

Irish Branch of Aviva Life & Pensions UK Limited – Non-Profit
Sub-funds (INPSF)

Global business

Financial year ended

31 December 2015

N	Scor	Yes	No	Term and Gteed Integrated CI	534	721	Closed	10% retained
O	Scor	Yes	No	Term and Gteed Integrated CI	4,837	6,527	Closed	10% retained
P	Scor	Yes	No	Term and Gteed Integrated CI	3,043	4,107	Closed	10% retained
Q	Scor	Yes	No	Term and Gteed Integrated CI	3,229	4,358	Closed	10% retained
R	Scor	Yes	No	Term and Gteed Integrated CI	3,733	5,038	Closed	10% retained
S	Scor	Yes	No	Gteed Integrated CI	270	7,219	Closed	10% retained
T	Partner Re	Yes	No	Group Risk	0	19	Closed	10% retained
U	Partner Re	Yes	No	Term	3,133	17,632	Closed	10% retained
V	Partner Re	Yes	No	Term and Gteed Integrated CI	4,592	3,468	Closed	10% retained
W	Partner Re	Yes	No	Guaranteed Whole of Life	150	1,001	Closed	10% retained
X	Aviva Re	Yes	Yes	Level Term Assurance	111	2,817	Closed	10% retained
Y	Aviva Re	Yes	Yes	Term and Gteed Integrated CI	29	870	Closed	10% retained
z	Aviva Re	Yes	Yes	Guaranteed Whole of Life	692	1,666	Closed	10% retained

The cover given under each treaty is quota share. For new business, 90% is reinsured and 10% is retained.

There are no significant undischarged obligations to the reinsurers as at 31/12/2015.

There are no deposit back arrangements in any of these treaties.

Financing Treaties

There are no finance treaties.

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 2015****1. Introduction**

- (1) The **valuation date** is 31 December 2015.
- (2) The date of the previous valuation was 31 December 2014.
- (3) An interim valuation was carried out with an effective date of 30 June 2015 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:

	2015	2014
Gross investment return		
· Annuities	Yield on supporting assets less an allowance for defaults	Yield on supporting assets less an allowance for defaults
· 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
· Other non-profit business	Risk free rate	Risk free rate
Charge inflation	1.46%	2.99%
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 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 2015**

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 2015

Product Class	With-profit benefits reserve £m	Future Policy Related Liabilities £m	Total £m
Conventional Life		328	1,996
Asset Share (individual)	942		
Asset Share (grouped)	9		
BRV	717		
Conventional Pensions		1,933	3,619
Asset Share (individual)	922		
Asset Share (grouped)	(33)		
BRV	809		
Regulatory Reserve	(11)		
UWP Life		79	1,186
Asset Share (individual)	1,107		
Asset Share (grouped)	0		
UWP Pensions		417	6,085
Asset Share (individual)	5,663		
Asset Share (grouped)	6		
Miscellaneous Other	5	(69)	(64)
Total	10,135	2,688	12,823

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.

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 £717m 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 £552m 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 basis. In line with current bonus practice, the BRV is based on the final bonus scales derived from projected premium paying policies.

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 2015**

Conventional Pensions also contains £257m 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)	85
Asset Share (grouped)	0
BRV	15
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 2015
- (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.

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 2015**

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.

	2015			
	Charged to WPBR £m	Not-Charged to WPBR £m	Non-Profit expenses £m	Total £m
Estimated initial expenses and commission	1	0	0	1
Renewal expenses and commission	71	18	0	88
Shareholder Transfers	0	30	0	30

The above table approximately splits out the expenses incurred over 2015. 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.

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 2015 are approximately £71m. 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

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

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 2015**

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

No future charge for guarantees is planned.

(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	2013	2014	2015
With Profits Sub-fund	Conventional Life	94%	96%	97%
	Conventional Pensions	119%	119%	112%
	UWP Life	98%	98%	101%
	UWP Pensions	101%	96%	101%

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 2015 are 5.4%. This rate applies to all policies.

5. With-profits benefits reserve – Prospective method

(1) Prospective assumptions

Bonus reserve valuation (BRV) is used for approximately 15% 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 2015**

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 and conventional whole life term-dependent risk free rate. Sample values are:

Term (years)	Rate
1	0.75%
5	1.62%
10	2.04%
15	2.21%

For with-profit immediate annuity business an equivalent single rate is used:

Product Class	2015
With-profit Immediate Annuity	1.90%

(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	2015
Conventional Pension PUPs	0%
Whole of Life	0%
With-profit Immediate Annuity	0%

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

	2015	
Product Class	Renewal Expenses Per policy	Expense Inflation %
Conventional Pension PUPs	£48.67	1.54
Whole Life	£24.33	0.59
With-profit Immediate Annuity	£22.80	1.46

Expenses increase with inflation at the policy anniversary.

(f) Future Assumed Lapse Rates

Nil

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 2015

(g) Future mortality assumptions

Conventional pension PUPs: No mortality is assumed in deferment

Conventional Pension PUPs post-vesting:

	31 December 2015
Males	104.5 % of PCMA00 plus 100% medium Cohort Improvement factors, minimum 1.75% pa, applicable from 2001
Females	99.5 % of PCFA00 plus 100% medium Cohort Improvement factors, minimum 1.5% pa, applicable from 2001

Whole Life:

	31 December 2015
Males	95% of AMN00 / 99.5% of AMS00 with 1.5% per annum mortality improvements for each future year
Females	95% of AFN00 / 99.5% of AFS00 with 1.5% per annum mortality improvements for each future year

With-Profit Annuity:

	31 December 2015
Males	99.5%* PCMA00 with 100% medium cohort improvement factors, minimum 1.75% pa, applicable from 2001, plus 0.5%pa applied from 2014
Females	94.5%* PCFA00 with 100% medium cohort improvement factors, minimum 1.5% pa, applicable from 2001, plus 0.5%pa applied from 2014

During 2015 we changed the calculation methodology for the majority of business calculated on a BRV basis. We now calculate the BRV excluding the value of any guaranteed benefits – and this is reported in the With Profits Benefits Reserve. Any additional value resulting from guaranteed benefits is now reported as part of the “cost of guarantees”.

(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 age banding, mortality assumption, lapse assumption, original term, outstanding term, eligibility to endowment promise, joint life status and policy size.

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 2015**

- Conventional Pensions are grouped by age banding, mortality assumption, lapse assumption, premium type, sex, original term, outstanding term, GAO eligibility and source admin system.
- Deferred annuities are grouped by age banding, mortality assumption, lapse assumption, premium type, paid up status, policy term, outstanding term, annuity escalation rate, death benefit type and policy size
- GMP business is grouped by age banding, mortality assumption, lapse assumption, outstanding term, original term, sex, GMP eligibility, and in-the-moneyness of the guarantee.

For unitised with-profit business:

- Product class (e.g. life bonds, pensions)
- Life Bonds are grouped by age banding, mortality assumption, lapse assumption, surrender penalty assumption, guarantee type, bonus series, shareholder transfer level, charge level, entry year and quarter, and joint life status.
- Pensions are grouped by age banding, mortality assumption, lapse assumption, surrender penalty assumption, year of unit purchase and guarantee type

For WPSF, we have grouped approximately 572,900 individual model points into 17,200 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 87% of WPSF 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 the following:
- Revised modelling of interest rates – to facilitate modelling of negative interest rates
 - Modelling of “guarantee costs” for business where total reserve is calculated on a “BRV” basis
 - Modelling of late retirements for business with a minimum bonus guarantee
 - Modelling of investment in AIMS fund
 - Revised assumptions for spouse’s age on Joint Life guarantees

(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.

WPSF	Planned Enhancements to WPBR	Planned Deductions to WPBR for other costs	Contractual Guarantee costs	Non-Contractual Commitments	Cost of Financial Options	Smoothing costs
Product Class						
Conventional Life	0	0	9	203	0	0
Conventional Pensions	0	0	1,365	0	522	0
UWP Life	0	0	15	47	0	0
UWP Pensions	0	0	376	0	0	0
Distribution	125	0	0	0	0	0
Misc	0	6	0	0	0	(83)
Total	125	6	1,765	250	522	(83)

Planned Enhancements to WPBR

The £125m represents the remaining part of the “special distribution” announced by the UK Life board in July 2015, which will be applied as an enhancement to payouts at maturity (excluding shareholder transfers).

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 2015****Planned Deductions to WPBR for guarantees and options**

There is currently no charge for the Cost of Guarantees in this fund.

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.

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.

	WPSF
Stochastic Reserve	£9m
Central Estimate	£1m
Option value	88%

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.

	WPSF
Stochastic Reserve	£523m
Central Estimate	£492m
Option value	6%

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.

	WPSF
Stochastic Reserve	£843m
Central Estimate	£851m
Option value	-1%

On those policies which have a GMP, the cost of this underpin is fully in-the-money.

UWP Life

	WPSF
Stochastic Reserve	£15m
Central Estimate	£0m
Option value	100%

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.

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 2015**UWP Pensions

	WPSF
Stochastic Reserve	£376m
Central Estimate	£187m
Option value	50%

This represents the cost of the payouts exceeding 100% asset share due to no-MVR guarantee under the stochastic projection.

The guarantees are currently out of the money for many years of purchase. However the guaranteed return of 4% per annum return on much of this business requires an investment return in excess of 4.88% to support it, so guarantees in respect of later maturity dates are more in the money.

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

	WPSF
Stochastic Reserve	£250m
Central Estimate	£250m
Option value	0%

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.

	WPSF
Stochastic Reserve	£522m
Central Estimate	£514m
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, subject to a maximum recovery of 5% of Asset Share, consistent with statements in the PPFM for With Profits Sub-fund.

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 2015**

(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 (Swaps)	
	Dec-14	Dec-15
1	0.65%	0.75%
2	0.93%	1.07%
3	1.15%	1.31%
4	1.33%	1.49%
5	1.46%	1.62%
6	1.57%	1.73%
7	1.66%	1.82%
8	1.75%	1.90%
9	1.82%	1.97%
10	1.88%	2.04%
15	2.13%	2.21%
20	2.25%	2.25%
25	2.29%	2.22%
30	2.30%	2.17%

- The discount rate was set equal to the UK Commercial Bank liability spot curve.
- 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 the swap curve for both the opening and closing position.

Use of the curve:

The above risk-free rate curve was used for all option-pricing purposes.

Interest Rate Model

Nominal interest rates are modelled using a monthly Libor Market Model Plus (LMM+). 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 good fit to the volatility surface. The nominal interest rate model is calibrated to absolute implied swaption volatilities which facilitates modelling of negative interest rates.

Real interest rates are modelled using a 2-factor Gaussian LMM model. The Gaussian LMM model is a special case of the LMM+ interest rate models where it is also possible to obtain negative interest rates. 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. The initial market observed real yield curve is an input to the Gaussian LMM model and this allows for more accurate modelling of inflation.

The RPI inflation assumption is derived from the difference in modelled nominal and real interest rates using an Inflation Plus model.

The CPI Inflation assumption is derived from RPI inflation using an Inflation Wedge model, with a parameter that, in the long-term, the average level of CPI is 1.0% lower than RPI, to reflect that historically inflation has been lower on this measure than that derived from the RPI.

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 2015****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	26.2%	23.0%	20.0%	17.5%	15.2%	12.8%	
3	23.8%	22.6%	21.3%	20.0%	18.7%	17.4%	16.1%
5	23.5%	22.5%	21.5%	20.5%	19.6%	18.7%	17.7%
7	23.6%	22.7%	21.9%	21.1%	20.4%	19.6%	18.9%
10	24.0%	23.3%	22.6%	22.0%	21.4%	20.8%	20.3%
25	27.0%	26.7%	26.3%	26.0%	25.7%	25.5%	25.2%

Property Model

Property is modelled as an equity type asset using the constant volatility model.

The model is calibrated using a 16% volatility assumption, which is adjusted from data provided by Barrie & Hibbert for Property volatility.

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 2015
Property	50%
Bonds	15%
IL Bonds	11%
Short Rate	-11%
European Equities	76%
US Equities	76%
Japanese Equities	52%
Emerging Markets Equities	63%
Pacific Basin Equities	60%

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 2015****(iii) Option prices from asset model**

		K				0.75				1				1.5			
		Duration (n)				5	15	25	35	5	15	25	35	5	15	25	35
		Annualised compound equivalent of the risk free rate assumed for the period (r)				1.62%	2.21%	2.23%	2.13%	x	x	x	x	x	x	x	x
1	Risk-Free Zero Coupon Bond	922,892	720,184	576,430	478,187					x	x	x	x	x	x	x	x
2	FTSE All Share Index (p=1)	81,863	207,832	314,297	389,935	184,703	350,245	478,064	571,276	525,555	699,528	848,990	961,987				
3	FTSE All Share Index (p=0.8)	78,102	184,249	267,076	320,157	176,848	311,966	408,357	471,000	505,613	628,112	728,731	799,218				
4	Property (p=1)	34,995	112,170	184,385	247,801	139,698	247,507	335,195	413,439	526,675	618,921	710,166	798,532				
5	Property (p=0.8)	31,994	92,327	143,990	187,890	130,769	209,089	269,066	320,346	505,278	541,431	585,283	634,193				
6	15yr Risk-Free ZCBs (p=1)	9,238	6,881	8,059	28,771	83,948	76,513	84,245	132,675	500,987	500,938	502,323	525,033				
7	15yr Risk-Free ZCBs (p=0.8)	7,903	3,510	2,533	10,374	75,885	48,029	39,038	65,482	477,633	407,701	353,194	345,537				
8	15yr Corporate Bonds (p=1)	11,292	16,017	25,884	53,819	89,641	96,224	113,355	165,122	502,461	504,963	509,593	544,540				
9	15yr Corporate Bonds (p=0.8)	9,779	10,204	14,092	27,320	81,463	66,825	66,841	96,416	479,259	413,541	366,440	372,008				
10	Portfolio 1 (p=1)	51,952	151,928	244,470	315,376	149,448	283,492	396,488	483,657	515,562	634,431	759,839	861,838				
11	Portfolio 1 (p=0.8)	48,827	131,252	202,664	252,447	141,395	246,957	330,423	389,862	494,216	560,880	640,493	701,563				
12	Portfolio 2 (p=1)	38,394	115,544	193,547	259,291	126,959	234,651	333,768	413,890	502,199	581,110	687,429	778,842				
13	Portfolio 2 (p=0.8)	35,788	98,304	156,768	203,698	119,384	200,515	272,043	326,706	479,657	506,494	568,862	623,144				
14	Portfolio 3 (p=1)	19,793	69,371	127,632	184,913	98,896	174,585	253,582	326,395	500,236	534,375	608,836	684,938				
15	Portfolio 3 (p=0.8)	17,940	55,930	97,037	137,101	91,267	142,452	196,562	245,501	477,006	454,490	486,657	529,202				
16	Sterling Receiver Swaptions	30.44%	27.52%	24.92%	21.44%	39.33%	35.57%	31.88%	27.40%	47.84%	43.00%	38.29%	32.49%				
		Swap Duration = 15 years				Swap Duration = 20 years				Swap Duration = 25 years							

Returns under the Accounts and Statements Rules

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 2015**

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.

This is a combined table for 6.4(a)(iii) and 6.4(b)(iii).

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 2015****(iv) Initial Equity and Property Rental Yields**

For UK, the initial equity dividend yield is 3.98% and the initial property rental yield is 4.3%.

(v) UK risk free rates are applied throughout.

(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. Anyone past Normal Retirement date is assumed to retire immediately.

Duration of guarantees

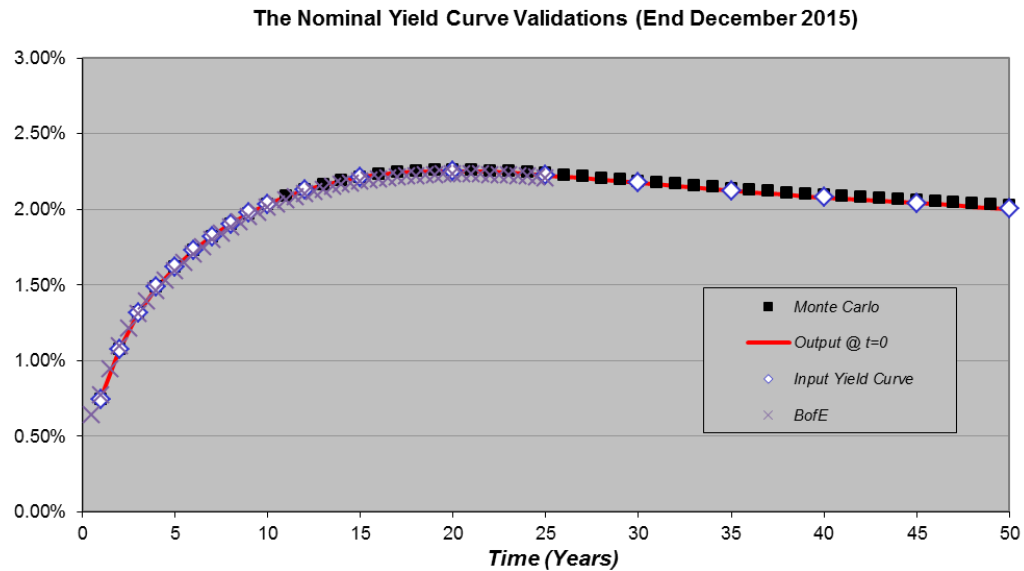
WPSF	Duration (yrs)	%																	
		2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032+	
Conventional Life																			
Base guarantee	11.1	6	1	2	3	3	5	4	5	6	6	6	6	7	7	6	6	20	100
Mortgage promise	1.5	48	37	5	3	1	1	1	1	1	0	0	0	0	0	0	0	0	100
Conventional Pensions																			
Base guarantee	6.2	6	10	9	9	9	9	9	8	7	6	4	4	3	3	2	1	2	100
GAR option	6.1	10	11	10	8	8	7	8	7	6	6	4	4	4	4	3	0	1	100
S32 GMP guarantee	5.1	9	13	12	10	10	9	8	7	6	4	3	2	2	1	1	0	0	100
Unitised Life:																			
Death guarantee	13.0	0	0	1	2	3	4	5	5	6	7	6	6	6	6	6	5	30	100
Partial surrender guarantee	10.0	0	1	4	6	7	7	8	8	8	8	7	6	5	5	4	4	13	100
Surrender guarantee	8.7	-	0	0	2	13	25	3	0	1	13	27	3	0	0	3	7	2	100
Unitised Pensions:																			
Base guarantee	13.1	0	1	1	2	4	3	4	4	6	5	7	6	7	6	9	6	30	100

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 2015**

The following illustrate the fit of the asset model to specimen market traded instruments:

Yield curve validationMarket implied volatilities:

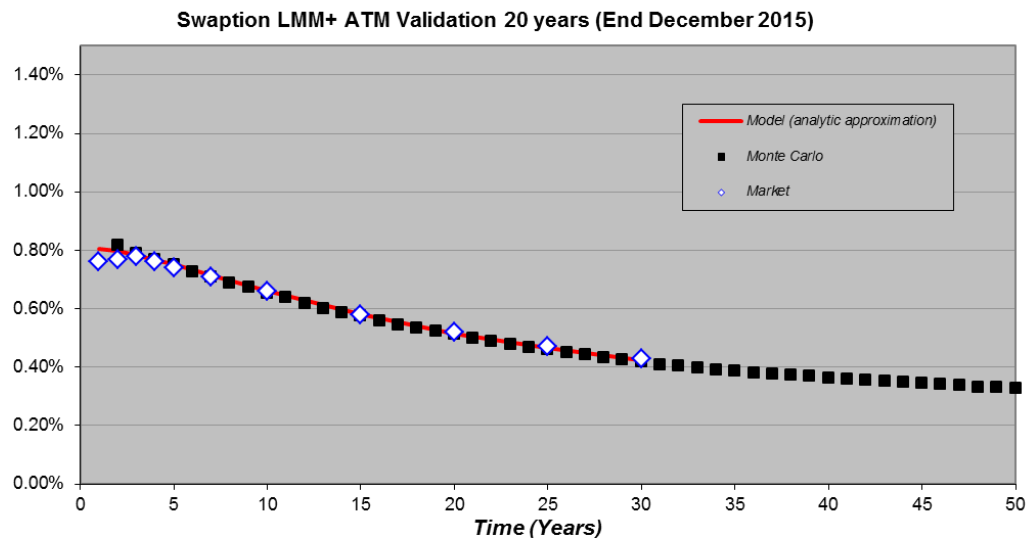
Term\Strike	0.7	0.8	0.9	1	1.1	1.2	1.3
1	27.6%	24.3%	21.0%	17.8%	15.0%	13.3%	12.7%
3	24.4%	22.6%	20.9%	19.4%	18.0%	16.8%	15.8%
5	24.1%	22.8%	21.6%	20.5%	19.4%	18.5%	17.7%
9	25.0%	23.9%	23.0%	22.2%	21.5%	20.9%	20.4%

Difference between Modelled volatilities and Market Implied volatilities (bps):

Term\Strike	0.7	0.8	0.9	1	1.1	1.2	1.3
1	(134)	(129)	(96)	(31)	24	(56)	-
3	(54)	(2)	37	61	72	60	28
5	(59)	(35)	(13)	8	21	18	(2)
9	(111)	(88)	(67)	(52)	(44)	(43)	(50)

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 2015**Swaption implied volatilities**(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	99.3%	99.9%	100.0%	100.1%
	standard error	0.4%	0.6%	0.9%	1.1%
Property	5000 Simulation results	100.1%	100.1%	99.7%	100.0%
	standard error	0.2%	0.4%	0.5%	0.7%

t (year from valuation date)		5	10	15	20
Equities	1000 Simulation results	99.3%	99.9%	100.0%	100.1%
	standard error	0.9%	1.4%	1.9%	2.5%
Property	1000 Simulation results	100.1%	100.1%	99.7%	100.0%
	standard error	0.4%	0.8%	1.1%	1.6%

(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 simulations. 2500 simulations has been used in the step through analysis over the year and in the final closing position.

(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.

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 2015**

(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

There is currently no charge for the Cost of Guarantees in this fund.

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.

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.

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 2015****(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-15	31-Dec-20	31-Dec-25
UWP Life	2.00%	1.90%	1.71%
UWP Life with Gtee	2.50%	2.91%	2.97%
UWP Pension	2.75%	2.32%	1.95%
UWP Pension with Gtee	4.00%	4.05%	4.11%

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 2015:

Asset Class	31-Dec-15	31-Dec-20	31-Dec-25
Equities	51.5%	44.5%	45.3%
Property	20.5%	17.7%	18.0%
Fixed Interest	26.2%	34.9%	33.7%
Cash	1.8%	3.0%	3.0%
Total Assets	100.0%	100.0%	100.0%
EBR	72.0%	62.1%	63.3%

(ii) Projection at risk free rate plus 17.5%UWP Bonus rates

Product	31-Dec-15	31-Dec-20	31-Dec-25
UWP Life	2.00%	2.15%	1.95%
UWP Life with Gtee	2.50%	3.04%	3.09%
UWP Pension	2.75%	2.61%	2.20%
UWP Pension with Gtee	4.00%	4.07%	4.16%

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 2015**Assets Backing With-Profit Benefits Reserve

Asset Class	31-Dec-15	31-Dec-20	31-Dec-25
Equity	51.5%	45.9%	46.7%
Property	20.5%	18.2%	18.6%
Fixed Interest	26.2%	32.9%	31.8%
Cash	1.8%	3.0%	3.0%
Total Assets	100.0%	100.0%	100.0%
EBR	72.0%	64.1%	65.2%

(iii) **Projection at risk free rate minus 17.5%**UWP Bonus rates

Product	31-Dec-15	31-Dec-20	31-Dec-25
UWP Life	2.00%	1.64%	1.49%
UWP Life with Gtee	2.50%	2.80%	2.86%
UWP Pension	2.75%	2.03%	1.72%
UWP Pension with Gtee	4.00%	4.03%	4.08%

Assets Backing With-Profit Benefits Reserve

Asset Class	31-Dec-15	31-Dec-20	31-Dec-25
Equity	51.5%	42.8%	43.8%
Property	20.5%	17.0%	17.4%
Fixed Interest	26.2%	37.2%	35.7%
Cash	1.8%	3.0%	3.0%
Total Assets	100.0%	100.0%	100.0%
EBR	72.0%	59.8%	61.3%

(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		Average surrender / paid-up rate for the policy years			
		1-5	6-10	11-15	16-20
CWP savings endow ment	surrender	n/a	n/a	n/a	1.00%
CWP target cash endow ment	surrender	n/a	n/a	n/a	1.00%
UWP savings endow ment	surrender	n/a	n/a	7.00%	7.00%
UWP target cash endow ment	surrender	n/a	n/a	7.00%	7.00%
UWP bond	surrender	n/a	n/a	7.00%	7.00%
UWP bond	automatic withdraw als	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%

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 2015**

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

	31/12/2015
Males	104.5% PCMA00 with CMI_2013_M(1.75%) improvement factors, applicable from 2001
Females	99.5% PCFA00 with CMI_2013_F(1.5%) improvement factors, applicable from 2001

Guaranteed Annuity Option take-up rate

A take-up rate of 83% 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.

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.

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	79
Conventional Pensions	0	17
UWP Life	0	0
UWP Pensions	0	0
Miscellaneous	0	20
Total	0	116

Any other liabilities related to treating customers fairly

No liability is held in respect of any other liabilities related to treating customers fairly.

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 2015****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. £96m is held in respect of these liabilities to the estate.

£13m is held to cover the cost of future expenses not charged to asset shares.

£7m is included in respect of other liabilities including future pension transfer review costs, and a reserve in respect of policyholder options.

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 2015 are £1,223m.

The realistic current liabilities are £2m higher than the regulatory liabilities in WPSF. 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.

10. Risk Capital Margin

(1)

Fund	RCM (£m)
WPSF	282.2

(a)

(i) Changes in asset values under stress scenarios for equities and real estate (property)

Asset Class	Change in market values
UK Equities	20.00%
OS Equities	24.10%
Property	12.50%

The overseas equity change is set such that it has the same probability as UK equities changing by 20%.

A rise in market values of equity and property is more onerous than a fall in market values for WPSF.

(ii)

Asset Class	Rise in FI yields	Fall in FI yields
Nominal change in yields	+42bps	-42bps
long-term yield – level post-stress	2.84%	2.00%
long-term yield - % movement post-stress	+17.50%	-17.50%

The fall in fixed-interest yield scenario is more onerous.

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 2015**

(iii)

Fund	Average Increase in credit spread – excluding Approved stock	Change in FI asset value – excluding Approved stock
WPSF	0.66%	-2.83%

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 for WPSF = 1.00%

- (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% for 2015 and thereafter.

(c)

- (i) The assets hypothecated to back the risk capital margin are set out in the following table

WPSF Assets backing RCM	£m	%
UK equities	-	0.00%
Overseas equities	-	0.00%
Land and buildings	-	0.00%
Approved fixed interest securities	282.2	100.00%
Other fixed interest securities	-	0.00%
All other assets	-	0.00%
Total	282.2	100.00%

- (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.

WPSF	2015 %
Income tax	20
Capital gains tax	20
Franked income tax	-
Withholding tax	15

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 2015**

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 45% is assumed for 2015, this leads to a notional tax charge/credit of 9%.

(2) Tax treatment in future policy related liabilities

The following tax rates have been used in the future for all projections:

Corporation Tax	18%
Income Tax	20%
Capital Gains Tax	20%
Franked Income Tax	0%
Withholding Tax	15%

Corporation tax rates are set to reduce to 19% from April 2017 until March 2020, then to 18% from April 2020. Owing to modelling limitations that only allow for a single rate to be used indefinitely, it has been agreed to use a shareholder tax assumption of 18%.

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	WPSF Exposure at 31/12/2015
	£m
Futures on Bonds - short term trading derivatives	(267)
Futures on Equities - short term trading derivatives	875
Currency Futures	747
Property Futures	0
Inflation Rate Sw aps - pay fixed/receive floating	496
Inflation Rate Sw aps - pay floating/receive fixed	0
Inflation Rate Sw aps - pay floating/receive floating	3,510
Interest Rate Sw aps - pay fixed/receive floating	3,567
Interest Rate Sw aps - pay floating/receive fixed	8,191
Credit Default Sw aps	(82)
Total Return Sw aps - pay bonds receive libor	(430)
Total Return Sw aps - pay libor receive bonds	0
Equity Options	216

Futures are used either as part of Aviva Life & Pensions UK Limited portfolio management strategy or for risk mitigation strategies. The majority of these expire no later than 31 March 2016.

The Interest Rate and Inflation Swaps are primarily used for risk mitigation strategies and more specifically 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.

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 2015****13. Analysis of working capital**

		WPSF £m
Note	Working capital at 31/12/2014	1,557
1	Investment return on opening working capital and profits on assets backing liabilities	(6)
2	Economic assumption changes	(27)
3	Non-economic assumption changes	4
4	Policyholder action assumption changes	(3)
5	Other experience variances	66
6	Modelling changes and opening adjustments	88
7	Special Enhancement	(189)
8	Miscellaneous liabilities	28
	Working capital at 31/12/2015	1,517

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 and changes to bond yields. 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 to the correlation assumption, and an increase to the future implied equity, property and swaption volatility.
3. Non-economic assumption changes are driven by a weakening of the assurance mortality assumptions, changes to expense assumptions and equity backing ratio.
4. The policyholder assumption change relates to a decrease in lapse rates on UWP bonds.
5. Experience variances include the impact of mortality, persistency longevity and expenses. The fund does not write significant volumes of new business.
6. Modelling changes and opening adjustments include:
 - Change to methodology for the asset share calculation on Conventional WP Pension contracts
 - Amendment to asset shares in relation to private equity indexation
 - Basis correction to the asset shares for the WP Immediate Annuity contract
 - Modelling of late retirements, theoretical final bonus rates, BRVs and GMPFs
 - New provision in relation to a product governance issue for S32 policies with a GMP
 - A reduction to the reserve held for the grouping of data in the model.
7. The Special Enhancement represents the special distribution announced by the UK Life board in July 2015, which will be applied as an enhancement to payouts at maturity.
8. Miscellaneous liabilities include changes to the Product Governance reserve that is held.
9. Note that the change in other liabilities from Form 19 line 47 is included in the analysis above.
10. 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 2015**

1. Introduction

- (1) The **valuation date** is 31 December 2015.
- (2) The date of the previous valuation was 31 December 2014.
- (3) An interim valuation was carried out with an effective date of 30 June 2015 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

	2015	2014
Gross investment return	Risk Free rate	Risk Free rate
Discount rate	Risk Free rate	Risk Free rate
Charge inflation	1.46%	2.99%
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:

- 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 £21m.

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 2015****At 31 December 2015**

Product Class	With-profit benefits reserve £m	Future Policy Related Liabilities £m	Total £m
Conventional Life		2	21
Asset Share (individual)	12		
Regulatory Reserve	7		
Conventional Pensions		570	1,437
Asset Share (individual)	699		
Asset Share (group)	111		
Bonus Reserve Valuation	21		
Regulatory Reserve	35		
Miscellaneous Other	0	6	5
Total	884	579	1,463

Conventional life consists mainly of endowment business with £7m of whole life business. The WPBR consists of individual policy level asset shares for premium paying business, regulatory reserve of £4m for premium paying business where reliable asset shares are not available, and another £3m 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 £12m.

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 £92m at 31 December 2015.

Regulatory reserves of £35m 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)	80
Asset Share (grouped)	13
BRV	2
Regulatory Reserve	5
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 2015****(2) Changes in valuation method**

- (a) The asset share for WP annuities for former PM staff is now calculated in the stochastic model, replacing the spreadsheet process.
- (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 speaking, all policy related expenses and commission are charged to asset shares.

	2015			
	Charged to WPBR £m	Not-Charged to WPBR £m	Non-Profit expenses £m	Total £m
Initial expenses and commission	0	(2)	0	(2)
Renewal expenses and commission	2	7	(12)	(3)
Shareholder Transfers	0	3	0	3

The above tables approximately splits out the expenses incurred over 2015. 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 2015 are approximately £2.0m. 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 2015****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	2013	2014	2015
PM	Life	102%	103%	103%
PM	Pensions	98%	103%	106%

These are estimates of claim amounts relative to asset share for the past three complete calendar years.

The figures above for 2013 to 2015 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 2015 are 0.40%. This rate applies to all policies.

5. With-profits benefits reserve – Prospective method**(1) Prospective assumptions**

2% of the PM with-profit benefits reserve is made up of bonus reserves and 5% is made up of regulatory reserves. The key assumptions are:

- (a) & (b) Valuation interest rates are as outlined in Appendix 9.4.
- (b) Expense inflation assumption is 1.54%.
- (c) Future Assumed Regular Bonus Rate is 1%
- (d) Expense assumptions are as outlined in Appendix 9.4.
- (e) No allowance is made for lapses.
- (f) 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 2015****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.

For PMSF, we have grouped approximately 31,000 individual model points into 11,100 grouped model points.

Validations

The aggregate asset shares are reconciled to the totals in Form 19.

- (c) The stochastic model directly models over 85% of PMSF with profit business (as measured by asset share). Residual business, together with any associated guarantees, is modelled by scaling similar directly modelled business or appropriate manual method.
- (3) The principal changes to the valuation method for the costs of guarantees, options and smoothing since the previous valuation are:
- Revised modelling of interest rates – to facilitate modelling of negative interest rates
 - Modelling of With Profits Immediate Annuities

(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.

PMSF	Planned Enhancements to WPBR	Planned Deductions to WPBR for other costs	Contractual Guarantee costs	Cost of Financial Options	Smoothing costs
Product Class					
Conventional Life	2	0	0	0	0
Conventional Pensions	77	0	127	321	0
Miscellaneous	0	5	0	0	(24)
Total	78	5	127	321	(24)

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 2015 the planned enhancements to WPBR totalled £78m.

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

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 2015**

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 2015, 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.

At 31 December 2015 the planned deductions to WPBR totalled £5m.

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 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 cost of providing for any guaranteed annuity options is covered under the cost of financial options.

	PMSF
Stochastic Reserve	£29m
Central Estimate	£28m
Option value	4%

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.

	PMSF
Stochastic Reserve	£98m
Central Estimate	£98m
Option value	0%

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.

	PMSF
Stochastic Reserve	£321m
Central Estimate	£320m
Option value	0%

Guaranteed Annuity options are deeply in the money.

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 2015**

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 (Swaps)	
	Dec-14	Dec-15
1	0.65%	0.75%
2	0.93%	1.07%
3	1.15%	1.31%
4	1.33%	1.49%
5	1.46%	1.62%
6	1.57%	1.73%
7	1.66%	1.82%
8	1.75%	1.90%
9	1.82%	1.97%
10	1.88%	2.04%
15	2.13%	2.21%
20	2.25%	2.25%
25	2.29%	2.22%
30	2.30%	2.17%

- The discount rate was set equal to the the UK Commercial Bank liability spot curve.
- 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 the swap curve for both the opening and closing position. The swap curve was first adopted for use in April 2012.

Use of the curve:

The above risk-free rate curve was used for all option-pricing purposes.

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 2015****Interest Rate Model**

Nominal interest rates are modelled using a monthly Libor Market Model Plus (LMM+). 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 good fit to the volatility surface. The nominal interest rate model is calibrated to absolute implied swaption volatilities which facilitates modelling of negative interest rates.

Real interest rates are modelled using a 2-factor Gaussian LMM model. The Gaussian LMM model is a special case of the LMM+ interest rate models where it is also possible to obtain negative interest rates. 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. The initial market observed real yield curve is an input to the Gaussian LMM model and this allows for more accurate modelling of inflation.

The RPI inflation assumption is derived from the difference in modelled nominal and real interest rates using an Inflation Plus model.

The CPI Inflation assumption is derived from RPI inflation using an Inflation Wedge model, with a parameter that, in the long-term, the average level of CPI is 1.0% lower than RPI, to reflect that historically inflation has been lower on this measure than that derived from the 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:

Term\Strike	0.7	0.8	0.9	1	1.1	1.2	1.3
1	26.2%	23.0%	20.0%	17.5%	15.2%	12.8%	
3	23.8%	22.6%	21.3%	20.0%	18.7%	17.4%	16.1%
5	23.5%	22.5%	21.5%	20.5%	19.6%	18.7%	17.7%
7	23.6%	22.7%	21.9%	21.1%	20.4%	19.6%	18.9%
10	24.0%	23.3%	22.6%	22.0%	21.4%	20.8%	20.3%
25	27.0%	26.7%	26.3%	26.0%	25.7%	25.5%	25.2%

Property Model

Property is modelled as an equity type asset using the constant volatility model.

The model is calibrated using a 16% volatility assumption, which is adjusted from data provided by Barrie & Hibbert for Property volatility.

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 2015**

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 2015
Property	50%
Bonds	15%
IL Bonds	11%
Short Rate	-11%

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 2015****(iii) Option prices from asset model**

<i>n</i>	<i>K</i>	0.75				1				1.5			
		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>	1.62%	2.21%	2.23%	2.13%	x	x	x	x	x	x	x	x
1	<i>Risk-Free Zero Coupon Bond</i>	922,892	720,184	576,430	478,187	x	x	x	x	x	x	x	x
2	<i>FTSE All Share Index (p=1)</i>	81,863	207,832	314,297	389,935	184,703	350,245	478,064	571,276	525,555	699,528	848,990	961,987
3	<i>FTSE All Share Index (p=0.8)</i>	78,102	184,249	267,076	320,157	176,848	311,966	408,357	471,000	505,613	628,112	728,731	799,218
4	<i>Property (p=1)</i>	34,995	112,170	184,385	247,801	139,698	247,507	335,195	413,439	526,675	618,921	710,166	798,532
5	<i>Property (p=0.8)</i>	31,994	92,327	143,990	187,890	130,769	209,089	269,066	320,346	505,278	541,431	585,283	634,193
6	<i>15yr Risk-Free ZCBs (p=1)</i>	9,238	6,881	8,059	28,771	83,948	76,513	84,245	132,675	500,987	500,938	502,323	525,033
7	<i>15yr Risk-Free ZCBs (p=0.8)</i>	7,903	3,510	2,533	10,374	75,885	48,029	39,038	65,482	477,633	407,701	353,194	345,537
8	<i>15yr Corporate Bonds (p=1)</i>	11,292	16,017	25,884	53,819	89,641	96,224	113,355	165,122	502,461	504,963	509,593	544,540
9	<i>15yr Corporate Bonds (p=0.8)</i>	9,779	10,204	14,092	27,320	81,463	66,825	66,841	96,416	479,259	413,541	366,440	372,008
10	<i>Portfolio 1 (p=1)</i>	51,952	151,928	244,470	315,376	149,448	283,492	396,488	483,657	515,562	634,431	759,839	861,838
11	<i>Portfolio 1 (p=0.8)</i>	48,827	131,252	202,664	252,447	141,395	246,957	330,423	389,862	494,216	560,880	640,493	701,563
12	<i>Portfolio 2 (p=1)</i>	38,394	115,544	193,547	259,291	126,959	234,651	333,768	413,890	502,199	581,110	687,429	778,842
13	<i>Portfolio 2 (p=0.8)</i>	35,788	98,304	156,768	203,698	119,384	200,515	272,043	326,706	479,657	506,494	568,862	623,144
14	<i>Portfolio 3 (p=1)</i>	19,793	69,371	127,632	184,913	98,896	174,585	253,582	326,395	500,236	534,375	608,836	684,938
15	<i>Portfolio 3 (p=0.8)</i>	17,940	55,930	97,037	137,101	91,267	142,452	196,562	245,501	477,006	454,490	486,657	529,202
16	<i>Sterling Receiver Swaptions</i>	30.44%	27.52%	24.92%	21.44%	39.33%	35.57%	31.88%	27.40%	47.84%	43.00%	38.29%	32.49%
		<i>Swap Duration = 15 years</i>				<i>Swap Duration = 20 years</i>				<i>Swap Duration = 25 years</i>			

Returns under the Accounts and Statements Rules

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 2015**

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.

This is a combined table for 6.4(a)(iii) and 6.4(b)(iii).

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 2015****(iv) Initial Equity and Property Rental Yields**

For UK, the initial equity dividend yield is 3.98% 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. Anyone past Normal Retirement date is assumed to retire immediately.

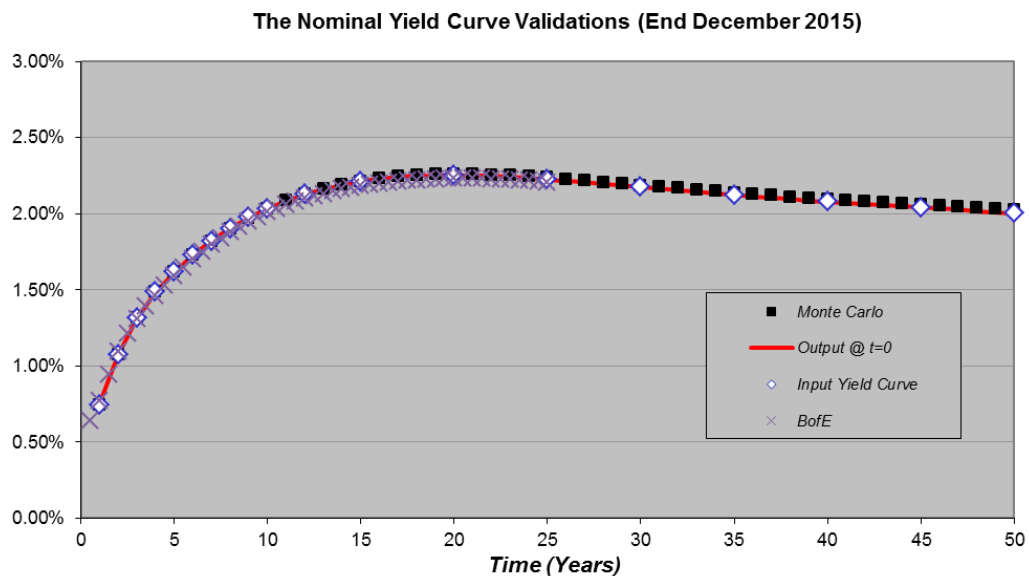
Proportion of Guarantee Costs arising in Year (%)		
Year	Conventional Pensions – Base Guarantee	Conventional Pensions – GAR Option
2016	10	28
2017	6	20
2018	6	7
2019	6	9
2020	5	8
2021	8	6
2022	7	6
2023	7	3
2024	7	3
2025	5	2
2026	5	2
2027	5	1
2028	4	1
2029	4	1
2030	3	1
2031	3	1
2032+	11	2
Total	100	100
Duration (yrs)	8.3	3.9

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 2015**

The following illustrate the fit of the asset model to specimen market traded instruments:

Yield curve validationMarket implied volatilities:

Term\Strike	0.7	0.8	0.9	1	1.1	1.2	1.3
1	27.6%	24.3%	21.0%	17.8%	15.0%	13.3%	12.7%
3	24.4%	22.6%	20.9%	19.4%	18.0%	16.8%	15.8%
5	24.1%	22.8%	21.6%	20.5%	19.4%	18.5%	17.7%
9	25.0%	23.9%	23.0%	22.2%	21.5%	20.9%	20.4%

Difference between Modelled volatilities and Market Implied volatilities (bps):

Term\Strike	0.7	0.8	0.9	1	1.1	1.2	1.3
1	(134)	(129)	(96)	(31)	24	(56)	-
3	(54)	(2)	37	61	72	60	28
5	(59)	(35)	(13)	8	21	18	(2)
9	(111)	(88)	(67)	(52)	(44)	(43)	(50)

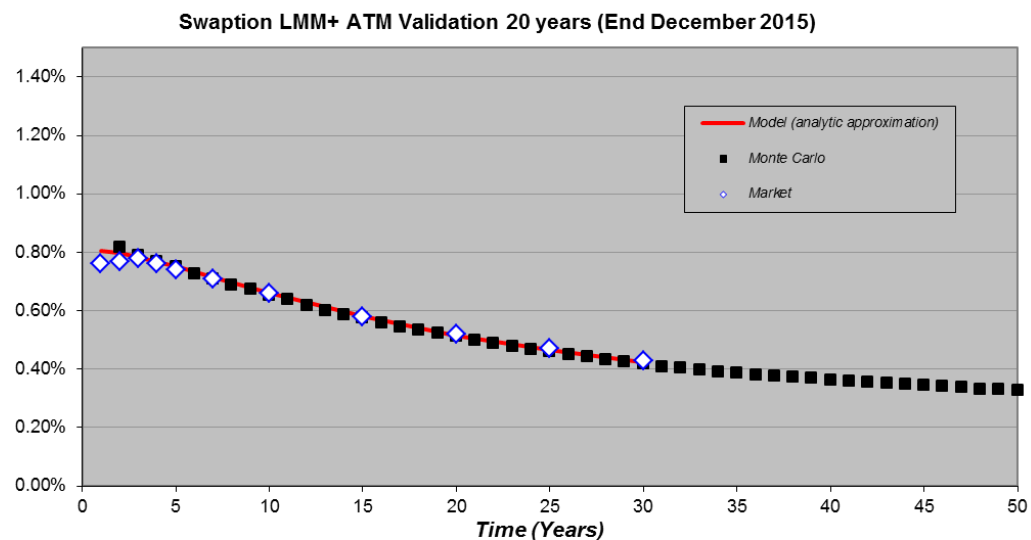
Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4A

Name of insurer

Aviva Life & Pensions UK Ltd – Provident Mutual Sub-Fund

Global business

Financial year ended

31 December 2015Swaption implied volatilities**(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	99.3%	99.9%	100.0%	100.1%
	standard error	0.4%	0.6%	0.9%	1.1%
Property	5000 Simulation results	100.1%	100.1%	99.7%	100.0%
	standard error	0.2%	0.4%	0.5%	0.7%

t (year from valuation date)		5	10	15	20
Equities	1000 Simulation results	99.3%	99.9%	100.0%	100.1%
	standard error	0.9%	1.4%	1.9%	2.5%
Property	1000 Simulation results	100.1%	100.1%	99.7%	100.0%
	standard error	0.4%	0.8%	1.1%	1.6%

(viii) Number of projections

To ensure convergence of the liabilities, separate calculations were carried out on different numbers of simulations (500 and 5000). This has demonstrated that there is no significant change in convergence between 500 and 5000 simulations.

(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.

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 2015**

(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 are calculated separately.

Any enhancement in respect of distribution of surplus is calculated outside of the stochastic model.

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 current proportions of 10% of the cost of bonus.

All transfers are assumed to be paid to NWPSF in all future years.

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 fund.

Mortality costs

Mortality profits and losses are passed on to the asset shares in line with the PPFM

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 2015****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-Dec-15	31-Dec-20	31-Dec-25
Equities	26.5%	5.6%	0.0%
Property	6.1%	1.3%	0.0%
Fixed Interest	67.8%	90.1%	96.9%
Cash	-0.4%	3.0%	3.1%
Total Assets	100.0%	100.0%	100.0%
EBR	32.6%	6.9%	0.0%

(ii) Projection at risk free rate plus 17.5%Assets Backing With-Profit Benefits Reserve

Asset Class	31-Dec-15	31-Dec-20	31-Dec-25
Equity	26.5%	6.8%	0.0%
Property	6.1%	1.6%	0.0%
Fixed Interest	67.8%	88.7%	96.9%
Cash	-0.4%	3.0%	3.1%
Total Assets	100.0%	100.0%	100.0%
EBR	32.6%	8.3%	0.0%

(iii) Projection at risk free rate minus 17.5%Assets Backing With-Profit Benefits Reserve

Asset Class	31-Dec-15	31-Dec-20	31-Dec-25
Equity	26.5%	4.5%	0.0%
Property	6.1%	1.0%	0.0%
Fixed Interest	67.8%	91.5%	96.9%
Cash	-0.4%	3.0%	3.1%
Total Assets	100.0%	100.0%	100.0%
EBR	32.6%	5.5%	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 2015****(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 endow ment	surrender	1.50%	1.50%	1.50%	1.50%
CWP target cash endow ment	surrender	1.50%	1.50%	1.50%	1.50%
UWP savings endow ment	surrender	n/a	n/a	n/a	n/a
UWP target cash endow ment	surrender	n/a	n/a	n/a	n/a
UWP bond	surrender	n/a	n/a	n/a	n/a
UWP bond	automatic withdraw als	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	1.57%	1.57%	1.57%	1.57%
CWP pension single premium	surrender	1.57%	1.57%	1.57%	1.57%
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

	31/12/2015
Males	100% PCMA00 with CMI_2013_M(1.75%) improvement factors, applicable from 2001
Females	100.5% PCFA00 with CMI_2013_F(1.5%) improvement factors, applicable from 2001

Guaranteed Annuity Option take-up rate

An initial take-up rate of 78% 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.

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 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 9.4AName of insurer **Aviva Life & Pensions UK Ltd – Provident Mutual Sub-Fund**

Global business

Financial year ended **31 December 2015****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	1
Conventional Pensions	0	46
Miscellaneous	0	35
Total	0	81

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

£47m is held in respect of the shareholder transfers which are charged to the estate.

£35m is held in respect of payments expected to be made to UKA in respect of GAO costs incurred but not settled.

9. Realistic current liabilities

The realistic current liabilities include the following:

- Outstanding Claims
- Other creditors
- Allowance for tax credit due to excess expenses

The realistic current liabilities at 31 December 2015 are £139m.

The realistic current liabilities are £0.02m lower than the regulatory liabilities in PMSF. 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.

10. Risk Capital Margin

(1)

Fund	RCM (£m)
PM	0.0

The RCM for the Fund is set to zero, as a result of the enhancement to WPBR due to the fund being closed to new business.

(a)

(i) Changes in asset values under stress scenarios for equities and real estate (property)

Asset Class	Change in market values
UK Equities	20.00%
OS Equities	25.70%
Property	12.50%

The overseas equity change is set such that it has the same probability as UK equities changing by 20%.

A fall in market values of equity and a rise in property is more onerous than a rise in market values of equity and a fall in property for PMSF.

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 2015**

(ii)

Asset Class	Rise in FI yields	Fall in FI yields
Nominal change in yields	+42bps	-42bps
long-term yield – level post-stress	2.84%	2.00%
long-term yield - % movement post-stress	+17.50%	-17.50%

For PMSF, 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
PMSF	0.83%	-3.74%

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 0.46%, 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.

Change 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) An increase to pay-outs of £68m would be given in the stress test, compared to an increase to pay-outs of £78m in the central scenario.

(iii) The cost of Guaranteed Annuity Options increases by £23m.

(iv) 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.

(v) Not Applicable.

(c)

(i) The RCM in the fund is zero.

(ii) Not Applicable

11. Tax**(1) Tax treatment in the with-profits benefit reserves**

Tax on investment returns is assumed to be 20% on BLAGAB business in line with PM asset shares being predominantly invested in fixed interest securities.

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 2015****(2) Tax treatment in future policy related liabilities**

The following tax rates have been used in the future for all projections:

Corporation Tax	18%
Income Tax	20%
Capital Gains Tax	20%
Franked Income Tax	0%
Withholding Tax	15%

Corporation tax rates are set to reduce to 19% from April 2017 until March 2020, then to 18% from April 2020. Owing to modelling limitations that only allow for a single rate to be used indefinitely, it has been agreed to use a shareholder tax assumption of 18%.

(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	PMSF Exposure at 31/12/2015
	£m
Futures on Bonds - short term trading derivatives	(8)
Futures on Equities - short term trading derivatives	41
Currency Futures	38
Property Futures	0
Inflation Rate Sw aps - pay fixed/receive floating	141
Inflation Rate Sw aps - pay floating/receive fixed	250
Inflation Rate Sw aps - pay floating/receive floating	971
Interest Rate Sw aps - pay fixed/receive floating	1,306
Interest Rate Sw aps - pay floating/receive fixed	1,899
Credit Default Sw aps	0
Total Return Sw aps - pay bonds receive libor	(12)
Total Return Sw aps - pay libor receive bonds	0
Equity Options	234

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 2016.

The exposure to 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 2015****13. Analysis of working capital**

Note		PMSF £m
	Published Working Capital at 31/12/2014	0
	Zeroisation impact	105
	Working capital at 31/12/2014	105
1	Investment return on opening working capital and profits on assets backing liabilities	(0)
2	Economic assumption changes	2
3	Non-economic assumption changes	6
4	Other experience variances	15
5	Modelling changes and opening adjustments	(11)
6	Miscellaneous liabilities	(0)
	Working capital at 31/12/2015	116
	Zeroisation impact	(116)
	Published Working capital at 31/12/2015	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 and changes to bond yields. 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 an increase to the future implied swaption volatility.
3. Non-economic assumption changes are driven by a strengthening of assurance mortality assumptions and a reduction in expense assumptions.
4. Experience variances include the impact of mortality, persistency, longevity and expenses.
5. Modelling changes and opening adjustments include
 - Removal of an amount expected to be received in respect of over declared bonus rates
 - Inclusion of an amount expected to be paid to NPSF under an arrangement akin to reinsurance
 - Review of the reserve for the expected cost of future GMP shortfalls
6. Miscellaneous liabilities consist of changes in provision for future expected outgo, including product governance provisions.
7. The fund is closed to new business.
8. Note that the change in other liabilities from 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.

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 2015****1. Introduction**

- (1) The **valuation date** is 31 December 2015.
- (2) The date of the previous valuation was 31 December 2014.
- (3) An interim valuation was carried out with an effective date of 30 June 2015 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:

	2015	2014
Gross investment return	Yield on supporting assets less an allowance for defaults	Yield on supporting assets less an allowance for defaults
· Annuities		
· Other non-profit business	Risk free rate	Risk free rate
Discount rate	Yield on supporting assets less an allowance for defaults	Yield on supporting assets less an allowance for defaults
· Annuities		
· Other non-profit business	Risk free rate	Risk free rate
Charge inflation	1.46%	2.99%
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 2015**

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 2015**NWPSF**

Product class	With-profit benefits reserve £m	Future policy related liabilities £m	Total £m
Conventional Life		304	2,385
Asset Share (individual)	1,585		
BRV	484		
Regulatory Reserve	12		
Conventional Pensions		340	767
Asset Share (individual)	296		
BRV	76		
Regulatory Reserve	56		
UWP Life (inc. Overseas)		147	7,838
Asset Share (individual)	7,681		
Regulatory Reserve	10		
UWP Pensions (inc. Overseas)		116	2,327
Asset Share (individual)	2,132		
Asset Share (group)	73		
Regulatory Reserve	5		
UWP Stakeholder		31	880
Asset Share (individual)	849		
Regulatory Reserve	0		
Miscellaneous Other	4	12	16
Value of future transfers		(256)	(256)
Total	13,263	693	13,956

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 2015****OWPSF**

Product class	With-profit benefits reserve £m	Future policy related liabilities £m	Total £m
Conventional Life		97	524
Asset Share (individual)	364		
BRV	61		
Regulatory Reserve	2		
Conventional Pensions		72	157
Asset Share (individual)	45		
BRV	37		
Regulatory Reserve	3		
UWP Life (inc. Overseas)		35	926
Asset Share (individual)	891		
Regulatory Reserve	1		
UWP Pensions (inc. Overseas)		48	601
Asset Share (individual)	531		
Asset Share (group)	21		
Regulatory Reserve	2		
UWP Stakeholder		4	117
Asset Share (individual)	113		
Regulatory Reserve	0		
Miscellaneous Other	1	19	20
Distribution		63	63
Total	2,071	338	2,409

The BRV figures of £484m for conventional life in NWPSF and £61m in OWPSF relate mainly to the WPBR for the whole life policies, which are now entirely BRV. The remaining £5m in NWPSF and £3m 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 £487m for NWPSF and £59m 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 £10m in NWPSF and £1m 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, £11m worth of the conventional Red Plan liability uses a discounted benefit basis (BRV) and in OWPSF £1m.

Conventional pensions also includes £16m of single premium with-profit annuity business in NWPSF and £(1)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.

UWP Life mainly consists of unitised bonds with £56 m of unitised endowments in NWPSF and £23m in OWPSF. UWP units increase in value at the declared regular bonus rates and cannot reduce at the contractual

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 2015**

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 (WP Fund)	3/7/03 – 8/2/04	Money back on 10th
NU Portfolio (WP Guarantee Fund)	9/2/04 -29/11/09	Money back on 5th
NU Portfolio (WP Fund)	9/2/04 – 31/12/13	Money back on 10th
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
Aviva With-Profit (5 year) Guaranteed Fund	01/08/2012 onwards	Money back on 5th
Aviva With-Profit (6 year) Guaranteed Fund	01/08/2012 onwards	Money back on 6th
Aviva With-Profit (7 year) Guaranteed Fund	01/08/2012 onwards	Money back on 7th
Aviva With-Profit (8 year) Guaranteed Fund	13/01/2014 onwards	Money back on 8 th
Aviva With-Profit (9 year) Guaranteed Fund	13/01/2014 onwards	Money back on 9 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 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 (£8m NWPSF / £3m OWPSF) and French branch business (£60m NWPSF / £13m OWPSF) is Asset Share, whilst German (£2m NWPSF / £2m OWPSF) and Irish pensions (£3m 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

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 2015**

miscellaneous items in the With Profits Benefit Reserve relate to amounts yet to be added to individual Asset Shares in respect of past experience.

consists of reserves held to cover other liabilities of the fund that cannot be assigned to certain product types and 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 (%)	
	NWPSF	OWPSF
Asset Share (individual)	95	94
Asset Share (grouped)	0	1
BRV	4	5
Regulatory Reserve	1	0
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.

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 2015****NWPSF**

	2015			
	Charged to WPBR £m	Not-Charged to WPBR £m	Non-Profit expenses £m	Total £m
Estimated initial expenses and commission	0	6	3	10
Renewal expenses and commission	103	(27)	12	88
Shareholder Transfers	21	13	0	34

OWPSF

	2015			
	Charged to WPBR £m	Not-Charged to WPBR £m	Non-Profit expenses £m	Total £m
Estimated initial expenses and commission	0	2	0	3
Renewal expenses and commission	15	(2)	2	15
Shareholder Transfers	3	4	0	7

The tables above approximately split out the expenses incurred over 2015.

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.

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 2015 are approximately £103m for NWPSF and £15m 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

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 2015**

which is charged to asset shares over the life time of the policy. An additional £21m in NWPSF and £3m in OWPSF 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
- Policy charges applied

Actual expenses apply to the following product groups:

- Ex CGNU Life conventional business
- Ex CULAC UWP business (excluding £436m 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 2015 was £11.9m in NWPSF and £1.6m in OWPSF.

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 2015****(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	2013		2014		2015	
	NWPSF	OWPSF	NWPSF	OWPSF	NWPSF	OWPSF
Conventional Life	94%	95%	94%	95%	97%	106%
Conventional Pensions	115%	114%	115%	114%	126%	118%
UWP Life	102%	100%	102%	100%	99%	106%
UWP Pensions	98%	97%	98%	97%	97%	104%
UWP Stakeholder	100%	100%	100%	100%	98%	98%

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 2015 were 6.1%

A return of 6.1% 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 (£560m) and 5% of OWPSF (£99m) with-profit benefits reserve. A high proportion of the with-profit benefit reserve is in respect of conventional whole life policies, 4% for NWPSF and 3% 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 Barrie & Hibbert swaps-based data. In summary these are:

Term (years)	Rate
1	0.75%
5	1.62%
10	2.04%
15	2.21%

(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.

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 2015**

(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%	1%
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	0.5%	2.0%
Conventional Pension	0%	0%

(e) Future Expense Assumptions

Product Class	Renewal Expenses 2015
Ex CGNU and ex CULAC Conventional Whole Life	£24.33
Ex CGNU Conventional Individual Pension	£42.75
Ex CGNU Conventional Group Pension	£72.99
Ex CULAC Conventional Pension	£48.67

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

Nil

(g) Future mortality assumptions

Ex CGNU Conventional whole life:

31 December 2015		
	Non Smokers	Smokers
Males	95%AMC00 with 1.5% per annum mortality improvements for each future year	95%AMC00 with 1.5% per annum mortality improvements for each future year
Females	95%AFC00 with 1.5% per annum mortality improvements for each future year	95%AFC00 with 1.5% per annum mortality improvements for each future year

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 2015**

Ex CULAC Conventional whole life:

	31 December 2015	
	Non Smokers	Smokers
Males	95%AMC00 with 1.5% per annum mortality improvements for each future year	95%AMC00 with 1.5% per annum mortality improvements for each future year
Females	95%AFC00 with 1.5% per annum mortality improvements for each future year	95%AFC00 with 1.5% per annum mortality improvements for each future year

Conventional pensions:

In deferment: Nil

Post deferment: As per Section 6 (6) below

During 2015 we changed the calculation methodology for the majority of business calculated on a BRV basis. We now calculate the BRV excluding the value of any guaranteed benefits – and this is reported in the With Profits Benefits Reserve. Any additional value resulting from guaranteed benefits is now reported as part of the “cost of guarantees”.

(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.

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 age banding, mortality assumption, lapse assumption, original term, outstanding term, eligibility to endowment promise, joint life status and policy size.
- Conventional Pensions are grouped by age banding, mortality assumption, lapse assumption original term, outstanding term, premium term and policy size.

For unitised with-profit business:

- Product class (e.g. life bonds, individual pensions, stakeholder pensions, trustee investment plans)

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 2015**

- Life Bonds are grouped by age banding, mortality assumption, lapse assumption, surrender penalty assumption, guarantee type, bonus series, shareholder transfer level, charge level, entry year and quarter, and joint life status.
- Individual Pensions are grouped by age banding, mortality assumption, lapse assumption, original term, outstanding term, bonus series, paid up status, and policy size.
- Stakeholder/Stakeholder Friendly Pensions are grouped by age banding, mortality assumption, lapse assumption, original term, outstanding term, premium escalation rate, paid up status, fund ID, policy size and by split of surplus between policyholders and shareholders (e.g. 90/10 versus 100/0)
- Trustee investment plans are grouped by age banding, mortality assumption, lapse assumption, entry year, bonus series, charge level, fund ID, and frequency of regular withdrawals.
- Group Deferred Annuities are grouped by age banding, mortality assumption, lapse assumption, surrender penalty assumption, sex, GAO rate and escalation rate.

For NWPSF and OWPSF combined, we have grouped approximately 790,800 individual model points into 21,000 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 93% of NWPSF and over 91% 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 changes to the valuation method for valuing the costs of guarantees, options or smoothing since the previous valuation are the following:
- Revised modelling of interest rates – to facilitate modelling of negative interest rates
 - Modelling of investment in AIMS fund
 - Revised assumptions for spouse's age on Joint Life guarantees
- (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	353	0	0
Conventional Pensions	0	0	0	148	196	0
UWP Life (incl. Overseas)	9	23	0	498	0	0
UWP Pensions	11	0	0	172	0	0
UWP Stakeholder	0	0	0	40	0	(9)
Misc	0	0	8	3	0	(4)
Total:	20	23	8	1,212	196	(13)

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 2015**

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	88	0	0
Conventional Pensions	0	0	0	35	36	0
UWP Life (incl. Overseas)	1	3	0	61	0	0
UWP Pensions	1	0	0	42	0	0
UWP Stakeholder	0	0	0	5	0	(1)
Distribution	57	0	0	0	0	0
Misc	0	0	1	13	0	(1)
Total	59	3	1	244	36	(2)

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.

For UWP Pensions, the amounts represent increased payouts in respect of loyalty bonus on a variety of contracts sold in the 1990s.

For OWPSF, the £57m represents the remaining part of the “special distribution” announced by the UK Life board in February 2015, which will be applied as an enhancement to payouts at maturity.

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 £45m (NWPSF) and £7m (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.

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	£69m	£15m
Central Estimate	£30m	£4m
Option value	57%	71%

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.

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 2015**Mortgage Endowment Promise

	NWPSF	OWPSF
Stochastic Reserve	£283m	£74m
Central Estimate	£286m	£74m
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	£148m	£35m
Central Estimate	£139m	£33m
Option value	6%	7%

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.

NWPSF

Type of guarantee	No-MVR Guarantee on Bond surrenders	Inflation-protected Bonds	Other Bond guarantees
Stochastic Reserve	£53m	£373m	£72m
Central Estimate	£3m	£282m	£11m
Option value	95%	24%	85%

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 2015****OWPSF**

Type of guarantee	No-MVR Guarantee on Bond surrenders	Inflation-protected Bonds	Other Bond guarantees
Stochastic Reserve	£6m	£47m	£8m
Central Estimate	£0m	£35m	£1m
Option value	95%	24%	90%

Some 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	£126m	£35m
Central Estimate	£38m	£10m
Option value	70%	73%

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	£40m	£5m
Central Estimate	£3m	£0m
Option value	93%	93%

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.

NWPSF	CWP GAO	UWP GAO
Stochastic Reserve	£121m	£75m
Central Estimate	£119m	£76m
Option value	2%	-1%

OWPSF	CWP GAO	UWP GAO
Stochastic Reserve	£32m	£4m
Central Estimate	£31m	£4m
Option value	2%	-1%

Guaranteed annuity options are in the money.

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 2015****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 (Swaps)	
	Dec-14	Dec-15
1	0.65%	0.75%
2	0.93%	1.07%
3	1.15%	1.31%
4	1.33%	1.49%
5	1.46%	1.62%
6	1.57%	1.73%
7	1.66%	1.82%
8	1.75%	1.90%
9	1.82%	1.97%
10	1.88%	2.04%
15	2.13%	2.21%
20	2.25%	2.25%
25	2.29%	2.22%
30	2.30%	2.17%

- The discount rate was set equal to the UK Commercial Bank liability spot curve.
- 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 the swap curve for both the opening and closing position.

Use of the curve:

The above risk-free rate curve was used for all option-pricing purposes.

Interest Rate Model

Nominal interest rates are modelled using a monthly Libor Market Model Plus (LMM+). 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 good fit to the volatility surface. The nominal interest rate model is calibrated to absolute implied swaption volatilities which facilitates modelling of negative interest rates.

Real interest rates are modelled using a 2-factor Gaussian LMM model. The Gaussian LMM model is a special case of the LMM+ interest rate models where it is also possible to obtain negative interest rates. 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. The initial market observed real yield curve is an input to the Gaussian LMM model and this allows for more accurate modelling of inflation.

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 2015**

The RPI inflation assumption is derived from the difference in modelled nominal and real interest rates using an Inflation Plus model.

The CPI Inflation assumption is derived from RPI inflation using an Inflation Wedge model, with a parameter that, in the long-term, the average level of CPI is 1.0% lower than RPI, to reflect that historically inflation has been lower on this measure than that derived from the 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:

Term\Strike	0.7	0.8	0.9	1	1.1	1.2	1.3
1	26.2%	23.0%	20.0%	17.5%	15.2%	12.8%	
3	23.8%	22.6%	21.3%	20.0%	18.7%	17.4%	16.1%
5	23.5%	22.5%	21.5%	20.5%	19.6%	18.7%	17.7%
7	23.6%	22.7%	21.9%	21.1%	20.4%	19.6%	18.9%
10	24.0%	23.3%	22.6%	22.0%	21.4%	20.8%	20.3%
25	27.0%	26.7%	26.3%	26.0%	25.7%	25.5%	25.2%

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 2015**

Property Model

Property is modelled as an equity type asset using the constant volatility model.

The model is calibrated using a 16% volatility assumption, which is adjusted from data provided by Barrie & Hibbert for Property volatility.

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 2015
Property	50%
Bonds	15%
IL Bonds	11%
Short Rate	-11%
European Equities	76%
US Equities	76%
Japanese Equities	52%
Emerging Markets Equities	63%
Pacific Basin Equities	60%

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 2015****(iii) Option prices from asset model**

	K	0.75				1				1.5			
n	Duration (n)	5	15	25	35	5	15	25	35	5	15	25	35
r	Annualised compound equivalent of the risk free rate assumed for the period (r)	1.62%	2.21%	2.23%	2.13%	x	x	x	x	x	x	x	x
1	Risk-Free Zero Coupon Bond	922,892	720,184	576,430	478,187	x	x	x	x	x	x	x	x
2	FTSE All Share Index (p=1)	81,863	207,832	314,297	389,935	184,703	350,245	478,064	571,276	525,555	699,528	848,990	961,987
3	FTSE All Share Index (p=0.8)	78,102	184,249	267,076	320,157	176,848	311,966	408,357	471,000	505,613	628,112	728,731	799,218
4	Property (p=1)	34,995	112,170	184,385	247,801	139,698	247,507	335,195	413,439	526,675	618,921	710,166	798,532
5	Property (p=0.8)	31,994	92,327	143,990	187,890	130,769	209,089	269,066	320,346	505,278	541,431	585,283	634,193
6	15yr Risk-Free ZCBs (p=1)	9,238	6,881	8,059	28,771	83,948	76,513	84,245	132,675	500,987	500,938	502,323	525,033
7	15yr Risk-Free ZCBs (p=0.8)	7,903	3,510	2,533	10,374	75,885	48,029	39,038	65,482	477,633	407,701	353,194	345,537
8	15yr Corporate Bonds (p=1)	11,292	16,017	25,884	53,819	89,641	96,224	113,355	165,122	502,461	504,963	509,593	544,540
9	15yr Corporate Bonds (p=0.8)	9,779	10,204	14,092	27,320	81,463	66,825	66,841	96,416	479,259	413,541	366,440	372,008
10	Portfolio 1 (p=1)	51,952	151,928	244,470	315,376	149,448	283,492	396,488	483,657	515,562	634,431	759,839	861,838
11	Portfolio 1 (p=0.8)	48,827	131,252	202,664	252,447	141,395	246,957	330,423	389,862	494,216	560,880	640,493	701,563
12	Portfolio 2 (p=1)	38,394	115,544	193,547	259,291	126,959	234,651	333,768	413,890	502,199	581,110	687,429	778,842
13	Portfolio 2 (p=0.8)	35,788	98,304	156,768	203,698	119,384	200,515	272,043	326,706	479,657	506,494	568,862	623,144
14	Portfolio 3 (p=1)	19,793	69,371	127,632	184,913	98,896	174,585	253,582	326,395	500,236	534,375	608,836	684,938
15	Portfolio 3 (p=0.8)	17,940	55,930	97,037	137,101	91,267	142,452	196,562	245,501	477,006	454,490	486,657	529,202
16	Sterling Receiver Swaptions	30.44%	27.52%	24.92%	21.44%	39.33%	35.57%	31.88%	27.40%	47.84%	43.00%	38.29%	32.49%
		Swap Duration = 15 years				Swap Duration = 20 years				Swap Duration = 25 years			

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 2015**

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.

This is a combined table for 6(4)(a)(iii) and 6(4)(b)(iii).

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 2015****(iv) Initial Equity and Property Rental Yields**

For UK, the initial equity dividend yield is 3.98% and the initial property rental yield is 4.3%.

(v) UK risk free rates are applied throughout.**(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. Anyone past Normal Retirement date is assumed to retire immediately.

Duration of guarantees

NWPSF	Duration (yrs)	%													
		2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029+
Conventional Life															
Base guarantee	5.2	4.1	5.5	9.4	10.7	13.2	21.1	18.0	11.0	3.6	1.0	0.6	0.4	0.3	1
Mortgage promise	3.4	14.8	19.1	17.7	15.1	7.2	8.1	8.4	6.7	1.9	0.3	0.2	0.1	0.1	0
Conventional Pensions															
Base guarantee	5.9	21	5	7	7	7	8	7	6	6	4	5	4	3	8
GAR option	4.9	7	15	12	13	14	12	4	5	3	3	4	2	1	4
Unitised Life															
Partial surrender	11.9	2	4	5	6	6	6	6	5	5	5	4	4	4	39
No-MVR (surrender)	7.3	1	2	3	11	25	12	2	2	8	13	6	1	1	13
Money-back (surrender)	5.3	2	9	8	8	16	22	17	4	6	7	0	0	0	1
Inflation protected (surrender)	9.9	1	2	4	6	7	8	8	7	7	7	6	5	5	26
Unitised Pensions excl Stk															
Base guarantee	12.4	0	1	0	3	7	4	0	14	0	5	12	5	0	48
GAR option	4.0	40	5	9	6	10	4	9	5	2	2	2	2	1	5
Stakeholder															
Base guarantee	14.6	0	1	0	0	8	0	0	14	0	0	16	0	0	60

Returns under the Accounts and Statements Rules

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 2015**

OWPSF	Duration (yrs)	%														
		2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029+	
Conventional Life																
Base guarantee	5.7	2	3	7	8	12	22	22	15	5	1	1	0	0	2	100
Mortgage promise	4.0	10	16	15	14	8	10	12	10	3	0	0	0	0	0	100
Conventional Pensions																
Base guarantee	6.6	18	5	7	6	6	7	7	6	6	6	6	4	4	12	100
GAR option	5.2	7	13	10	12	12	18	5	4	3	4	4	2	1	5	100
Unitised Life																
Partial surrender	11.8	2	4	5	6	6	6	6	5	5	5	4	4	4	39	100
No-MVR (surrender)	7.4	1	2	3	11	25	13	2	2	7	13	7	1	1	13	100
Money-back (surrender)	5.3	2	9	8	8	16	22	17	4	6	7	0	0	0	1	100
Inflation protected (surrender)	9.9	1	2	4	6	7	8	8	7	7	7	6	5	5	27	100
Unitised Pensions excl Stk																
Base guarantee	13.5	0	1	0	3	4	4	0	11	0	6	9	7	0	56	100
GAR option	4.0	41	2	0	15	0	3	7	15	10	6	0	0	0	1	100
Stakeholder																
Base guarantee	14.6	0	1	0	0	8	0	0	14	0	0	16	0	0	60	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

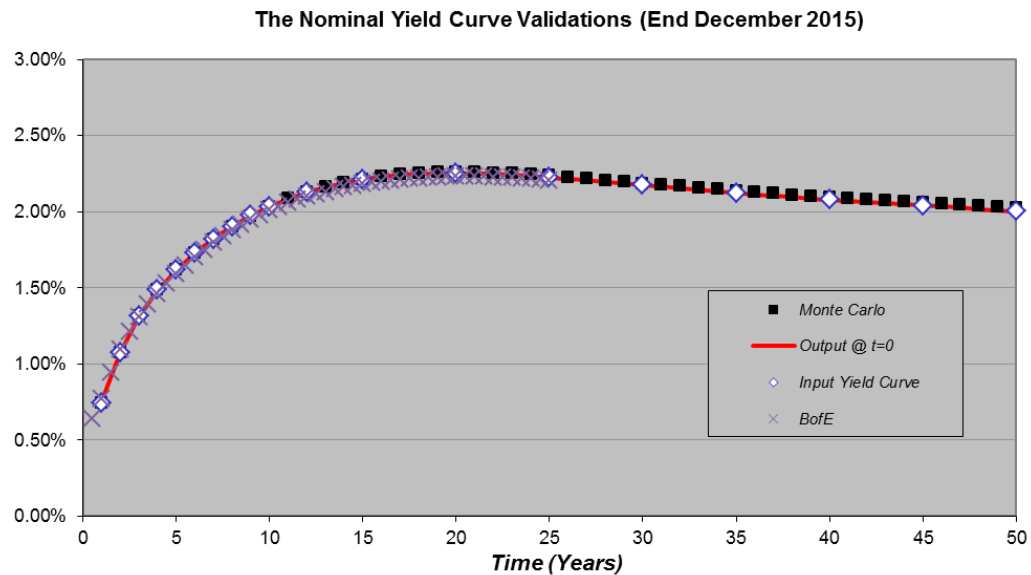
Aviva Life & Pensions UK Ltd – New/Old With-Profits Sub-Funds

Global business

Financial year ended

31 December 2015

The following graphs/tables illustrate the fit of the asset model to specimen market traded instruments:

Yield curve validationMarket implied volatilities:

Term\Strike	0.7	0.8	0.9	1	1.1	1.2	1.3
1	27.6%	24.3%	21.0%	17.8%	15.0%	13.3%	12.7%
3	24.4%	22.6%	20.9%	19.4%	18.0%	16.8%	15.8%
5	24.1%	22.8%	21.6%	20.5%	19.4%	18.5%	17.7%
9	25.0%	23.9%	23.0%	22.2%	21.5%	20.9%	20.4%

Difference between Modelled volatilities and Market Implied volatilities (bps):

Term\Strike	0.7	0.8	0.9	1	1.1	1.2	1.3
1	(134)	(129)	(96)	(31)	24	(56)	-
3	(54)	(2)	37	61	72	60	28
5	(59)	(35)	(13)	8	21	18	(2)
9	(111)	(88)	(67)	(52)	(44)	(43)	(50)

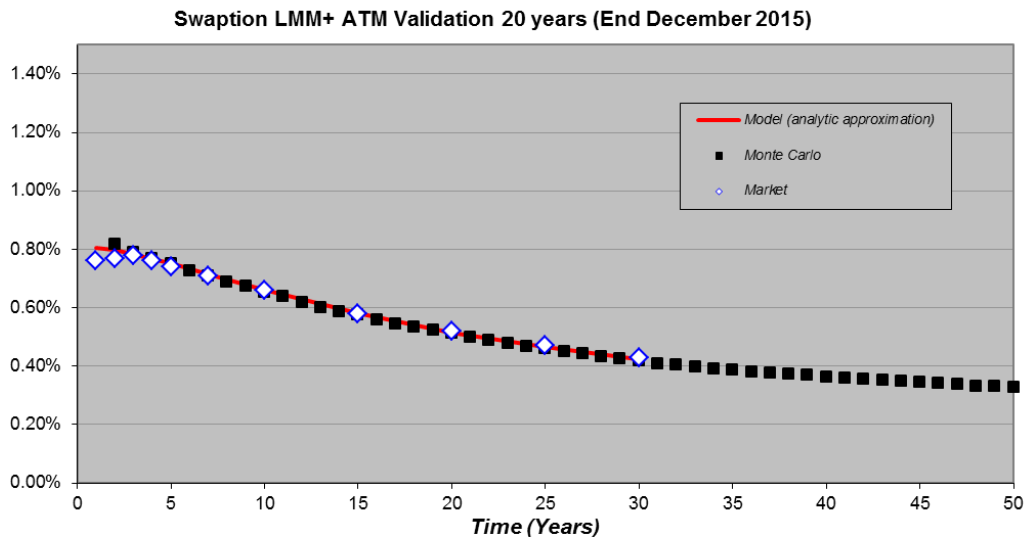
Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4A

Name of insurer

Aviva Life & Pensions UK Ltd – New/Old With-Profits Sub-Funds

Global business

Financial year ended

31 December 2015Swaption implied volatilities**(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	99.3%	99.9%	100.0%	100.1%
	standard error	0.4%	0.6%	0.9%	1.1%
Property	5000 Simulation results	100.1%	100.1%	99.7%	100.0%
	standard error	0.2%	0.4%	0.5%	0.7%

t (year from valuation date)		5	10	15	20
Equities	1000 Simulation results	99.3%	99.9%	100.0%	100.1%
	standard error	0.9%	1.4%	1.9%	2.5%
Property	1000 Simulation results	100.1%	100.1%	99.7%	100.0%
	standard error	0.4%	0.8%	1.1%	1.6%

(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 simulations. 2500 simulations have 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 9.4A

Name of insurer **Aviva Life & Pensions UK Ltd – New/Old With-Profits Sub-Funds**

Global business

Financial year ended **31 December 2015**

(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 45m and 7m for NWPSF and OWPSF respectively.

(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).

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

No future profits from Non Profits business will be allocated to the Asset Shares in the funds, in accordance with the terms of the reattribution scheme.

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 2015****Shareholder Transfers and tax**

The model allows for shareholder transfers to continue in accordance with the current proportions of the cost of bonus.

All future shareholder transfers arising from NWPSF will be retained within NWPSF, as approved by the UK Life board in 2014.

All future shareholder transfers arising from OWPSF, WPSF and PMSF are assumed to be paid to NWPSF in all future years, as approved by the UK Life board in 2014.

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-15	31-Dec-20	31-Dec-25
UWP Life (implicit charged): Units purchased on policies written pre 01/10/98	2.00%	2.23%	2.04%
UWP Life (implicit charged): Units purchased on policies written post 01/09/98	2.00%	1.76%	1.71%
UWP Life (explicit charged)	3.00%	2.79%	2.49%
UWP Pension (implicit charged): Units purchased on policies written pre 01/10/98	2.75%	2.03%	1.97%
UWP Pension (implicit charged): Units purchased on policies written post 01/09/98	2.75%	3.37%	2.86%
UWP Pension (explicit charged)	3.75%	3.38%	2.79%
UWP Pension (Stakeholder)	3.75%	3.19%	2.74%

Product ex CULAC	31-Dec-15	31-Dec-20	31-Dec-25
UWP Life (Direct Written)	2.50%	2.30%	2.21%
UWP Pension (Direct Written)	4.00%	4.19%	4.44%

- 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 2015Assets Backing With-Profit Benefits Reserve

The projections below are based on the actual asset share mix as at 31 December 2015:

Asset Class	31-Dec-15	31-Dec-20	31-Dec-25
Equities	55.2%	55.1%	55.0%
Property	20.0%	19.9%	19.9%
Fixed Interest	25.5%	22.0%	22.2%
Cash	-0.7%	3.0%	3.0%
Total Assets	100.0%	100.0%	100.0%
EBR	75.2%	75.0%	74.8%

(ii) **Projection at risk free rate plus 17.5%**UWP Bonus Rates

Product ex CGNU	31-Dec-15	31-Dec-20	31-Dec-25
UWP Life (implicit charged): Units purchased on policies written pre 01/10/98	2.00%	2.49%	2.27%
UWP Life (implicit charged): Units purchased on policies written post 01/09/98	2.00%	1.98%	1.92%
UWP Life (explicit charged)	3.00%	3.03%	2.71%
UWP Pension (implicit charged): Units purchased on policies written pre 01/10/98	2.75%	2.28%	2.18%
UWP Pension (implicit charged): Units purchased on policies written post 01/09/98	2.75%	3.68%	3.14%
UWP Pension (explicit charged)	3.75%	3.68%	3.05%
UWP Pension (Stakeholder)	3.75%	3.48%	3.00%

Product ex CULAC	31-Dec-15	31-Dec-20	31-Dec-25
UWP Life (Direct Written)	2.50%	2.55%	2.44%
UWP Pension (Direct Written)	4.00%	4.25%	4.51%

Assets Backing With-Profit Benefits Reserve

Asset Class	31-Dec-15	31-Dec-20	31-Dec-25
Equities	55.2%	55.1%	54.9%
Property	20.0%	20.0%	19.9%
Fixed Interest	25.5%	21.9%	22.1%
Cash	-0.7%	3.0%	3.0%
Total Assets	100.0%	100.0%	100.0%
EBR	75.2%	75.1%	74.9%

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 2015****(iii) Projection at risk free rate minus 17.5%**UWP Bonus Rates

Product ex CGNU	31-Dec-15	31-Dec-20	31-Dec-25
UWP Life (implicit charged): Units purchased on policies written pre 01/10/98	2.00%	1.99%	1.83%
UWP Life (implicit charged): Units purchased on policies written post 01/09/98	2.00%	1.56%	1.52%
UWP Life (explicit charged)	3.00%	2.57%	2.27%
UWP Pension (implicit charged): Units purchased on policies written pre 01/10/98	2.75%	1.79%	1.77%
UWP Pension (implicit charged): Units purchased on policies written post 01/09/98	2.75%	3.08%	2.60%
UWP Pension (explicit charged)	3.75%	3.09%	2.55%
UWP Pension (Stakeholder)	3.75%	2.90%	2.49%

Product ex CULAC	31-Dec-15	31-Dec-20	31-Dec-25
UWP Life (Direct Written)	2.50%	2.06%	1.99%
UWP Pension (Direct Written)	4.00%	4.14%	4.37%

Assets Backing With-Profit Benefits Reserve

Asset Class	31-Dec-15	31-Dec-20	31-Dec-25
Equities	55.2%	55.0%	54.8%
Property	20.0%	20.0%	19.9%
Fixed Interest	25.5%	22.0%	22.3%
Cash	-0.7%	3.0%	3.0%
Total Assets	100.0%	100.0%	100.0%
EBR	75.2%	75.0%	74.7%

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 2015****(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 endow ment	surrender	n/a	n/a	n/a	2.50%
CWP target cash endow ment	surrender	n/a	n/a	n/a	2.50%
UWP savings endow ment	surrender	n/a	n/a	n/a	n/a
UWP target cash endow ment	surrender	n/a	n/a	n/a	n/a
UWP bond	surrender	6.19%	7.69%	6.49%	6.49%
UWP bond	automatic withdraw als	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 endow ment	surrender	n/a	n/a	n/a	2.50%
CWP target cash endow ment	surrender	n/a	n/a	n/a	2.50%
UWP savings endow ment	surrender	n/a	n/a	n/a	n/a
UWP target cash endow ment	surrender	n/a	n/a	n/a	n/a
UWP bond	surrender	n/a	n/a	6.00%	6.00%
UWP bond	automatic withdraw als	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.

Mortality Assumptions

Mortality assumptions for the Realistic Balance sheet are generally best-estimate.

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 2015****Annuitant Mortality**

For all immediate annuities and deferred annuities in payment we use the following annuitant mortality basis:

	31/12/2015
Males	104.5% PCMA00 with CMI_2013_M(1.75%) improvement factors, applicable from 2001
Females	99.5% PCFA00 with CMI_2013_F(1.5%) improvement factors, applicable from 2001

Guaranteed Annuity Option take-up rate

An initial take-up rate of 83% for ex CGNU and 83% 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.

The member's chosen normal retirement age 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	(49)
Conventional Pensions	0	(4)
UWP Life (incl. Overseas)	0	(337)
UWP Pensions	0	(66)
UWP Stakeholder	0	0
Miscellaneous	0	21
Value of Future Transfers	0	(256)
Total	0	(691)

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 2015****OWPSF**

Product Class	Any other liabilities related to treating customers fairly	Any other long-term insurance liabilities
Conventional Life	0	9
Conventional Pensions	0	1
UWP Life (incl. Overseas)	0	(24)
UWP Pensions	0	5
UWP Stakeholder	0	0
Miscellaneous	0	8
Distribution	0	6
Total	0	5

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

In NWPSF, the product split gives a breakdown of the asset in respect of the Shareholder transfers expected to be charged to Asset Shares (-£162m). Following a board decision in 2014, no future transfers will be paid to the Shareholder Fund from this fund. This figure also includes the Shareholder transfers expected to be received from OWPSF, WPSF and PMSF (-£256m in NWPSF).

In OWPSF, the product split gives a breakdown of the liability in respect of the difference between Shareholder Transfers expected to be paid to NWPSF, and Shareholder transfers expected to be charged to Asset Shares (£38m in OWPSF).

A credit of £301m (NWPSF) and £43m (OWPSF) is held in respect of the difference between the present values 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.

£18m (NWPSF) and £8m (OWPSF) is held to cover the cost of future expenses not charged to asset shares.

£10m (NWPSF) and £1m (OWPSF) is held in respect of other liabilities including future pension transfer review costs.

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 2015 are £2,098m in NWPSF and £200m in OWPSF.

The realistic current liabilities are £9m lower than the regulatory liabilities in NWPSF and £0.4m 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 2015**10. Risk Capital Margin**

(1)

Fund	RCM (£m)
NWPSF	211.8
OWPSF	43.7

(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	20.00%
OS Equities	24.00%
Property	12.50%

The overseas equity change is set such that it has the same probability as UK equities changing by 20%.

A rise in market values of equity and property is more onerous than a fall in market values for NWPSF.

A fall in market values of equity and property is more onerous than a rise in market values for OWPSF.

(ii)

Asset Class	Rise in FI yields	Fall in FI yields
Nominal change in yields	+42bps	-42bps
long-term yield – level post-stress	2.84%	2.00%
long-term yield - % movement post-stress	+17.50%	-17.50%

For both NWPSF and OWPSF, 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
NWPSF	0.85%	-2.61%
OWPSF	0.69%	-2.89%

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 the credit risk scenario the credit default swaps held in the funds are assumed to increase by £6.7m in NWPSF and by £0.7m in OWPSF. This includes a margin for prudence.

- (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 for NWPSF = 0.52%

% increase in realistic liabilities for OWPSF = 0.68%

- (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.

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 2015**

(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	-	0.00%
Overseas equities	-	0.00%
Land and buildings	-	0.00%
Approved fixed interest securities	-	0.00%
Other fixed interest securities	-	0.00%
All other assets	211.8	100.00%
Total	211.8	100.00%

All assets backing the New With-Profits Sub-Fund RCM are physically held within NWPSF.

However, for the purpose of presentation, and surplus assets are notionally transferred to the Reattributed Inherited Estate External Support Account (RIEESA) which forms part of Non-Profit Sub-Fund 1. These assets are then available to back the RCM of NWPSF.

OWPSF Assets backing RCM	£m	%
UK equities	-	0.00%
Overseas equities	-	0.00%
Land and buildings	-	0.00%
Approved fixed interest securities	43.7	100.00%
Other fixed interest securities	-	0.00%
All other assets	-	0.00%
Total	43.7	100.00%

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.

NWPSF/OWPSF	2015
	%
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 45% is assumed for 2015, this leads to a notional tax charge/credit of 9%.

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 2015****(2) Tax treatment in future policy related liabilities**

The following tax rates have been used in the future for all projections:

Corporation Tax	18%
Income Tax	20%
Capital Gains Tax	20%
Franked Income Tax	0%
Withholding Tax	15%

Corporation tax rates are set to reduce to 19% from April 2017 until March 2020, then to 18% from April 2020. Owing to modelling limitations that only allow for a single rate to be used indefinitely, it has been agreed to use a shareholder tax assumption of 18%.

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 31/12/2015	OWPSF Exposure at 31/12/2015
	£m	£m
Futures on Bonds - short term trading derivatives	40	5
Futures on Equities - short term trading derivatives	1,495	269
Currency Futures	1,173	156
Property Futures	(80)	(14)
Inflation Rate Swaps - pay fixed/receive floating	2,194	226
Inflation Rate Swaps - pay floating/receive fixed	942	35
Inflation Rate Swaps - pay floating/receive floating	6,081	461
Interest Rate Swaps - pay fixed/receive floating	1,884	572
Interest Rate Swaps - pay floating/receive fixed	7,470	1,044
Credit Default Swaps	(268)	(30)
Total Return Swaps - pay bonds receive libor	(995)	0
Total Return Swaps - pay libor receive bonds	0	0
Equity Options	965	128

Futures are used either as part of Aviva Life & Pensions UK Limited portfolio management strategy or for risk mitigation strategies. The majority of futures these expire no later than 31 March 2016.

The Interest Rate and Inflation Swaps are primarily used for risk mitigation strategies and more specifically 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 exposures 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 2015****13. Analysis of working capital**

Note		NWPSF £m	OWPSF £m
	Working capital at 31/12/2014	0	250
1	Investment return on opening working capital and profits on assets backing liabilities	(14)	1
2	Economic assumption changes	(14)	(5)
3	Non-economic assumption changes	120	1
4	Policyholder action assumption changes	(9)	(3)
5	Other experience variances	(17)	6
6	Modelling changes and opening adjustments	(197)	(12)
7	Miscellaneous liabilities	14	(0)
8	Transfer from RIEESA	75	
9	New Business	41	
	Working capital at 31/12/2015	0	236

Notes:

- The profits on assets backing liabilities includes the release of time value in guarantees, the impacts of assets backing guarantee costs relative to the movement in the cost of the guarantees, the unwind of the discount rate used for calculating guarantee costs and changes in bond yields. 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.
- The economic assumption impact in is mainly driven by a strengthening in the correlation factor between equity and property.
- Non-economic assumption changes include a reduction in the maintenance expense assumption, an increase in investment expenses and a change in the equity backing ratio.
- The policyholder assumption change relates to a change in lapse rates on UWP bonds.
- Experience variance includes the impact of mortality, persistency longevity and expenses.
- Modelling changes and opening adjustments include:
 - A profit from a release of reserves after a full review of asset share calculations in the deterministic model
 - A loss from an increase in reserves following a review of the assumptions/methodology used in the calculation of asset share for those products which use a BRV
 - A loss due to an increase in reserves to allow for late retirements and escalation for deferred annuity reserves
 - A loss from one-off corrections in the accounts for NWPSF and a profit from one-off corrections in the accounts for OWPSF
 - A profit from introducing new functionality to refine the grouping of data used in ALS including change to the assumption for spouse's age
 - A loss from the removal of a double count of a deferred tax asset
- Miscellaneous liabilities consist of changes in provisions for future expected outgo, including Product Governance provisions.
- The resulting surplus or deficit in New With-Profits Sub-Fund is zeroised by way of an inter-fund balance transfer to/from the RIEESA.
- New business is the value of new business written to the Ex-RIEESA
- Note that the change in other liabilities from Form 19 line 47 is included in the analysis above.
- The change in working capital arising purely from the change in Form 19 line 51 cannot be quantified.

Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4AName of insurer **Aviva Life & Pensions UK Ltd – Irish With-Profits Sub-Fund**

Global business

Financial year ended **31 December 2015****1. Introduction**

- (1) The **valuation date** is 31 December 2015.
- (2) On 1 January 2015, the Irish WP business (IWPSF) transferred to UKLAP under the Section 13 Transfer. This fund has only been reported on a CBI basis, and therefore there is no comparison to previous valuation dates for Peak 2 methodology and assumptions.
- (3) An interim valuation was carried out with an effective date of 30 June 2015 for the purposes of rule 9.3A.

2. Assets

- (1) Not applicable as there is no non-profit business.
- (2) Not applicable.
- (3) Not applicable.
- (4) Not applicable.

3. With-Profits Benefits Reserve Liabilities

- (1) The with-profits benefits reserve is calculated using a retrospective asset share method based on an individual policy (or increment) basis.

At 31 December 2015

Product Class	With-profit benefits reserve £m	Future Policy Related Liabilities £m	Total £m
Conventional Life	70	53	123
Conventional Pensions	270	379	648
UWP Life	55	4	59
UWP Pensions	84	8	92
Total	479	444	923

The with-profits benefit reserves are 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.

There is no new direct-written business in Irish With Profits Sub-fund (other than increments on existing contracts).

UWP Life consists of unitised single premium bonds and unitised endowments all written on a 100:0 basis. The following guarantees apply to Irish With Profits Sub-fund UWP bonds:

Product	Dates of Issue	Anniversary Guarantee
Celebration Bond	1997-98	Return of Premium (ROP) at 10th anniversary
Celebration Bond	1999-2002	No MVA at 10th and every subsequent 5th anniversary
Celebration Bond	2003-08	ROP at 10th and every subsequent 5th anniversary
Pension Account	1993-2006	The products have a guarantee that the interest rate will be a minimum of 4%

There is also the guarantee that MVAs will not apply on any automatic partial withdrawals selected from outset (subject to certain limits).

- (2) Not applicable

Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4AName of insurer **Aviva Life & Pensions UK Ltd – Irish With-Profits Sub-Fund**

Global business

Financial year ended **31 December 2015**

(3) Not applicable

(4) See (1)

4. With-profits benefits reserve – Retrospective method**(1) Table of methods**

Method	With-profit benefits reserve (%)
Asset Share (individual)	100
Total	100

The table above shows the proportion of with profit benefit reserves calculated using each method.

(2) Changes in valuation method

(a) There has been no material change to the calculation of With Profits Benefits Reserves during 2015, although this is the first time they have been reported.

(b) Not applicable.

(3) Allocation of expenses

(a) The previous expense investigation was performed during the fourth quarter of 2015.

(b) Expense investigations for IWPSF are carried out on an annual basis.

(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.

	2015			
	Charged to WPBR £m	Not-Charged to WPBR £m	Non-Profit expenses £m	Total £m
Estimated initial expenses and commission	0	0	0	0
Renewal expenses and commission	2.1	1.4	0	3.5
Shareholder Transfers	0	0.2	0	0.2

The above table approximately splits out the expenses incurred over 2015. Irish 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

Per policy expenses are charged based on the most recent expense investigation. This is determined as the IWPSF share of total expenses incurred in Ireland divided by the number of policies in force. The allocation of IWPSF expense is based on an annual expense analysis and is approved by the Aviva Life Services Ireland Board.

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 and product governance. These are charged to the with-profit fund as laid out in each fund's PPFM.

Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4A

Name of insurer **Aviva Life & Pensions UK Ltd – Irish With-Profits Sub-Fund**

Global business

Financial year ended **31 December 2015**

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. UWP business written in Irish 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 2015 are approximately £2.1m. All of this relates to renewal expenses as the fund is closed to new business.

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 Irish With Profits Sub-fund conventional business

Asset shares are currently charged 100% of the calculated per policy expense. 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 Irish 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 Irish 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 Irish With Profits Sub-fund conventional business are charged to the estate.

All material development costs such as Product Governance are not currently charged to asset shares, although this is reviewable in line with statements in the PPFMs.

(4) Guarantee Charges

There is a charge relating to the cost of guaranteed annuity options on pensions business. The charge is calculated as 1% of asset share (applied to non-linked pension products only).

	2015
Total Charge £m	2.8

(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	2015
Conventional Life	105%
Conventional Pensions	159%
UWP Life	100%
UWP Pensions	100%

These are estimates of claim amounts relative to asset share. They are estimates based on actual maturity and surrender pay-outs.

Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4A

Name of insurer **Aviva Life & Pensions UK Ltd – Irish With-Profits Sub-Fund**

Global business

Financial year ended **31 December 2015**

(7) Gross investment return allocated to WPBR

Gross returns allocated to asset shares over 2015 are 8.0%.

5. With-profits benefits reserve – Prospective method

Not applicable

6. Costs of guarantees, options and smoothing

(1) Not applicable

(2)

(a) The calculation of the cost of guarantees and options has been performed using a stochastic model.

A description of the stochastic model is given below.

(b) Grouping Basis

For IWPSF data is not grouped. Some policies which cover multiple model points are accumulated, and this reduces the number of individual model points from approximately 29,800 to 26,500.

Validations

The total policy benefit data is reconciled back to the individual policy benefit data. The aggregate asset shares are reconciled to the totals in Form 19

(c) The stochastic model directly models over 88% of IWPSF 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 business was transferred to Aviva Life & Pensions UK Ltd on 1st January 2015, and so there was no previous valuation. The valuation method is in line with other with-profit sub-funds in Aviva Life & Pensions UK Ltd.

Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4AName of insurer **Aviva Life & Pensions UK Ltd – Irish With-Profits Sub-Fund**

Global business

Financial year ended **31 December 2015****(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.

IWPSF	Planned Deductions to WPBR for Guarantee costs	Contractual Guarantee costs	Cost of Financial Options
Product Class			
Conventional Life	2	5	0
Conventional Pensions	3	82	206
UWP Life	0	1	0
UWP Pensions	0	3	0
Total	6	91	206

Planned Deductions to WPBR for guarantees and options

There is a charge relating to the cost of guaranteed annuity options on pensions business. The charge is calculated as 1% of asset share

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.

	IWPSF
Stochastic Reserve	£6m
Central Estimate	£6m
Option value	3%

Conventional life guarantees are fully 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.

	IWPSF
Stochastic Reserve	£82m
Central Estimate	£80m
Option value	2%

Conventional pension guarantees are fully in the money.

UWP Life

	IWPSF
Stochastic Reserve	£1m
Central Estimate	£0m
Option value	40%

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 9.4AName of insurer **Aviva Life & Pensions UK Ltd – Irish With-Profits Sub-Fund**

Global business

Financial year ended **31 December 2015**

The guarantees are largely in the money.

UWP Pensions

	IWPSF
Stochastic Reserve	£3m
Central Estimate	£3m
Option value	12%

This represents the cost of the payouts exceeding 100% asset share due to no-MVR guarantee under the stochastic projection.

The guarantees are 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.

	IWPSF
Stochastic Reserve	£232m
Central Estimate	£237m
Option value	-2%

Guaranteed annuity options are fully in the money.

(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
	Dec-15
1	-0.07%
2	-0.02%
3	0.07%
4	0.19%
5	0.33%
6	0.48%
7	0.62%
8	0.76%
9	0.88%
10	1.00%
15	1.40%
20	1.56%
25	1.60%
30	1.61%

- The risk-free curve is based on Euro-denominated swaps as at 31/12/2015.
- All assets were expected to grow at the risk-free rate (i.e. risk neutral pricing was used).

Use of the curve:

The above risk-free rate curve was used for all option-pricing purposes.

Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4A

Name of insurer **Aviva Life & Pensions UK Ltd – Irish With-Profits Sub-Fund**
 Global business
 Financial year ended **31 December 2015**

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 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 RPI inflation assumption is derived from the difference in modelled nominal and real interest rates using an Inflation Plus model.

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 Euro 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	29.2	26.6	24	21.6	19.6	17.9	16.7
3	25.5	24.2	23	21.8	20.8	19.7	18.8
5	24.1	23.2	22.3	21.5	20.8	20.1	19.5
7	23.3	22.6	22	21.4	20.9	20.4	19.9
10	22.7	22.2	21.8	21.3	20.9	20.5	20.2
25	23.7	23.5	23.3	23.1	23	22.9	22.8

Property Model

Property is modelled as an equity type asset using the constant volatility model.

The model is calibrated using a 16% volatility assumption, which is adjusted from data provided by Barrie & Hibbert for Property volatility.

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:

Returns under the Accounts and Statements Rules

Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4A

Name of insurer **Aviva Life & Pensions UK Ltd – Irish With-Profits Sub-Fund**

Global business

Financial year ended **31 December 2015**

Property Return versus	End Dec 2015
Bonds	10%
IL Bonds	10%
Short Rate	-10%

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 – Irish With-Profits Sub-Fund**

Global business

Financial year ended **31 December 2015****(iii) Option prices from asset model**

		K				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>				0.33%	1.46%	1.68%	1.67%	x	x	x	x	x	x	x	x
1	<i>Risk-Free Zero Coupon Bond</i>	983,538	804,898	659,467	560,186					x	x	x	x	x	x	x	x
2	<i>Eurostoxx Index (p=1)</i>	85,758	188,310	271,922	345,046	198,007	331,477	435,768	526,734	554,179	689,353	814,673	926,232				
3	<i>Eurostoxx Index (p=0.8)</i>	84,902	172,424	236,495	289,918	196,189	305,360	381,256	445,716	549,948	639,664	719,789	792,075				
4	<i>Property (p=1)</i>	36,906	115,201	191,468	264,373	142,286	250,895	344,764	433,823	527,163	622,508	723,107	826,088				
5	<i>Property (p=0.8)</i>	36,248	101,302	159,841	214,857	140,407	224,996	292,895	357,140	522,680	570,450	627,067	692,069				
6	<i>15yr Risk-Free ZCBs (p=1)</i>	11,092	15,376	16,556	40,295	79,035	83,025	95,480	150,156	501,832	504,340	508,280	543,376				
7	<i>15yr Risk-Free ZCBs (p=0.8)</i>	10,837	12,022	9,772	21,797	77,403	64,232	59,013	92,418	496,923	442,377	394,856	400,197				
8	<i>15yr Corporate Bonds (p=1)</i>	13,503	23,730	32,303	63,370	87,147	103,544	122,901	176,622	502,917	506,338	511,427	556,095				
9	<i>15yr Corporate Bonds (p=0.8)</i>	13,199	18,881	21,520	40,293	85,487	83,721	85,333	119,055	498,040	445,437	402,396	416,471				
10	<i>Portfolio 1 (p=1)</i>	48,855	125,497	198,045	269,023	152,291	257,659	351,505	439,000	527,961	621,222	727,551	828,200				
11	<i>Portfolio 1 (p=0.8)</i>	48,163	111,799	166,447	218,932	150,487	232,455	299,666	362,285	523,474	569,725	631,702	695,929				
12	<i>Portfolio 2 (p=1)</i>	37,886	95,582	153,160	212,364	133,931	217,804	293,319	370,144	517,636	577,686	660,469	749,964				
13	<i>Portfolio 2 (p=0.8)</i>	37,285	83,779	125,336	167,913	132,179	193,871	244,724	297,845	513,003	525,359	565,630	619,402				
14	<i>Portfolio 3 (p=1)</i>	17,392	50,043	92,665	147,625	100,827	157,370	219,466	293,506	507,532	533,697	591,731	669,262				
15	<i>Portfolio 3 (p=0.8)</i>	16,995	41,419	70,440	109,440	99,081	134,607	173,687	225,450	502,705	478,061	492,859	537,099				
16	<i>Euro Receiver Swaptions</i>	38.72%	34.50%	32.08%	28.31%	49.84%	44.64%	41.25%	36.33%	60.51%	54.08%	49.86%	43.25%				
		<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 – Irish With-Profits Sub-Fund**

Global business

Financial year ended **31 December 2015**

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 $K \cdot 1,000,000 \cdot (1+r \cdot p)^n$.

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 Euro 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 European 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 Eurostoxx 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.

This is a combined table for 6.4(a)(iii) and 6.4(b)(iii).

Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4AName of insurer **Aviva Life & Pensions UK Ltd – Irish With-Profits Sub-Fund**

Global business

Financial year ended **31 December 2015****(iv) Initial Equity and Property Rental Yields**

The initial equity dividend yield is 2.79% and the initial property rental yield is 4.3%.

(v) Euro risk free rates are applied throughout as all liabilities are Euro-denominated.

(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. Anyone past Normal Retirement date is assumed to retire immediately.

Duration of guarantees

IWPSF	Duration (yrs)	%														
		2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030+
Conventional Pensions																
Base guarantee	7.1	13	11	7	8	7	8	6	6	5	4	3	3	2	3	16
GAR option	4.8	17	15	10	10	8	9	6	5	5	3	2	2	1	2	4

Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4A

Name of insurer

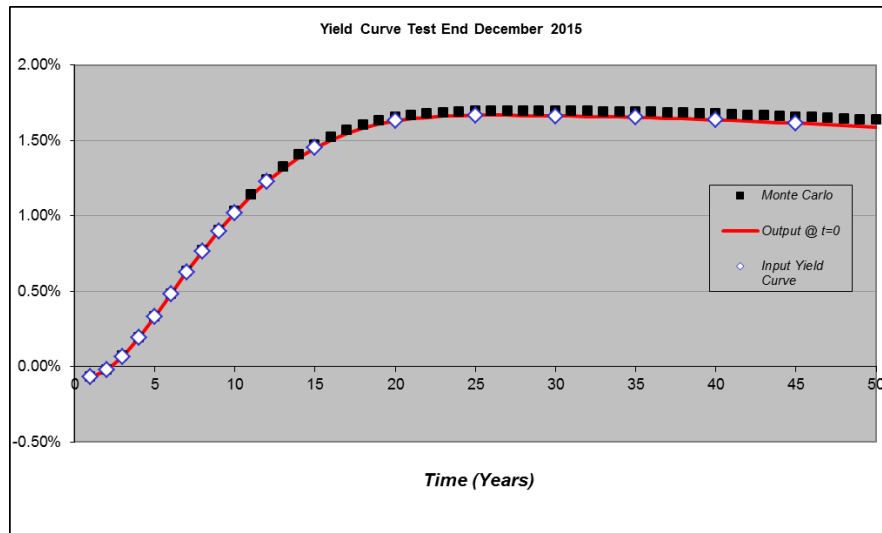
Aviva Life & Pensions UK Ltd – Irish With-Profits Sub-Fund

Global business

Financial year ended

31 December 2015

The following illustrate the fit of the asset model to specimen market traded instruments:

Yield curve validationMarket implied volatilities:

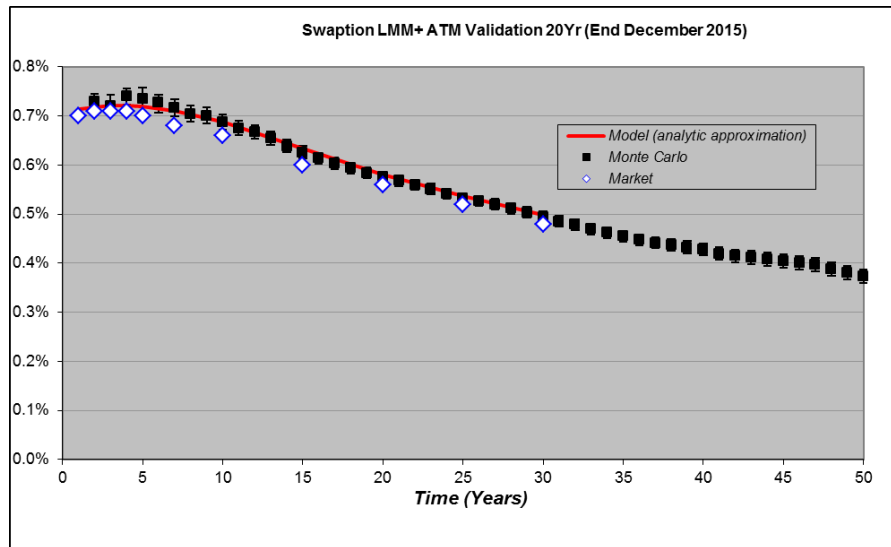
Term\Strike	0.7	0.8	0.9	1	1.1	1.2	1.3
1	30.6%	27.4%	24.3%	21.4%	19.2%	18.1%	17.9%
3	26.2%	24.4%	22.9%	21.5%	20.5%	19.7%	19.1%
5	24.9%	23.6%	22.5%	21.6%	20.8%	20.2%	19.8%
9	23.7%	22.9%	22.2%	21.7%	21.2%	20.8%	20.5%

Difference between Modelled volatilities and Market Implied volatilities (bps):

Term\Strike	0.7	0.8	0.9	1	1.1	1.2	1.3
1	(135)	(83)	(37)	19	43	(24)	(129)
3	(65)	(18)	10	28	29	6	(36)
5	(78)	(48)	(23)	(7)	(3)	(11)	(36)
9	(96)	(71)	(56)	(49)	(41)	(40)	(47)

Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4AName of insurer **Aviva Life & Pensions UK Ltd – Irish With-Profits Sub-Fund**

Global business

Financial year ended **31 December 2015**Swaption implied volatilities**(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	100.0%	99.2%	98.6%	98.8%
	standard error	0.5%	0.8%	1.0%	1.4%
Property	5000 Simulation results	99.8%	100.0%	100.6%	100.6%
	standard error	0.2%	0.4%	0.6%	0.8%

t (year from valuation date)		5	10	15	20
Equities	1000 Simulation results	100.0%	99.2%	98.6%	98.8%
	standard error	1.1%	1.8%	2.4%	3.1%
Property	1000 Simulation results	99.8%	100.0%	100.6%	100.6%
	standard error	0.4%	0.8%	1.3%	1.7%

(viii) Number of projections

To ensure convergence of the liabilities, separate calculations were carried out on different numbers of simulations (100 and 2500). This has demonstrated that there is no significant change in convergence between 100 and 2500 simulations. 100 simulations has been used in the step through analysis over the year and in the final closing position.

(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.

Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4A

Name of insurer **Aviva Life & Pensions UK Ltd – Irish With-Profits Sub-Fund**

Global business

Financial year ended **31 December 2015**

(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)

The EBR is rebalanced annually in December where it is reset to the constant EBR assumption. It drifts in between each rebalance based on the scenario dependant modelled economic assumptions.

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 results produced by the application of this model are shown in 6.5(b)(i).

Guarantee Charges on asset shares

There is a charge relating to the cost of guaranteed annuity options on pensions business. The charge is 1% of asset share.

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.

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.

Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4AName of insurer **Aviva Life & Pensions UK Ltd – Irish With-Profits Sub-Fund**

Global business

Financial year ended **31 December 2015****(b) Best estimate of future proportions of assets backing the WPBR.**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 2015, which is the same under each scenario:

Asset Class	31-Dec-15	31-Dec-20	31-Dec-25
Equities	0.0%	0.0%	0.0%
Property	10.0%	10.0%	10.0%
Fixed Interest	85.0%	85.0%	85.0%
Cash	5.0%	5.0%	5.0%
Total Assets	100.0%	100.0%	100.0%
EBR	10.0%	10.0%	10.0%

T

UWP Bonus Rates**(i) Projection at risk free rate**

Product	31-Dec-15	31-Dec-20	31-Dec-25
UWP Life : Net	0.00%	0.59%	1.02%
UWP Life : Gross Series 1	0.00%	2.65%	2.25%
UWP Life : Gross Series 2	0.00%	1.48%	1.42%
UWP Pension : with Gtee [Jan 1997 – Sept 1999]	4.00%	4.00%	4.00%
UWP Pension : with Gtee [Oct 1999 – Sept 2000]	2.50%	2.50%	2.52%
UWP Pension : From Oct 2000	0.00%	0.97%	1.11%

(ii) Projection at risk free rate plus 17.5%

Product	31-Dec-15	31-Dec-20	31-Dec-25
UWP Life : Net	0.00%	0.65%	1.13%
UWP Life : Gross Series 1	0.00%	2.79%	2.46%
UWP Life : Gross Series 2	0.00%	1.65%	1.59%
UWP Pension : with Gtee [Jan 1997 – Sept 1999]	4.00%	4.00%	4.00%
UWP Pension : with Gtee [Oct 1999 – Sept 2000]	2.50%	2.50%	2.53%
UWP Pension : From Oct 2000	0.00%	1.09%	1.21%

(iii) Projection at risk free rate minus 17.5%

Product	31-Dec-15	31-Dec-20	31-Dec-25
UWP Life : Net	0.00%	0.50%	0.92%
UWP Life : Gross Series 1	0.00%	2.50%	2.08%
UWP Life : Gross Series 2	0.00%	1.33%	1.23%
UWP Pension : with Gtee [Jan 1997 – Sept 1999]	4.00%	4.00%	4.00%
UWP Pension : with Gtee [Oct 1999 – Sept 2000]	2.50%	2.50%	2.51%
UWP Pension : From Oct 2000	0.00%	0.87%	0.96%

Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4AName of insurer **Aviva Life & Pensions UK Ltd – Irish With-Profits Sub-Fund**

Global business

Financial year ended **31 December 2015****(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.

IWPSF		Average surrender / paid-up rate for the policy			
		years			
		1-5	6-10	11-15	16-20
CWP savings endow ment	surrender	4.00%	7.60%	8.00%	8.00%
CWP target cash endow ment	surrender	4.00%	7.60%	8.00%	8.00%
UWP savings endow ment	surrender	n/a	n/a	n/a	n/a
UWP target cash endow ment	surrender	n/a	n/a	n/a	n/a
UWP bond	surrender	3.00%	10.00%	10.00%	10.00%
UWP bond	automatic withdraw als	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	3.00%	4.00%	4.00%	4.00%
CWP pension single premium	surrender	0.00%	0.00%	0.00%	0.00%
UWP indiv pension regular premium	PUP	n/a	n/a	n/a	n/a
UWP indiv pension regular premium	surrender	4.40%	6.60%	7.00%	7.00%
UWP indiv pension single premium	surrender	4.40%	6.60%	7.00%	7.00%

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

	31/12/2015
Males	93% PNMA00 with CMI_2013_M(1.75%) improvement factors, applicable from 2001
Females	100% PNFA00 with CMI_2013_F(1.5%) improvement factors, applicable from 2001

Guaranteed Annuity Option take-up rate

Tranche	2015
Pre 94	75%
Post 94-Pre 98	45%
Post 98	41%

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.

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 – Irish With-Profits Sub-Fund**

Global business

Financial year ended **31 December 2015**

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	20
Conventional Pensions	0	24
UWP Life	0	3
UWP Pensions	0	5
Total	0	52

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 liability in respect of the Shareholder transfers expected to be charged to Asset Shares (£24m).

£9m is held to cover the cost bonus rates guaranteed at 4%.

£19m is included in respect of other liabilities including future pension transfer review costs, and a reserve in respect of policyholder options.

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 2015 are £36m.

The realistic current liabilities are £18m lower than the regulatory liabilities in IWPSF. 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.

10. Risk Capital Margin

(1)

Fund	RCM (£m)
IWPSF	0

The RCM for the Fund is set to zero, as a result of the enhancement to WPBR due to the fund being closed to new business.

(a)

- (i) Changes in asset values under stress scenarios for equities and real estate (property)

Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4AName of insurer **Aviva Life & Pensions UK Ltd – Irish With-Profits Sub-Fund**

Global business

Financial year ended **31 December 2015**

Asset Class	Change in market values
European Equities	27.60%
UK Equities	20.00%
Property	12.50%

A fall in market values of equity and property is more onerous than a fall in market values for IWPSF.

(ii)

Asset Class	Rise in FI yields	Fall in FI yields
Nominal change in yields	+42bps	-42bps
long-term yield – level post-stress	2.84%	2.00%
long-term yield - % movement post-stress	+17.5%	-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
IWPSF	0.39%	n/a

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 for IWPSF = 1.22%

- (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 1% for 2015 and thereafter.

(c)

- (i) The RCM in the fund is zero
- (ii) All assets backing the RCM are within the Irish With-Profits Sub-Fund.

Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4A

Name of insurer **Aviva Life & Pensions UK Ltd – Irish With-Profits Sub-Fund**

Global business

Financial year ended **31 December 2015**

11. Tax

(1) Tax treatment in the with-profits benefit reserves

Tax on investment returns is assumed to be 20%

(2) Tax treatment in future policy related liabilities

The following tax rates have been used in the future for all projections:

Corporation Tax	12.5%
Income Tax	20%
Capital Gains Tax	20%
Franked Income Tax	20%
Withholding Tax	15%

(3) Tax treatment in the realistic current liabilities

No allowance is made for deferred tax assets.

12. Derivatives

	IWPSF Exposure at 31/12/2015
Security	£m
Interest Rate Swaps - pay fixed/receive floating	268
Interest Rate Swaps - pay floating/receive fixed	104
Interest Rate Swaptions	819

The Interest Rate Swaps and Swaptions are primarily used for risk mitigation strategies and more specifically as a partial hedge of the Guaranteed Annuity Option liability.

13. Analysis of working capital

Not applicable. The business was transferred to Aviva Life & Pensions UK Ltd on 1st January 2015, and so there was no previous valuation.

Statement on derivatives required by IPRU (INS) 9.29

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

Global business

Financial year ended **31st December 2015**

The following summarises investment policy for the use of derivatives: -

- Derivatives will only be used in accordance with PRA 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 £557,978.

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 2015**

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 2015**

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 60,752 ordinary shares in Aviva Plc at 31 December 2015 (2014: 78,279). 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) In March 2015, 17,998 shares held in Executive Share Plans (the Annual Bonus Plan and Long Term incentive Plan) were released and were sold. Also in March 2015, 7,270 shares in the Long Term Incentive Plan lapsed.
- (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 2015 (2014: £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 2015 was £335,800 (2014: £280,573). 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 2015**

We certify that:

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

- (b) the directors are satisfied that:

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

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

- 2 (a) in the directors' opinion, premiums for contracts entered into during the financial year and the resulting income earned are sufficient, under reasonable actuarial methods and assumptions, and taking into account the other financial resources of the insurer that are available for the purpose, to enable the insurer to meet its obligations in respect of those contracts and, in particular, to establish adequate mathematical reserves;
- (b) the sum of the mathematical reserves and the deposits received from reinsurers as shown in Form 14, constitute proper provision at the end of the financial year in question for the long-term insurance 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.



A D BRIGGS
Chief Executive

J R LISTER
Director

H R PATEL
Non-Executive Director

24 March 2016

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 2015**

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 137G 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) 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 reports 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 and 1.3.

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 reports.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Forms, the statement and the valuation reports are free from material misstatement, whether caused by fraud or other irregularity or error and comply with IPRU(INS) rule 9.11.

In accordance with IPRU(INS) rule 9.35(1A), to the extent that any document, Form, statement, analysis or report to be examined under IPRU(INS) rule 9.35(1) contains amounts or information abstracted from the actuarial investigation performed pursuant to IPRU(INS) rule 9.4, we have obtained and paid due regard to advice from a suitably qualified actuary who is independent of the insurer.

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 2015**

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 reports appropriately reflect the requirements of INSPRU 1.2 and 1.3.



PricewaterhouseCoopers LLP
Chartered Accountants

24 March 2016

The maintenance and integrity of the Aviva plc website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the insurance annual return since they were initially presented on the website.

Legislation in the United Kingdom governing the preparation and dissemination of insurance annual returns may differ from legislation in other jurisdictions.